

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

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

Year Ended June 30, 2020

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Year Ended June 30, 2020

LAKE AND PENINSULA SCHOOL DISTRICT

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake and Peninsula School District (the District), a component unit of the Lake and Peninsula Borough, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake and Peninsula School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the School Operating Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note IV.C. to the financial statements, in FY20 the Lake and Peninsula School District adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. 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. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedules of the District's Proportionate Share of the Net Pension and OPEB Liabilities and Contributions for the Public Employees' Retirement System and the Teachers' Retirement System on pages 48-55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The information listed in the table of contents as Additional Supplementary Information, which includes Major Governmental Funds: Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – School Operating Fund; Schedule of Revenues, Expenditures, and Changes in Fund Balance – Capital Projects Fund; Other Governmental Funds: Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances; Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Nonmajor Special Revenue Funds; Schedule of Changes in Assets and Liabilities: Agency Fund; Schedule of Compliance - AS 14.17.505; Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and the Schedule of State Financial Assistance, as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Additional Supplementary Information 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 22, 2020 on our consideration of the Lake and Peninsula School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lake and Peninsula School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lake and Peninsula School District's internal control over financial reporting and compliance.



Anchorage, Alaska
October 22, 2020

LAKE AND PENINSULA SCHOOL DISTRICT

Statement of Net Position

June 30, 2020

<u>Assets and Deferred Outflows of Resources</u>	<u>Governmental Activities</u>
Current assets:	
Cash and cash equivalents	\$ 1,067,070
Short-term investments	251,902
Accounts receivable	645,350
Accrued interest	7,344
Inventories	167,036
Prepaid items	51,757
Total current assets	<u>2,190,459</u>
Long-term assets:	
Long-term investments	2,014,048
Accounts receivable	7,844
Assets to be contributed to Lake and Peninsula Borough	5,420
Capital assets	1,561,899
Accumulated depreciation	(1,462,878)
Net pension and OPEB assets	369,764
Total long-term assets	<u>2,496,097</u>
Deferred outflows of resources - Pension and OPEB deferrals	<u>1,097,233</u>
Total assets and deferred outflows of resources	<u><u>5,783,789</u></u>
<u>Liabilities, Deferred Inflows of Resources and Net Position</u>	
Current liabilities:	
Accounts payable	57,993
Accrued health claims	559,091
Accrued payroll liabilities	447,408
Unearned revenue	12,967
Due to agency fund	1,000
Total current liabilities	<u>1,078,459</u>
Long-term liabilities - Net pension and OPEB liabilities	<u>7,412,004</u>
Deferred inflows of resources - Pension and OPEB deferrals	<u>914,338</u>
Total liabilities and deferred inflows of resources	<u>9,404,801</u>
Net position:	
Net investment in capital assets	99,021
Restricted:	
Assets to be contributed	5,420
Scholarships	223,548
Student transportation	60,880
Career and vocational development	161,260
Student, community, housing, scholarship	279,831
Unrestricted	<u>(4,450,972)</u>
Total net position	<u>(3,621,012)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ <u>5,783,789</u></u>

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

LAKE AND PENINSULA SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2020

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental Activities:				
Instruction	\$ 4,634,597	-	390,389	(4,244,208)
Special education instruction	911,060	-	(58,723)	(969,783)
Special education support services - students	235,904	-	97,398	(138,506)
Support services - students	146,126	-	223,631	77,505
Support services - instruction	2,063,434	-	220,532	(1,842,902)
School administration	660,207	-	(75,548)	(735,755)
School administration support services	84,046	-	1,604	(82,442)
District administration	542,591	-	(27,971)	(570,562)
District administration support services	581,941	-	87,923	(494,018)
Operations and maintenance of plant	2,330,210	330,641	34,143	(1,965,426)
Student activities	528,534	-	86,183	(442,351)
Student transportation services	114,976	-	130,974	15,998
Community services	16,500	-	16,500	-
Food service	745,280	25,475	224,132	(495,673)
Total governmental activities	\$ 13,595,406	356,116	1,351,167	(11,888,123)
General revenues and transfers:				
Unrestricted Borough appropriation				1,360,065
Unrestricted investment and interest earnings				143,482
E-rate				1,050,031
Grants not restricted to specific programs				10,183,464
Other local revenue				301,647
Capital assets transferred to the Borough				(86,385)
Total general revenues and transfers				12,952,304
Change in net position				1,064,181
Net position, beginning of year, as previously stated				(4,961,254)
Cumulative effect of a change in accounting principle				276,061
Net position, beginning of year, as restated				(4,685,193)
Net position, end of year				\$ (3,621,012)

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

LAKE AND PENINSULA SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2020

	School Operating Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 782,595	-	-	782,595
Short-term investments	251,902	-	-	251,902
Long-term investments	2,014,048	-	-	2,014,048
Accounts receivable	296,400	-	356,794	653,194
Accrued interest	7,344	-	-	7,344
Due from other funds	386,617	395,274	455,550	1,237,441
Inventory	135,545	-	31,491	167,036
Prepaid items	51,757	-	-	51,757
Total assets	<u>3,926,208</u>	<u>395,274</u>	<u>843,835</u>	<u>5,165,317</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
Liabilities:				
Accounts payable	55,334	-	2,659	57,993
Accrued payroll liabilities	447,408	-	-	447,408
Unearned revenue	-	-	12,967	12,967
Due to other funds	850,824	-	386,617	1,237,441
Due to agency fund	1,000	-	-	1,000
Total liabilities	<u>1,354,566</u>	<u>-</u>	<u>402,243</u>	<u>1,756,809</u>
Deferred inflows of resources -				
Unavailable revenues	7,844	-	-	7,844
Total liabilities and deferred inflows of resources	<u>1,362,410</u>	<u>-</u>	<u>402,243</u>	<u>1,764,653</u>
Fund Balances:				
Non-spendable:				
Inventory	135,545	-	31,491	167,036
Prepays	51,757	-	-	51,757
Long-term receivables	50,886	-	-	50,886
Restricted:				
Scholarships	223,548	-	-	223,548
Student transportation	-	-	60,880	60,880
Career and vocational education	161,260	-	-	161,260
Student, community, housing, scholarship	-	-	279,831	279,831
Committed:				
Student transportation	-	-	99,364	99,364
Capital grant match and other purposes	-	395,274	-	395,274
Assigned - encumbrances	945	-	-	945
Unassigned	1,939,857	-	(29,974)	1,909,883
Total fund balances	<u>2,563,798</u>	<u>395,274</u>	<u>441,592</u>	<u>3,400,664</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,926,208</u>	<u>395,274</u>	<u>843,835</u>	<u>5,165,317</u>

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

LAKE AND PENINSULA SCHOOL DISTRICT

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

June 30, 2020

Amount reported as fund balances on the governmental funds balance sheet		\$ 3,400,664
Amounts reported for governmental activities in the statement of net position are different because:		
Pension and OPEB related assets in the current fiscal year are presented as deferred outflows of resources:		
PERS	667,548	
TRS	<u>429,685</u>	1,097,233
Pension and OPEB related liabilities in the current fiscal year are presented as deferred inflows of resources:		
PERS	(455,069)	
TRS	<u>(459,269)</u>	(914,338)
Proportionate share of the collective net pension and OPEB assets:		
PERS	16,821	
TRS	<u>352,943</u>	369,764
Proportionate share of the collective net pension and OPEB liabilities:		
PERS	(3,615,626)	
TRS	<u>(3,796,378)</u>	(7,412,004)
Long-term accounts receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds		7,844
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		99,021
An internal service fund is used by the District to charge the cost of self-insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.		(274,616)
Assets to be contributed are used in governmental activities and are not financial resources and are not reported in the funds.		<u>5,420</u>
Net position of governmental activities		<u>\$ (3,621,012)</u>

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

LAKE AND PENINSULA SCHOOL DISTRICT

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

Year Ended June 30, 2020

	School Operating Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local sources:				
Charges for services	\$ 330,641	-	25,475	356,116
Earnings on investments	143,482	-	-	143,482
E-rate revenues	1,050,031	-	-	1,050,031
Other	332,429	-	130,764	463,193
Intergovernmental:				
Lake and Peninsula Borough	1,360,065	-	-	1,360,065
State of Alaska	10,039,166	-	288,682	10,327,848
Federal sources	853,299	-	1,721,046	2,574,345
Total revenues	<u>14,109,113</u>	<u>-</u>	<u>2,165,967</u>	<u>16,275,080</u>
Expenditures:				
Current:				
Instruction	5,168,675	-	801,526	5,970,201
Special education instruction	1,165,787	-	13,372	1,179,159
Special education support services - students	140,844	-	106,041	246,885
Support services - students	34,271	-	240,599	274,870
Support services - instruction	2,078,887	-	359,001	2,437,888
School administration	865,656	-	600	866,256
School administration support services	98,798	-	1,632	100,430
District administration	625,706	-	400	626,106
District administration support services	647,920	-	98,832	746,752
Operation and maintenance of plant	2,531,869	-	52,801	2,584,670
Student activities	470,565	-	90,311	560,876
Student transportation services	-	-	109,630	109,630
Community services	-	-	16,500	16,500
Food service	-	-	745,280	745,280
Construction and facilities acquisition	-	67,682	-	67,682
Total expenditures	<u>13,828,978</u>	<u>67,682</u>	<u>2,636,525</u>	<u>16,533,185</u>
Excess (deficiency) of revenues over expenditures	<u>280,135</u>	<u>(67,682)</u>	<u>(470,558)</u>	<u>(258,105)</u>
Other financing sources (uses):				
Transfers in	-	-	495,000	495,000
Transfers out	(495,000)	-	-	(495,000)
Total other financing sources (uses)	<u>(495,000)</u>	<u>-</u>	<u>495,000</u>	<u>-</u>
Net change in fund balances	(214,865)	(67,682)	24,442	(258,105)
Fund balances, beginning of year, as previously stated	<u>2,778,663</u>	<u>462,956</u>	<u>141,089</u>	<u>3,382,708</u>
Cumulative effect of a change in accounting principle	-	-	276,061	276,061
Fund balances, beginning of year, as restated	<u>2,778,663</u>	<u>462,956</u>	<u>417,150</u>	<u>3,658,769</u>
Fund balances, end of year	<u>\$ 2,563,798</u>	<u>395,274</u>	<u>441,592</u>	<u>3,400,664</u>

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

LAKE AND PENINSULA SCHOOL DISTRICT

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

Year Ended June 30, 2020

Net change in fund balance - total governmental funds	\$	(258,105)
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Amounts reported for *governmental activities* in the statement of activities are different because:

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

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

PERS	\$ 979,651	
TRS	<u>1,001,652</u>	1,981,303

Changes in deferred inflows and outflows of resources are the result of timing differences in the actuarial report and adjustments to reflect employer and non-employer contributions based on the measurement date of the liabilities.

PERS	(240,711)	
TRS	<u>(425,388)</u>	(666,099)

Revenues in the Statement of Activities that represent notes receivable amounts that do not provide current financial resources are unavailable in the fund financial statements but recognized in the Statement of Activities. This amount represents the change in the revenue shown as unavailable in the fund financial statements

(30,782)

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

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

Capital outlay	67,682	
Depreciation expense	<u>(45,945)</u>	21,737

Construction in progress should exclude costs of capital assets that will be transferred to another government upon completion, while governmental funds are shown as expenditures:

Completed construction transferred to the Lake and Peninsula Borough		(86,385)
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An internal service fund is used by management to charge the cost of health insurance to individual funds. The net income (loss) of this activity is reported in the governmental activity.

102,512

Change in net position of governmental activities	\$	<u><u>1,064,181</u></u>
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The notes to the financial statements are an integral part of this statement.

LAKE AND PENINSULA SCHOOL DISTRICT

School Operating Fund

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

Year Ended June 30, 2020

	School Operating Fund			Variance with Final Budget- Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Local sources:				
Charges for services	\$ 406,955	406,955	330,641	(76,314)
Earnings on investments	45,000	60,000	143,482	83,482
E-rate revenue	1,049,913	1,049,913	1,050,031	118
Other	276,000	359,000	332,429	(26,571)
Intergovernmental:				
Borough appropriation	1,360,065	1,360,065	1,360,065	-
State of Alaska	9,460,996	10,169,282	10,039,166	(130,116)
Federal sources	794,544	794,544	853,299	58,755
Total revenues	<u>13,393,473</u>	<u>14,199,759</u>	<u>14,109,113</u>	<u>(90,646)</u>
Expenditures:				
Current:				
Instruction	4,543,845	5,011,841	5,168,675	(156,834)
Special education instruction	1,261,126	1,174,450	1,165,787	8,663
Special education support services - students	199,816	197,187	140,844	56,343
Support services - students	34,845	36,541	34,271	2,270
Support services - instruction	1,953,037	2,113,373	2,078,887	34,486
School administration	708,813	855,533	865,656	(10,123)
School administration support services	133,197	88,589	98,798	(10,209)
District administration	613,792	608,168	625,706	(17,538)
District administration support services	656,141	634,139	647,920	(13,781)
Operations and maintenance of plant	2,615,424	2,842,955	2,531,869	311,086
Student activities	394,790	420,433	470,565	(50,132)
Total expenditures	<u>13,114,826</u>	<u>13,983,209</u>	<u>13,828,978</u>	<u>154,231</u>
Excess of revenues over expenditures	<u>278,647</u>	<u>216,550</u>	<u>280,135</u>	<u>63,585</u>
Other financing sources (uses) -				
Transfers out	<u>(310,000)</u>	<u>(340,000)</u>	<u>(495,000)</u>	<u>(155,000)</u>
Net change in fund balance	\$ <u>(31,353)</u>	<u>(123,450)</u>	<u>(214,865)</u>	<u>(91,415)</u>
Fund balance, beginning of year			<u>2,778,663</u>	
Fund balance, end of year			\$ <u>2,563,798</u>	

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

LAKE AND PENINSULA SCHOOL DISTRICT

Statement of Fiduciary Assets and Liabilities

June 30, 2020

Assets

Due from School Operating Fund	\$ <u>1,000</u>
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Liabilities

Due to scholarship funds	\$ <u>1,000</u>
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The notes to the financial statements are an integral part of this statement.

LAKE AND PENINSULA SCHOOL DISTRICT

Health Insurance Internal Service Fund

Statement of Net Position

June 30, 2020

<u>Assets</u>	
Cash and cash equivalents	\$ <u>284,475</u>
<u>Liabilities and Net Position</u>	
Liabilities -	
Health claims payable	<u>559,091</u>
Net position - unrestricted	<u>(274,616)</u>
Total liabilities and net position	\$ <u>284,475</u>

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

LAKE AND PENINSULA SCHOOL DISTRICT

Health Insurance Internal Service Fund

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2020

Operating revenues - local sources - Interfund insurance charges	\$ 5,730,959
Operating expenses - Insurance claims and administration	<u>5,628,447</u>
Change in net position	102,512
Net position, beginning of year	<u>(377,128)</u>
Net position, end of year	<u><u>\$ (274,616)</u></u>

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

LAKE AND PENINSULA SCHOOL DISTRICT

Health Insurance Internal Service Fund

Statement of Cash Flows

Year Ended June 30, 2020

Cash flows provided (used) by operating activities:	
Receipts for interfund services provided	\$ 5,730,959
Payments for insurance claims and administration	<u>(5,634,868)</u>
Net cash flows provided by operating activities	<u>96,091</u>
Cash and cash equivalents, beginning of year	<u>188,384</u>
Cash and cash equivalents, end of year	\$ <u><u>284,475</u></u>
Reconciliation of income from operations to net cash provided (used) by operating activities:	
Operating income	102,512
Changes in assets and liabilities that provided (used) cash:	
Decrease in claims payable	<u>(6,421)</u>
Net cash flows provided by operating activities	\$ <u><u>96,091</u></u>

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

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

The accompanying financial statements include all the activities of Lake and Peninsula School District. The District is a component unit and integral part of the reporting entity, which is Lake and Peninsula Borough. The School Board has the authority to establish its own budgets, hire all personnel, and manage its financial operations subject to the limitations established by State law and Borough charter. There were no entities, which are a component unit of the District, which have been included or excluded, in the accompanying financial report at June 30, 2020.

B. Government-Wide and Fund Financial Statements

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

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

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

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The only proprietary fund reported by the District is an internal service fund.

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

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Charges for services are recognized as revenues when earned.

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

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

The District reports the following major governmental funds:

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

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

Additionally, the District reports the following governmental fund types:

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

Proprietary Fund

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

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Fiduciary Fund

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

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

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

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

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

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

Intergovernmental Revenue

State of Alaska foundation and pupil transportation, and federal aid for the school lunch program are susceptible to accrual and are recorded in the year to which they relate. Federal Impact Aid receipts are recorded as revenues in the year the monies are received. State of Alaska and Federal government cost reimbursable grants and contracts are recorded to the extent of allowable expenditures in the period in which the expenditures were incurred.

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

Local Revenue

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

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Pensions and Other Post Employment Benefits (OPEB)

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

Estimates

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

Indirect Costs

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

D. Assets, Liabilities and Equity

1. Cash and Investments

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

2. Receivables and Payables

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

3. Inventories and Prepaid Items

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

Payments made to vendors for services that are applicable to future accounting periods are recorded as prepaid items. The prepaid assets do not reflect current available resources and, thus, an equivalent portion of fund balance is classified as non-spendable in the fund financial statements.

4. Capital Assets

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

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

General equipment and furniture 3 – 20 years

5. Assets to be Contributed

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

6. Unearned Revenue

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

7. *Compensated Absences*

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

8. *Net Position*

Government-wide net position is divided into three components:

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

9. *Fund Balance*

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

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

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

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

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

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

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

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

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

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

10. *Fair Value of Financial Instruments*

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for most governmental funds except the Capital Projects Fund, which adopts project-length budgets. All annual appropriations lapse at fiscal yearend. Unexpended balances of grants from the state and federal governments for the Special Revenue Funds lapse at June 30 with the exception of those funds established to account for federal grants which lapse on September 30.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

School Operating Fund

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

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

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

Special Revenue Funds

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

Capital Projects Fund

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

B. Excess Expenditures Over Appropriations

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

	<u>Amounts in Excess of Appropriations</u>
Instruction	\$ 156,834
School administration	10,123
School administration support services	10,209
District administration	17,538
District administration support services	13,781
Student activities	50,132

Excess expenditures were covered through available fund balance.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

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

All deposits are carried at cost plus accrued interest. Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits will not be returned to the District. At June 30, 2020, the District had \$1,124,859 of uninsured cash. The District does not have in place an investment policy limiting custodial credit risk.

As of June 30, 2020, the District had the following investments:

<u>Investment Type</u>	Fair Value	<u>Investment Maturity (in years)</u>		
		Less than 1 year	1-5	6-10
Fixed income	\$ 2,265,950	251,902	2,014,048	-

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

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2020:

<u>Investments by fair value level</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income	\$ 2,265,950	2,265,950	-	-

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

B. Accounts Receivable

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

	Operating Fund	Other Governmental Funds	Total
Receivables:			
Grants	\$ -	356,794	356,794
Local sources	296,400	-	296,400
Total	<u>\$ 296,400</u>	<u>356,794</u>	<u>653,194</u>

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

C. Capital Assets

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

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets being depreciated:				
Equipment	\$ 978,920	-	(18,084)	960,836
Vehicles	601,063	-	-	601,063
Total capital assets being depreciated	<u>1,579,983</u>	<u>-</u>	<u>(18,084)</u>	<u>1,561,899</u>
Less accumulated depreciation for:				
Equipment	880,630	23,679	(18,084)	886,225
Vehicles	554,387	22,266	-	576,653
Total accumulated depreciation	<u>1,435,017</u>	<u>45,945</u>	<u>(18,084)</u>	<u>1,462,878</u>
Total net capital assets	<u>\$ 144,966</u>	<u>(45,945)</u>	<u>-</u>	<u>99,021</u>

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

Governmental activities:	
Instruction	\$ 967
District administration support services	15,692
Operation and maintenance of plant	23,940
Student transportation services	5,346
Total depreciation expense	<u>\$ 45,945</u>

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

D. Assets to be Contributed

The following are a summary of changes in assets to be contributed for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Construction in progress	\$ 24,123	67,682	(86,385)	5,420

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

E. Interfund Receivables, Payables and Transfers

Interfund receivables and payables are shown as “Due From Other Funds” and “Due To Other Funds” in each of the individual funds. These balances at June 30, 2020 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
School Operating Fund	Other Governmental Funds	\$ 386,617
Capital Projects Fund	School Operating Fund	395,274
Other Governmental Funds	School Operating Fund	455,550
		<u>\$ 1,237,441</u>

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

<u>Transfers Out</u>	<u>Transfer In</u>	<u>Amount</u>
School Operating Fund	Other governmental Funds	\$ <u>495,000</u>

The School Operating Fund transferred \$495,000 to the Food Service Special Revenue Fund to cover current year expenditures in excess of revenues.

F. Unearned Revenues/Deferred Inflows of Resources

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report *unearned revenues* in connection with resources that have been received, but not yet earned. At June 30, 2020, the components of *deferred inflows of resources and unearned resources* in the governmental funds were as follows:

	Deferred Inflows	Unearned	Total
Unavailable accounts receivable	\$ 7,844	-	7,844
Grant drawdowns prior to meeting all eligibility requirements	-	12,967	12,967
Total	<u>7,844</u>	<u>12,967</u>	<u>20,811</u>

IV. OTHER INFORMATION

A. Risk Management

The District faces a considerable number of risks of loss, (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability, i.e., errors and omissions, (d) environmental damages, (e) workers compensation, and (f) medical/dental/vision costs for employees. The District participates in the Alaska Public Entity Insurance (APEI), which covers property and contents, torts, general and auto liability, school leader errors and omissions, and workers compensation. APEI is a public entity risk pool, which reinsures risk above certain levels, thereby relieving the members of the need for additional assessments. The Associations bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. The Association made no supplemental assessments during the year ended June 30, 2020. Coverage limits and the deductibles on commercial policies have stayed relatively constant for the last several years. There were no outstanding claims or liabilities at the end of the current period.

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

B. Employee Retirement Systems and Plans

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

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

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

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

LAKE AND PENINSULA 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>

LAKE AND PENINSULA 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.

LAKE AND PENINSULA 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 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 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.

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. 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.

LAKE AND PENINSULA 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%.

LAKE AND PENINSULA 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.

LAKE AND PENINSULA 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.

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%.

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.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

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

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

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

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

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

Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$ 230,030	110,587	340,617

Public Employees Retirement Plans

For the year ended June 30, 2020 the State of Alaska contributed \$ 135,674 (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 (\$54,463), to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

Defined Benefit:		<u>Pension</u>
District's proportionate share of the net pension liability	\$	3,499,991
State's proportionate share of the net pension liability		<u>1,387,887</u>
Total	\$	<u>4,887,878</u>
		<u>OPEB</u>
District's proportionate share of the ARHCT OPEB liability	\$	94,753
State's proportionate share of the ARHCT OPEB liability		<u>37,599</u>
Total	\$	<u>132,352</u>
District's proportionate share of the ODD OPEB liability (asset)	\$	<u>(16,821)</u>
District's proportionate share of the RMP OPEB liability	\$	<u>20,882</u>
Total District's share of net pension and OPEB liabilities	\$	<u>3,598,805</u>

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

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

	<u>June 30, 2018</u> Measurement	<u>June 30, 2019</u> Measurement	<u>Change</u>
Pension	0.0765%	0.0639%	(0.0126%)
OPEB:			
ARHCT	0.0766%	0.0639%	(0.0127%)
ODD	0.0994%	0.0693%	(0.0301%)
RMP	0.0994%	0.0873%	(0.0121%)

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Based on the measurement date of June 30, 2019, the District recognized pension and OPEB expense of \$477,390 and (\$644,673), 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	\$ -	(51,814)
Changes of assumptions	107,154	-
Net difference between projected and actual earnings on pension plan investments	50,182	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	(224,547)
District contributions subsequent to the measurement date	230,030	-
Total	<u>\$ 387,366</u>	<u>(276,361)</u>

	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(63,672)
Changes of assumptions	125,735	-
Net difference between projected and actual earnings on OPEB plan investments	-	(41,491)
Changes in proportion and differences between District contributions and proportionate share of contributions	28,401	(63,271)
District contributions subsequent to the measurement date	90,551	-
Total	<u>\$ 244,687</u>	<u>(168,434)</u>

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(5,245)
Changes of assumptions	-	(322)
Net difference between projected and actual earnings on OPEB plan investments	-	(111)
Changes in proportion and differences between District contributions and proportionate share of contributions	5,115	(671)
District contributions subsequent to the measurement date	3,297	-
Total	<u>\$ 8,412</u>	<u>(6,349)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(1,547)
Changes of assumptions	10,107	-
Net difference between projected and actual earnings on OPEB plan investments	-	(230)
Changes in proportion and differences between District contributions and proportionate share of contributions	237	(2,148)
District contributions subsequent to the measurement date	16,739	-
Total	<u>\$ 27,083</u>	<u>(3,925)</u>

\$230,030 and \$110,587 are reported as deferred outflows of resources related to pension and OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities in the year ended June 30, 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		OPEB	OPEB	OPEB
June 30,	Pension	ARHCT	ODD	RMP
2020	\$ (113,526)	(5,057)	(286)	602
2021	(37,051)	(32,250)	(286)	602
2022	14,238	9,982	(133)	1,155
2023	17,314	13,027	(129)	1,146
2024	-	-	(181)	937
Thereafter	-	-	(219)	1,977
Total	<u>\$ (119,025)</u>	<u>(14,298)</u>	<u>(1,234)</u>	<u>6,419</u>

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2020, the District recognized (\$216,603) and (\$47,875) of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

Sensitivity of the Net Pension and OPEB Liabilities to Changes in the Discount Rate: The following presents the net pension and OPEB liabilities of the plan calculated using the discount rate of 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:

	<u>1% Decrease</u> (6.38%)	<u>Current Rate</u> (7.38%)	<u>1% Increase</u> (8.38%)
Net pension liability	\$ 4,619,374	3,499,991	2,562,544
Net OPEB ARHCT liability	\$ 762,166	94,753	(454,268)
Net OPEB ODD liability (asset)	\$ (15,956)	(16,821)	(17,521)
Net OPEB RMP liability	\$ 52,448	20,882	(2,883)

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:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB ARHCT liability	\$ (518,480)	94,753	843,127
Net OPEB ODD liability (asset)	N/A	(16,821)	N/A
Net OPEB RMP liability	(6,422)	20,882	58,259

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.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Members become vested in employers' contributions as follows:

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

The School District contributed \$127,760 for the year ended June 30, 2020, which included forfeitures of \$44,823 which has been applied against contributions.

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

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

The DB Plan's membership consisted of the following at June 30, 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.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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
\$	130,535	106,773	237,308

Teachers Retirement Plans

For the year ended June 30, 2020 the State of Alaska contributed \$573,327 (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 (\$734,886), to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

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

Defined Benefit:		Pension
District's proportionate share of the net pension liability	\$	3,796,378
State's proportionate share of the net pension liability		5,635,691
Total	\$	<u>9,432,069</u>
		OPEB
District's proportionate share of the ARHCT OPEB liability (asset)	\$	(310,581)
State's proportionate share of the ARHCT OPEB liability (asset)		(462,137)
Total	\$	<u>(772,718)</u>
District's proportionate share of the ODD OPEB liability (asset)	\$	<u>(21,687)</u>
District's proportionate share of the RMP OPEB liability (asset)	\$	<u>(20,675)</u>
Total District's share of net pension and OPEB liabilities	\$	<u>3,443,435</u>

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

	June 30, 2018 Measurement	June 30, 2019 Measurement	Change
Pension	0.2023%	0.2032%	0.0009%
OPEB:			
ARHCT	0.2018%	0.2032%	0.0014%
ODD	0.8161%	0.5394%	(0.2767%)
RMP	0.8161%	0.5390%	(0.2771%)

Based on the measurement date of June 30, 2019, the District recognized pension expense of \$820,019 and OPEB expense of (\$1,877,469), 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	\$ -	(102,948)
Changes of assumptions	-	(26,867)
Net difference between projected and actual earnings on pension plan investments	97,511	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	(101,138)
District contribution subsequent to the measurement date	130,555	-
Total	\$ <u>228,066</u>	<u>(230,953)</u>

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(56,837)
Changes of assumptions	30,284	(93,851)
Net difference between projected and actual earnings on pension plan investments	-	(48,062)
Changes in proportion and differences between District contributions and proportionate share of contributions	20,509	-
District contribution subsequent to the measurement date	72,851	-
Total	\$ <u>123,644</u>	<u>(198,750)</u>

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(2,449)
Changes of assumptions	-	(24)
Net difference between projected and actual earnings on pension plan investments	-	(153)
Changes in proportion and differences between District contributions and proportionate share of contributions	9,845	(1,315)
District contribution subsequent to the measurement date	2,320	-
Total	\$ <u>12,165</u>	<u>(3,941)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,916	(1,693)
Changes of assumptions	9,463	(21,803)
Net difference between projected and actual earnings on pension plan investments	-	(540)
Changes in proportion and differences between District contributions and proportionate share of contributions	11,829	(1,589)
District contribution subsequent to the measurement date	31,602	-
Total	\$ <u>65,810</u>	<u>(25,625)</u>

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

\$130,555 and \$106,773 are reported as deferred outflows of resources related to pensions and OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019 (actuarial), 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	\$ (122,509)	(137,891)	643	358
2021	(70,690)	(37,996)	643	358
2022	26,654	12,226	811	1,647
2023	33,103	15,704	819	1,628
2024	-	-	768	1,132
Thereafter	-	-	2,220	3,460
Total	\$ (133,442)	(147,957)	5,904	8,583

For the year ended June 30, 2020, the District recognized \$95,260 and \$55,870 of pension and OPEB amortization of the deferred outflows and inflows of resources, respectively.

Sensitivity of the Net Pension and OPEB Liabilities to Changes in the Discount Rate: The following presents the net pension and OPEB liabilities of the Plan calculated using the discount rate of 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	\$ 5,468,788	3,796,378	2,392,185
Net OPEB ARHCT	\$ 466,042	(310,581)	(946,294)
Net OPEB ODD	\$ (21,763)	(21,687)	(21,644)
Net OPEB RMP	\$ 36,230	(20,675)	(62,995)

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	\$ (1,016,413)	(310,581)	555,244
Net OPEB ODD	\$ N/A	(21,687)	N/A
Net OPEB RMP	\$ (68,961)	(20,675)	42,217

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

Plan Description and Funding Requirements. School Districts and Public Employers in the State of Alaska have a defined contribution retirement plan for new hires first enrolled on or after July 1, 2006. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8% of gross eligible compensation. State statutes require the employer to contribute 7% of employees' eligible compensation. Additionally, employers are required to contribute to other post-employment benefits (DB): 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 \$276,605 for the year ended June 30, 2020, which included forfeitures of \$7,334 which has been applied against contributions.

C. Change in Accounting Principle

During the year, the District implemented GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this statement, the District has recorded an opening balance adjustment to decrease the student activity agency account balances and increase fund balance in the governmental funds and opening net position as follows:

Governmental Activities:		
Beginning net position, as originally stated	\$	(4,961,254)
Change in accounting principle adjustment		276,061
Beginning net position, as restated	\$	<u>(4,685,193)</u>
Governmental Funds - Other Governmental Funds:		
Beginning fund balances, as originally stated	\$	141,089
Change in accounting principle adjustment		276,061
Beginning fund balances, as restated	\$	<u>417,150</u>

D. Encumbrances

The District's encumbrances are classified as assigned fund balance in the School Operating Fund. The District had encumbrances of \$945 as of June 30, 2020.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

E. Health Insurance Internal Service Fund

The Health Insurance Internal Service Fund was organized in 2014. Health insurance activity was previously recorded in the School Operating Fund since 1997 when the self-insured plan was created. The Lake and Peninsula School District and the Lake and Peninsula Borough have entered into a joint arrangement for self-insuring for health insurance. The program's general objectives are to formulate, develop and administer a program of health insurance and to obtain lower costs for that coverage. The School and Borough also purchase commercial insurance to provide coverage for claims in excess of \$60,000. This amount increased to \$75,000 beginning January 1, 2017, per employee, per year.

The various funds of the School and Borough make payments to the Internal Service Fund based on estimates of the amounts needed to pay claims. The School District accrues a liability for claims incurred but not reported at year end.

Changes in the claims payable for 2020 are as follows:

Claims payable, June 30, 2019	\$	565,512
2020 claims and changes in estimates		5,335,168
2020 claims paid		<u>(5,341,589)</u>
Claims payable, June 30, 2020	\$	<u>559,091</u>

F. Contingent Liabilities

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

G. Subsequent Accounting Pronouncements

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

- GASB 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.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

LAKE AND PENINSULA 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**

LAKE & PENINSULA SCHOOL DISTRICT

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

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	0.0426%	\$ 1,988,311	\$ 1,979,532	\$ 3,967,843	\$ 1,975,177	101%	62.37%
2016	0.1850%	\$ 5,749,290	\$ 1,540,305	\$ 7,289,595	\$ 2,279,236	252%	63.96%
2017	0.0769%	\$ 4,297,251	\$ 543,235	\$ 4,840,486	\$ 2,421,546	177%	59.55%
2018	0.0643%	\$ 3,322,033	\$ 1,236,083	\$ 4,558,116	\$ 2,464,319	135%	63.37%
2019	0.0765%	\$ 3,799,306	\$ 1,101,537	\$ 4,900,843	\$ 1,902,827	200%	65.19%
2020	0.0639%	\$ 3,499,991	\$ 1,387,887	\$ 4,887,878	\$ 2,111,755	166%	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.

LAKE & PENINSULA SCHOOL DISTRICT

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

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	0.0760%	\$ 642,394	\$ 239,732	\$ 882,126	\$ 2,464,319	26.07%	89.68%
2019	0.0766%	\$ 785,806	\$ 228,239	\$ 1,014,045	\$ 1,902,827	41.30%	88.12%
2020	0.0639%	\$ 94,753	\$ 37,599	\$ 132,352	\$ 2,111,755	4.49%	98.13%
Occupational Death and Disability (ODD):							
2018	0.1303%	\$ (18,489)	\$ -	\$ (18,489)	\$ 2,464,319	-0.75%	212.97%
2019	0.0994%	\$ (19,303)	\$ -	\$ (19,303)	\$ 1,902,827	-1.01%	270.62%
2020	0.0693%	\$ (16,821)	\$ -	\$ (16,821)	\$ 2,111,755	-0.80%	297.43%
Retiree Medical Plan (RMP):							
2018	0.1303%	\$ 6,795	\$ -	\$ 6,795	\$ 616,628	1.10%	93.98%
2019	0.0994%	\$ 12,647	\$ -	\$ 12,647	\$ 708,505	1.79%	88.71%
2020	0.0873%	\$ 20,882	\$ -	\$ 20,882	\$ 693,409	3.01%	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.

LAKE & PENINSULA 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	\$ 157,251	\$ (157,251)	\$ -	\$ 2,279,236	6.90%
2016	\$ 174,505	\$ (174,505)	\$ -	\$ 2,421,546	7.21%
2017	\$ 183,851	\$ (183,851)	\$ -	\$ 2,464,319	7.46%
2018	\$ 264,070	\$ (264,070)	\$ -	\$ 1,902,827	13.88%
2019	\$ 220,264	\$ (218,099)	\$ (2,165)	\$ 2,111,755	10.43%
2020	\$ 230,570	\$ (230,030)	\$ 540	\$ 2,128,988	10.83%

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.

LAKE & PENINSULA 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	\$ 65,499	\$ (65,499)	\$ -	\$ 1,902,827	3.44%
2019	\$ 84,083	\$ (84,083)	\$ -	\$ 2,111,755	3.98%
2020	\$ 90,551	\$ (90,551)	\$ -	\$ 2,128,988	4.25%
Occupational Death and Disability (ODD):					
2018	\$ 1,801	\$ (1,801)	\$ -	\$ 1,902,827	0.09%
2019	\$ 2,936	\$ (2,936)	\$ -	\$ 2,111,755	0.14%
2020	\$ 3,297	\$ (3,297)	\$ -	\$ 2,128,988	0.15%
Retiree Medical Plan (RMP):					
2018	\$ 11,586	\$ (11,586)	\$ -	\$ 708,505	1.64%
2019	\$ 10,617	\$ (10,617)	\$ -	\$ 693,409	1.53%
2020	\$ 16,739	\$ (16,739)	\$ -	\$ 580,727	2.88%

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.

LAKE & PENINSULA SCHOOL DISTRICT

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

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	0.0531%	\$ 1,591,717	\$ 11,804,622	\$ 13,396,339	\$ 3,535,278	45.02%	55.70%
2016	0.1664%	\$ 3,096,477	\$ 4,946,597	\$ 8,043,074	\$ 3,631,429	85.27%	73.82%
2017	0.2167%	\$ 4,947,165	\$ 5,877,618	\$ 10,824,783	\$ 3,802,144	130.12%	68.40%
2018	0.1635%	\$ 3,313,813	\$ 5,786,624	\$ 9,100,437	\$ 4,000,314	82.84%	72.39%
2019	0.2023%	\$ 3,872,868	\$ 5,756,788	\$ 9,629,656	\$ 4,191,871	92.39%	74.09%
2020	0.2032%	\$ 3,796,378	\$ 5,635,691	\$ 9,432,069	\$ 3,303,877	114.91%	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.

LAKE & PENINSULA SCHOOL DISTRICT

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

Teachers' Retirement System (TRS)

June 30, 2020

<u>Year</u>	<u>District's Proportion of the Net OPEB Liability (Asset)</u>	<u>District's Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>State of Alaska Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>Total Net OPEB Liability (Asset)</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</u>
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.1632%	\$ 300,203	\$ 526,582	\$ 826,785	\$ 4,000,314	7.50%	93.75%
2019	0.2018%	627,429	936,432	1,563,861	4,191,871	14.97%	90.23%
2020	0.2032%	(310,581)	(462,137)	(772,718)	3,303,877	-9.40%	105.50%
Occupational Death and Disability (ODD):							
2018	0.7638%	\$ (24,962)	\$ -	\$ (24,962)	\$ 4,000,314	-0.62%	1342.59%
2019	0.8161%	(28,612)	-	(28,612)	4,191,871	-0.68%	1304.81%
2020	0.5394%	(21,687)	-	(21,687)	3,303,877	-0.66%	1409.77%
Retiree Medical Plan (RMP):							
2018	0.7638%	\$ (36,206)	\$ -	\$ (36,206)	\$ 1,147,033	-3.16%	118.16%
2019	0.8161%	(26,098)	-	(26,098)	891,314	-2.93%	109.56%
2020	0.5390%	(20,675)	-	(20,675)	2,436,226	-0.85%	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.

LAKE & PENINSULA 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	\$ 94,680	\$ (94,680)	\$ -	\$ 3,631,429	2.61%
2016	\$ 77,483	\$ (77,483)	\$ -	\$ 3,802,144	2.04%
2017	\$ 108,448	\$ (108,448)	\$ -	\$ 4,000,314	2.71%
2018	\$ 132,977	\$ (132,977)	\$ -	\$ 4,191,871	3.17%
2019	\$ 87,748	\$ (46,896)	\$ 40,852	\$ 3,303,877	2.66%
2020	\$ 130,555	\$ (137,886)	\$ (7,331)	\$ 4,150,191	3.15%

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 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.

LAKE & PENINSULA 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	\$ 65,856	\$ (65,856)	\$ -	\$ 4,191,871	1.57%
2019	\$ 43,771	\$ (43,771)	\$ -	\$ 3,303,877	1.32%
2020	\$ 72,851	\$ (72,851)	\$ -	\$ 4,150,191	1.76%
Occupational Death and Disability (ODD):					
2018	\$ -	\$ -	\$ -	\$ 4,191,871	0.00%
2019	\$ 1,648	\$ (1,648)	\$ -	\$ 3,303,877	0.05%
2020	\$ 2,320	\$ (2,320)	\$ -	\$ 4,150,191	0.06%
Retiree Medical Plan (RMP):					
2018	\$ 26,693	\$ (26,693)	\$ -	\$ 1,148,460	2.32%
2019	\$ 16,627	\$ (16,627)	\$ -	\$ 2,436,226	0.68%
2020	\$ 31,602	\$ (31,602)	\$ -	\$ 2,202,273	1.43%

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

**ADDITIONAL SUPPLEMENTARY
INFORMATION**

LAKE AND PENINSULA SCHOOL DISTRICT

School Operating Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Charges for services	\$ 406,955	330,641	(76,314)
Earnings on investments - interest	60,000	143,482	83,482
E-rate revenue	1,049,913	1,050,031	118
Other	359,000	332,429	(26,571)
Total local sources	<u>1,875,868</u>	<u>1,856,583</u>	<u>(19,285)</u>
Intergovernmental:			
Borough - direct appropriation	1,360,065	1,360,065	-
State of Alaska:			
Foundation and Quality Schools	9,115,254	9,135,686	20,432
On-behalf TRS	726,534	573,327	(153,207)
On-behalf PERS	130,675	135,674	4,999
Other state revenues	196,819	194,479	(2,340)
Total state sources	<u>10,169,282</u>	<u>10,039,166</u>	<u>(130,116)</u>
Federal sources			
Impact Aid Assistance - direct	784,544	825,905	41,361
Other federal revenues - passed through other intermediary agencies	10,000	27,394	17,394
Total federal revenues	<u>794,544</u>	<u>853,299</u>	<u>58,755</u>
Total revenues	<u>14,199,759</u>	<u>14,109,113</u>	<u>(90,646)</u>
Expenditures:			
Current:			
Instruction:			
Salaries:			
Certificated	2,377,353	2,563,131	(185,778)
Non-certificated	264,000	253,824	10,176
Employee benefits	1,654,688	1,734,966	(80,278)
Housing allowance	234,000	283,413	(49,413)
Transportation allowance	40,000	32,681	7,319
Professional and technical services	28,000	11,228	16,772
Staff travel	75,000	73,554	1,446
Student travel	46,000	18,563	27,437
Utility services	250	321	(71)
Other purchased services	3,550	80	3,470
Supplies, materials and media	287,000	195,426	91,574
Other	2,000	1,488	512
Total instruction	<u>5,011,841</u>	<u>5,168,675</u>	<u>(156,834)</u>
Special education instruction:			
Salaries:			
Certificated	404,900	409,976	(5,076)
Non-certificated	284,400	235,825	48,575
Employee benefits	421,950	433,591	(11,641)
Housing allowance	35,800	61,269	(25,469)
Transportation allowance	2,700	-	2,700
Staff travel	20,000	17,458	2,542
Utility services	100	30	70
Supplies, materials and media	4,400	7,638	(3,238)
Other	200	-	200
Total special education instruction	<u>1,174,450</u>	<u>1,165,787</u>	<u>8,663</u>

(continued)

LAKE AND PENINSULA SCHOOL DISTRICT

School Operating Fund

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

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Expenditures, continued:			
Special education support services - students:			
Certificated salaries	\$ 36,500	36,451	49
Employee benefits	11,937	10,488	1,449
Professional and technical services	143,500	93,179	50,321
Staff travel	5,000	591	4,409
Supplies, materials and media	250	135	115
Total special education support services - students	<u>197,187</u>	<u>140,844</u>	<u>56,343</u>
Support services - students:			
Employee benefits	26,341	25,675	666
Housing allowance	4,500	8,424	(3,924)
Transportation allowance	1,200	-	1,200
Staff travel	4,000	-	4,000
Supplies, materials and media	500	172	328
Total support services - students	<u>36,541</u>	<u>34,271</u>	<u>2,270</u>
Support services - instruction:			
Support services - instruction:			
Salaries:			
Certificated	252,400	254,148	(1,748)
Non-certificated	61,300	50,580	10,720
Employee benefits	195,052	197,629	(2,577)
Professional and technical services	4,800	3,939	861
Staff travel	50,000	52,139	(2,139)
Utility services	1,500	1,082	418
Other purchased services	10,800	10,795	5
Supplies, materials and media	7,500	12,666	(5,166)
Other	1,500	1,394	106
Total support services - instruction	<u>584,852</u>	<u>584,372</u>	<u>480</u>
Instructional-related technology			
Salaries:			
Certificated	40,700	41,577	(877)
Non-certificated	109,285	98,047	11,238
Employee benefits	87,032	81,362	5,670
Transportation allowance	1,500	1,935	(435)
Professional and technical services	1,200	1,140	60
Staff travel	17,000	15,111	1,889
Utility services	1,231,804	1,210,152	21,652
Supplies, materials and media	40,000	45,191	(5,191)
Total instructional-related technology	<u>1,528,521</u>	<u>1,494,515</u>	<u>34,006</u>
Total support services - instruction	<u>2,113,373</u>	<u>2,078,887</u>	<u>34,486</u>

(continued)

LAKE AND PENINSULA SCHOOL DISTRICT

School Operating Fund

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

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Expenditures, continued:			
School administration:			
Certificated salaries	\$ 504,940	520,925	(15,985)
Employee benefits	266,293	263,110	3,183
Housing allowance	20,000	23,802	(3,802)
Transportation allowance	1,600	1,390	210
Staff travel	58,000	52,542	5,458
Supplies, materials and media	1,200	995	205
Other	3,500	2,892	608
Total school administration	<u>855,533</u>	<u>865,656</u>	<u>(10,123)</u>
School administration support services:			
Non-certificated salaries	44,259	47,549	(3,290)
Employee benefits	41,330	47,920	(6,590)
Utility services	2,000	3,329	(1,329)
Supplies, materials and media	1,000	-	1,000
Total school administration support services	<u>88,589</u>	<u>98,798</u>	<u>(10,209)</u>
District administration:			
Certificated salaries	182,608	216,605	(33,997)
Employee benefits	325,560	319,649	5,911
Professional and technical services	12,000	5,218	6,782
Staff travel	54,000	45,984	8,016
Utility services	1,500	2,923	(1,423)
Supplies, materials and media	7,500	11,744	(4,244)
Tuition and stipends	15,000	12,900	2,100
Other	10,000	10,683	(683)
Total district administration	<u>608,168</u>	<u>625,706</u>	<u>(17,538)</u>
District administration support services:			
Non-certificated salaries	364,000	358,126	5,874
Employee benefits	208,551	229,185	(20,634)
Professional and technical services	35,000	33,018	1,982
Staff travel	15,000	5,315	9,685
Utility services	300	513	(213)
Other purchased services	5,900	5,840	60
Insurance and bond premiums	49,100	48,292	808
Supplies, materials and media	28,000	29,800	(1,800)
Other	6,500	9,247	(2,747)
Indirect cost recovery	(78,212)	(71,416)	(6,796)
Total district administration support services	<u>634,139</u>	<u>647,920</u>	<u>(13,781)</u>

(continued)

LAKE AND PENINSULA SCHOOL DISTRICT

School Operating Fund

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

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Expenditures, continued:			
Operation and maintenance of plant:			
Non-certificated salaries	\$ 766,700	741,008	25,692
Employee benefits	490,618	386,352	104,266
Transportation allowance	2,500	775	1,725
Professional and technical services	75,000	58,892	16,108
Staff travel	125,000	87,540	37,460
Utility services	109,655	100,820	8,835
Energy - electric	623,000	538,714	84,286
Energy - heating fuel	243,200	253,503	(10,303)
Energy - natural gas	800	704	96
Other purchased services	31,800	31,800	-
Insurance and bond premiums	166,800	144,284	22,516
Supplies, materials and media	207,882	187,477	20,405
Total operation and maintenance of plant	<u>2,842,955</u>	<u>2,531,869</u>	<u>311,086</u>
Student activities:			
Salaries:			
Certificated	79,200	97,995	(18,795)
Non-certificated	20,766	33,309	(12,543)
Employee benefits	52,567	57,610	(5,043)
Professional and technical services	2,500	1,969	531
Staff travel	3,500	3,989	(489)
Student travel	253,000	268,468	(15,468)
Insurance and bond premiums	2,000	1,023	977
Supplies, materials and media	4,000	4,047	(47)
Other	2,900	2,155	745
Total student activities	<u>420,433</u>	<u>470,565</u>	<u>(50,132)</u>
Total expenditures	<u>13,983,209</u>	<u>13,828,978</u>	<u>154,231</u>
Excess of revenues over expenditures	<u>216,550</u>	<u>280,135</u>	<u>63,585</u>
Other financing (uses):			
Transfers out:			
Food Service Special Revenue Fund	<u>(340,000)</u>	<u>(495,000)</u>	<u>(155,000)</u>
Net change in fund balance	<u>\$ (123,450)</u>	<u>(214,865)</u>	<u>(91,415)</u>
Fund balance, beginning of year		<u>2,778,663</u>	
Fund balance, end of year		<u>\$ 2,563,798</u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Capital Projects Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance

Year Ended June 30, 2020

Revenues	\$ <u> -</u>
Expenditures:	
Construction and facilities acquisition:	
Window replacement	7,497
Carpet replacement	54,765
Door replacement	<u>5,420</u>
Total expenditures	<u>67,682</u>
Excess (deficiency) of revenues over expenditures	(67,682)
Fund balance, beginning of year	<u>462,956</u>
Fund balance, end of year	\$ <u><u>395,274</u></u>

LAKE AND PENINSULA SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet

June 30, 2020

Special Revenue Funds

<u>Assets</u>	<u>Student Transportation</u>	<u>Early Learning</u>	<u>BAG Grant</u>	<u>Comprehensive Literacy</u>	<u>Alaska Pre-Elementary</u>	<u>Food Service</u>	<u>Migrant Education</u>
Accounts receivable:							
Intergovernmental:							
Federal sources:							
Direct	\$ -	-	-	-	-	-	-
Passed through the State of Alaska	-	-	-	5,376	-	-	85,812
Passed through other	-	-	-	-	-	-	-
Due from School Operating Fund	160,244	13,792	421	-	1,249	-	-
Inventory	-	-	-	-	-	31,491	-
Total assets	<u>160,244</u>	<u>13,792</u>	<u>421</u>	<u>5,376</u>	<u>1,249</u>	<u>31,491</u>	<u>85,812</u>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	-	2,074	421	-	-	-	-
Unearned revenue	-	11,718	-	-	1,249	-	-
Due to School Operating Fund	-	-	-	5,376	-	29,974	85,812
Total liabilities	<u>-</u>	<u>13,792</u>	<u>421</u>	<u>5,376</u>	<u>1,249</u>	<u>29,974</u>	<u>85,812</u>
Fund balances:							
Non-spendable:							
Inventory	-	-	-	-	-	31,491	-
Restricted:							
Student transportation	60,880	-	-	-	-	-	-
Student, community, housing, scholarship	-	-	-	-	-	-	-
Committed:							
Student transportation	99,364	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(29,974)	-
Total fund balances	<u>160,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,517</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 160,244</u>	<u>13,792</u>	<u>421</u>	<u>5,376</u>	<u>1,249</u>	<u>31,491</u>	<u>85,812</u>

LAKE AND PENINSULA SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet

June 30, 2020

	Special Revenue Funds							Total Special Revenue Funds
	School Improvement	CARES ACT ESSERF	Literacy 365	Indian Education	Communities Teaching Culture	CHILD #3	Student, Community, Housing, Scholarship	
<u>Assets</u>								
Accounts receivable:								
Intergovernmental:								
Federal sources:								
Direct	\$ -	-	1,563	21,204	-	-	-	22,767
Passed through the State of Alaska	4,738	124,057	-	-	-	-	-	219,983
Passed through other	-	-	-	-	23,823	90,221	-	114,044
Due from School Operating Fund	-	-	-	-	-	-	279,844	455,550
Inventory	-	-	-	-	-	-	-	31,491
Total assets	<u>4,738</u>	<u>124,057</u>	<u>1,563</u>	<u>21,204</u>	<u>23,823</u>	<u>90,221</u>	<u>279,844</u>	<u>843,835</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	-	151	-	-	-	-	13	2,659
Unearned revenue	-	-	-	-	-	-	-	12,967
Due to School Operating Fund	4,738	123,906	1,563	21,204	23,823	90,221	-	386,617
Total liabilities	<u>4,738</u>	<u>124,057</u>	<u>1,563</u>	<u>21,204</u>	<u>23,823</u>	<u>90,221</u>	<u>13</u>	<u>402,243</u>
Fund balances:								
Non-spendable:								
Inventory	-	-	-	-	-	-	-	31,491
Restricted:								
Student transportation	-	-	-	-	-	-	-	60,880
Student, community, housing, scholarship	-	-	-	-	-	-	279,831	279,831
Committed:								
Student transportation	-	-	-	-	-	-	-	99,364
Unassigned	-	-	-	-	-	-	-	(29,974)
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>279,831</u>	<u>441,592</u>
Total liabilities and fund balances	\$ <u>4,738</u>	<u>124,057</u>	<u>1,563</u>	<u>21,204</u>	<u>23,823</u>	<u>90,221</u>	<u>279,844</u>	<u>843,835</u>

LAKE AND PENINSULA SCHOOL DISTRICT

Other Governmental Funds

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

Year Ended June 30, 2020

	Special Revenue Funds						
	Student Transportation	Early Learning	Broadband Assistance Grant	Comprehensive Literacy	Alaska Pre-Elementary	Staff Development	Food Service
Revenues:							
Local sources:							
Charges for services	\$ -	-	-	-	-	-	25,475
Other	-	-	-	-	-	-	-
Intergovernmental:							
State of Alaska	130,974	88,415	5,047	-	64,246	-	-
Federal sources:							
Direct	-	-	-	-	-	-	-
Passed through the State of Alaska	-	-	-	19,618	-	10,715	206,417
Passed through other intermediary agencies	-	-	-	-	-	-	-
Total revenues	<u>130,974</u>	<u>88,415</u>	<u>5,047</u>	<u>19,618</u>	<u>64,246</u>	<u>10,715</u>	<u>231,892</u>
Expenditures:							
Current:							
Instruction	-	77,260	-	818	27,133	1,907	-
Special education instruction	-	-	-	-	-	-	-
Special education support services - students	-	-	-	-	-	-	-
Support services - students	-	-	-	-	-	-	-
Support services - instruction	-	5,720	5,047	17,594	33,164	8,808	-
School administration	-	-	-	-	-	-	-
School administration support services	-	-	-	-	-	-	-
District administration	-	-	-	-	-	-	-
District administration support services	-	5,435	-	1,206	3,949	-	-
Operations and maintenance of plant	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-
Student transportation services	109,630	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Food service	-	-	-	-	-	-	727,564
Total expenditures	<u>109,630</u>	<u>88,415</u>	<u>5,047</u>	<u>19,618</u>	<u>64,246</u>	<u>10,715</u>	<u>727,564</u>
Excess (deficiency) of revenues over expenditures	21,344	-	-	-	-	-	(495,672)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	495,000
Net change in fund balances	21,344	-	-	-	-	-	(672)
Fund balances, beginning of year, as previously stated	<u>138,900</u>	-	-	-	-	-	<u>2,189</u>
Cumulative effect of a change in accounting principle	-	-	-	-	-	-	-
Fund balances, beginning of year, as restated	<u>138,900</u>	-	-	-	-	-	<u>2,189</u>
Fund balances, end of year	\$ <u><u>160,244</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1,517</u></u>

(continued)

LAKE AND PENINSULA SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds						
	Fresh Fruit & Vegetable	Title I-A Title II-A and Title IV	Title I-C Migrant Education	Title I-C Migrant Education Book	School Improvement	Title VI-B IDEA	Preschool Disabled
Revenues:							
Local sources:							
Charges for services	\$ -	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Intergovernmental:							
State of Alaska	-	-	-	-	-	-	-
Federal sources:							
Direct	-	-	-	-	-	-	-
Passed through the State of Alaska	17,716	225,045	192,608	5,200	9,000	106,047	6,940
Passed through other intermediary agencies	-	-	-	-	-	-	-
Total revenues	<u>17,716</u>	<u>225,045</u>	<u>192,608</u>	<u>5,200</u>	<u>9,000</u>	<u>106,047</u>	<u>6,940</u>
Expenditures:							
Current:							
Instruction	-	134,727	129,275	5,200	-	-	-
Special education instruction	-	-	-	-	-	-	-
Special education support services - students	-	-	-	-	-	99,528	6,513
Support services - students	-	-	1,831	-	-	-	-
Support services - instruction	-	76,413	49,612	-	8,447	-	-
School administration	-	-	-	-	-	-	-
School administration support services	-	-	-	-	-	-	-
District administration	-	-	-	-	-	-	-
District administration support services	-	13,905	11,890	-	553	6,519	427
Operations and maintenance of plant	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-
Student transportation services	-	-	-	-	-	-	-
Communities services	-	-	-	-	-	-	-
Food service	17,716	-	-	-	-	-	-
Total expenditures	<u>17,716</u>	<u>225,045</u>	<u>192,608</u>	<u>5,200</u>	<u>9,000</u>	<u>106,047</u>	<u>6,940</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-
Fund balances, beginning of year, as previously stated	-	-	-	-	-	-	-
Cumulative effect of a change in accounting principle	-	-	-	-	-	-	-
Fund balances, beginning of year, as restated	-	-	-	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

LAKE AND PENINSULA SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds					
	CARES ACT ESSERF	Carl Perkins - Secondary	Literacy 365	REAP	Indian Education	Communities Teaching Culture
Revenues:						
Local sources:						
Charges for services	\$ -	-	-	-	-	-
Other	-	-	-	-	-	-
Intergovernmental:						
State of Alaska	-	-	-	-	-	-
Federal sources:						
Direct	-	-	232,977	6,393	72,583	-
Passed through the State of Alaska	124,057	20,000	-	-	-	-
Passed through other intermediary agencies	-	-	-	-	-	110,256
Total revenues	<u>124,057</u>	<u>20,000</u>	<u>232,977</u>	<u>6,393</u>	<u>72,583</u>	<u>110,256</u>
Expenditures:						
Current:						
Instruction	9,855	19,048	90,143	-	68,121	-
Special education instruction	13,372	-	-	-	-	-
Special education support services - students	-	-	-	-	-	-
Support services - students	-	-	128,512	-	-	110,256
Support services - instruction	23,675	-	-	6,393	-	-
School administration	600	-	-	-	-	-
School administration support services	1,632	-	-	-	-	-
District administration	400	-	-	-	-	-
District administration support services	34,922	952	14,322	-	4,462	-
Operations and maintenance of plant	39,601	-	-	-	-	-
Student activities	-	-	-	-	-	-
Student transportation services	-	-	-	-	-	-
Communities services	-	-	-	-	-	-
Food service	-	-	-	-	-	-
Total expenditures	<u>124,057</u>	<u>20,000</u>	<u>232,977</u>	<u>6,393</u>	<u>72,583</u>	<u>110,256</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-
Other financing sources :						
Transfers in	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-
Fund balances, beginning of year, as previously stated	-	-	-	-	-	-
Cumulative effect of a change in accounting principle	-	-	-	-	-	-
Fund balances, beginning of year, as restated	-	-	-	-	-	-
Fund balances, end of year	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

LAKE AND PENINSULA SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds					Total Special Revenue Funds
	CHILD #2	CHILD #3	No-See-Um Storytellers	Classrooms of Excellence	Student, Community, Housing, Scholarship	
Revenues:						
Local sources:						
Charges for services	\$ -	-	-	-	-	25,475
Other	-	-	4,983	2,000	123,781	130,764
Intergovernmental:						
State of Alaska	-	-	-	-	-	288,682
Federal sources:						
Direct	-	-	-	-	-	311,953
Passed through the State of Alaska	-	-	-	-	-	943,363
Passed through other intermediary agencies	10,000	345,474	-	-	-	465,730
Total revenues	<u>10,000</u>	<u>345,474</u>	<u>4,983</u>	<u>2,000</u>	<u>123,781</u>	<u>2,165,967</u>
Expenditures:						
Current:						
Instruction	-	231,346	4,693	2,000	-	801,526
Special education instruction	-	-	-	-	-	13,372
Special education support services - students	-	-	-	-	-	106,041
Support services - students	-	-	-	-	-	240,599
Support services - instruction	10,000	114,128	-	-	-	359,001
School administration	-	-	-	-	-	600
School administration support services	-	-	-	-	-	1,632
District administration	-	-	-	-	-	400
District administration support services	-	-	290	-	-	98,832
Operations and maintenance of plant	-	-	-	-	13,200	52,801
Student activities	-	-	-	-	90,311	90,311
Student transportation services	-	-	-	-	-	109,630
Community services	-	-	-	-	16,500	16,500
Food service	-	-	-	-	-	745,280
Total expenditures	<u>10,000</u>	<u>345,474</u>	<u>4,983</u>	<u>2,000</u>	<u>120,011</u>	<u>2,636,525</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	3,770	(470,558)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	495,000
Net change in fund balances	-	-	-	-	3,770	24,442
Fund balances, beginning of year, as previously stated	-	-	-	-	-	141,089
Cummulative effect of a change in accounting principle	-	-	-	-	276,061	276,061
Fund balances, beginning of year, as restated	-	-	-	-	276,061	417,150
Fund balances, end of year, as restated	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>279,831</u>	<u>441,592</u>

LAKE AND PENINSULA SCHOOL DISTRICT

Student Transportation Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - State of Alaska	\$ 130,974	130,974	-
Expenditures:			
Current:			
Student transportation services:			
Non-certificated salaries	32,600	20,976	11,624
Employee benefits	10,700	10,342	358
Other purchased services	75,300	72,812	2,488
Supplies, materials and media	9,024	3,883	5,141
Tuition - students and stipends	3,350	1,617	1,733
Total expenditures	<u>130,974</u>	<u>109,630</u>	<u>21,344</u>
Excess of revenues over expenditures	\$ <u>-</u>	21,344	<u>21,344</u>
Fund balance, beginning of year		<u>138,900</u>	
Fund balance, end of year		<u>\$ 160,244</u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Early Learning Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - State of Alaska	\$ 100,134	88,415	11,719
Expenditures:			
Current:			
Instruction -			
Supplies, materials and media	88,708	77,260	11,448
Support services - instruction -			
Staff travel	5,270	5,720	(450)
District administration support services -			
Indirect costs	6,156	5,435	721
Total expenditures	100,134	88,415	11,719
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

LAKE AND PENINSULA SCHOOL DISTRICT

Broadband Assistance Grant (BAG) Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - State of Alaska	\$ 5,047	5,047	-
Expenditures:			
Current:			
Support services - instruction - Utility services - communication	5,047	5,047	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

LAKE AND PENINSULA SCHOOL DISTRICT

Comprehensive Literacy Special Revenue Fund

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

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	\$ 107,703	19,618	88,085
Expenditures:			
Current:			
Instruction:			
Certified salaries	6,000	-	6,000
Non-certified salaries	1,232	-	1,232
Supplies, materials and media	1,676	818	858
Total instruction	<u>8,908</u>	<u>818</u>	<u>8,090</u>
Support services - instruction:			
Certificated salaries	19,430	3,000	16,430
Employee benefits	8,744	844	7,900
Professional and technical services	2,000	-	2,000
Staff travel	62,000	13,750	48,250
Total support services - instruction	<u>92,174</u>	<u>17,594</u>	<u>74,580</u>
District administration support services - Indirect costs	<u>6,621</u>	<u>1,206</u>	<u>5,415</u>
Total expenditures	<u>107,703</u>	<u>19,618</u>	<u>88,085</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Alaska Pre-Elementary Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - State of Alaska	\$ 65,495	64,246	(1,249)
Expenditures:			
Current:			
Instruction:			
Staff travel	1,075	1,075	-
Utility services	1,499	1,499	-
Supplies, materials, and media	25,686	24,559	1,127
Total instruction	<u>28,260</u>	<u>27,133</u>	<u>1,127</u>
Support services - instruction:			
Certificated salaries	3,261	3,261	-
Non-certificated salaries	4,914	4,914	-
Employee benefits	3,757	3,757	-
Professional and technical services	4,872	4,872	-
Staff travel	15,605	15,605	-
Supplies, material and media	800	755	45
Total support services - instruction	<u>33,209</u>	<u>33,164</u>	<u>45</u>
District administration support services - Indirect costs	<u>4,026</u>	<u>3,949</u>	<u>77</u>
Total expenditures	<u>65,495</u>	<u>64,246</u>	<u>1,249</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		<u>\$ -</u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Staff Development Special Revenue Fund

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

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			
State of Alaska	\$ 14,950	10,715	(4,235)
Expenditures:			
Current:			
Instruction -			
Staff travel	4,850	1,907	2,943
Support services - instruction -			
Staff travel	10,100	8,808	1,292
Total expenditures	14,950	10,715	4,235
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

LAKE AND PENINSULA SCHOOL DISTRICT

Food Service Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources - charges for services	\$ 25,500	25,475	(25)
Intergovernmental - Federal Department of Agriculture passed through the State of Alaska	207,106	206,417	(689)
Total revenues	<u>232,606</u>	<u>231,892</u>	<u>(714)</u>
Expenditures:			
Current:			
Food service:			
Non-certificated salaries	219,800	219,649	151
Employee benefits	178,700	178,663	37
Staff travel	24,100	24,013	87
Utility services	-	26	(26)
Supplies, materials and media	306,000	305,213	787
Total expenditures	<u>728,600</u>	<u>727,564</u>	<u>1,036</u>
Excess (deficiency) of revenues over expenditures	(495,994)	(495,672)	322
Other financing sources - transfers in - School Operating Fund	<u>310,000</u>	<u>495,000</u>	<u>185,000</u>
Net change in fund balance	\$ <u>(185,994)</u>	(672)	<u>185,322</u>
Fund balance, beginning of year		<u>2,189</u>	
Fund balance, end of year		<u>\$ 1,517</u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Fresh Fruit & Vegetable Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - Federal Department of Agriculture passed through the State of Alaska	\$ 17,716	17,716	-
Expenditures:			
Current:			
Food service - Supplies, materials and media	17,716	17,716	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

LAKE AND PENINSULA SCHOOL DISTRICT

Title I-A, Title II-A and Title IV Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources passed through the State of Alaska	\$ 225,045	225,045	-
Expenditures:			
Current:			
Instruction:			
Non-certificated salaries	82,580	82,580	-
Employee benefits	50,977	51,644	(667)
Staff travel	1,000	503	497
Total instruction	<u>134,557</u>	<u>134,727</u>	<u>(170)</u>
Support services - instruction:			
Certificated salaries	21,078	21,078	-
Employee benefits	6,750	6,083	667
Professional and technical services	1,443	1,443	-
Staff travel	46,583	47,084	(501)
Supplies, materials and media	725	725	-
Total support services - instruction	<u>76,579</u>	<u>76,413</u>	<u>166</u>
District administration support services:			
Staff travel	75	71	4
Indirect costs	13,834	13,834	-
Total district administration support services	<u>13,909</u>	<u>13,905</u>	<u>4</u>
Total expenditures	<u>225,045</u>	<u>225,045</u>	-
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Title I-C Migrant Education Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources passed through the State of Alaska	\$ 198,721	192,608	(6,113)
Expenditures:			
Current:			
Instruction:			
Non-certificated salaries	84,108	78,617	5,491
Employee benefits	5,676	6,176	(500)
Transportation Allowance	12,800	13,952	(1,152)
Staff travel	200	200	-
Supplies, materials and media	30,671	30,330	341
Total instruction	<u>133,455</u>	<u>129,275</u>	<u>4,180</u>
Support services - students:			
Supplies, materials and media	2,000	1,831	169
Support services - instruction:			
Certificated salaries	33,500	34,309	(809)
Employee benefits	15,000	13,696	1,304
Professional and technical	750	250	500
Staff travel	1,750	1,357	393
Total support services - instruction	<u>51,000</u>	<u>49,612</u>	<u>1,388</u>
District administration support services:			
Staff travel	50	50	-
Indirect costs	12,216	11,840	376
Total District administration support services	<u>12,266</u>	<u>11,890</u>	<u>376</u>
Total expenditures	<u>198,721</u>	<u>192,608</u>	<u>6,113</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Title I-C Migrant Education Book Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources passed through the State of Alaska	\$ 5,200	5,200	-
Expenditures:			
Current:			
Instruction - Supplies, materials and media	5,200	5,200	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

LAKE AND PENINSULA SCHOOL DISTRICT

School Improvement Special Revenue Fund

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

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	\$ 60,000	9,000	(51,000)
Expenditures:			
Current:			
Support services - instruction:			
Professional and technical services	12,000	6,000	6,000
Staff travel	16,312	2,147	14,165
Other purchased services	-	300	(300)
Supplies, materials, and media	28,000	-	28,000
Total support services - instruction	<u>56,312</u>	<u>8,447</u>	<u>47,865</u>
District administration support services - Indirect costs	<u>3,688</u>	<u>553</u>	<u>3,135</u>
Total expenditures	<u>60,000</u>	<u>9,000</u>	<u>51,000</u>
Excess of revenues over expenditures	<u>\$ -</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Title VI-B IDEA Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources passed through the State of Alaska	\$ 106,047	106,047	-
Expenditures:			
Current:			
Special education support services - students:			
Professional and technical services	83,000	83,000	-
Staff travel	16,528	16,528	-
Total special education support services - students	99,528	99,528	-
District administration support services - Indirect costs	6,519	6,519	-
Total expenditures	106,047	106,047	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

LAKE AND PENINSULA SCHOOL DISTRICT

Preschool Disabled Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources passed through the State of Alaska	\$ 6,940	6,940	-
Expenditures:			
Current:			
Special education support services - students:			
Certificated salaries	3,747	3,776	(29)
Employee benefits	2,766	2,737	29
Total special education support services - students	6,513	6,513	-
District administration support services - Indirect costs	427	427	-
Total expenditures	6,940	6,940	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

LAKE AND PENINSULA SCHOOL DISTRICT
 CARES ACT ESSERF Special Revenue Fund

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

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	\$ 128,244	124,057	4,187
Expenditures:			
Current:			
Instruction:			
Non - Certificated salaries	7,059	7,059	-
Employee benefits	2,645	2,645	-
Supplies, materials and media	150	151	(1)
Total instruction	<u>9,854</u>	<u>9,855</u>	<u>(1)</u>
Special education - instruction:			
Non - Certificated salaries	2,736	2,736	-
Employee benefits	10,636	10,636	-
Total special education - instruction	<u>13,372</u>	<u>13,372</u>	<u>-</u>
Support services - instruction:			
Non - certificated salaries	4,409	4,409	-
Employee benefits	2,306	2,306	-
Professional and technical	14,317	14,317	-
Supplies, material and media	6,574	2,643	3,931
Total support services - students	<u>27,606</u>	<u>23,675</u>	<u>3,931</u>
School administration -			
Employee benefits	600	600	-
School administration support services:			
Non-certificated salaries	699	699	-
Employee benefits	933	933	-
Total school administration services	<u>1,632</u>	<u>1,632</u>	<u>-</u>
District administration -			
Employee Benefits	400	400	-
District administration support services:			
Non-certificated salaries	16,522	16,522	-
Employee benefits	10,773	10,773	-
Indirect cost	7,884	7,627	257
Total district administration support services	<u>35,179</u>	<u>34,922</u>	<u>257</u>
Operations and maintenance of plant:			
Non-certificated salaries	19,496	19,496	-
Employee benefits	20,105	20,105	-
Total operations and maintenance of plants	<u>39,601</u>	<u>39,601</u>	<u>-</u>
Total expenditures	<u>128,244</u>	<u>124,057</u>	<u>4,187</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		<u>\$ -</u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Carl Perkins - Secondary Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources passed through the State of Alaska	\$ 20,000	20,000	-
Expenditures:			
Current:			
Instruction:			
Certificated salaries	8,170	8,170	-
Non-certificated salaries	6,514	6,514	-
Employee benefits	4,364	4,364	-
Total instruction	<u>19,048</u>	<u>19,048</u>	<u>-</u>
District administration support services - Indirect costs	<u>952</u>	<u>952</u>	<u>-</u>
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Literacy 365 Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources - direct	\$ 457,483	232,977	224,506
Expenditures:			
Current:			
Instruction:			
Professional and technical services	41,250	1,000	40,250
Other purchased services	6,000	6,000	-
Supplies, materials and media	82,761	83,143	(382)
Total instruction	<u>130,011</u>	<u>90,143</u>	<u>39,868</u>
Support services - students:			
Certificated salaries	78,206	64,170	14,036
Non-certified salaries	54,000	7,000	47,000
Employee benefits	35,193	15,544	19,649
Professional & technical services	44,500	22,500	22,000
Staff travel	86,550	17,898	68,652
Supplies, materials and media	900	900	-
Stipends	-	500	(500)
Total support services - students	<u>299,349</u>	<u>128,512</u>	<u>170,837</u>
District administration support services - Indirect costs	<u>28,123</u>	<u>14,322</u>	<u>13,801</u>
Total expenditures	<u>457,483</u>	<u>232,977</u>	<u>224,506</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Rural Education Achievement Program (REAP) Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources - direct	\$ 6,393	6,393	-
Expenditures:			
Current:			
Support services - instruction - Staff travel	6,393	6,393	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

LAKE AND PENINSULA SCHOOL DISTRICT

Indian Education Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources - direct	\$ 102,738	72,583	(30,155)
Expenditures:			
Current:			
Instruction:			
Non-certificated salaries	35,061	30,730	4,331
Employee benefits	42,276	36,771	5,505
Student travel	19,085	620	18,465
Total instruction	<u>96,422</u>	<u>68,121</u>	<u>28,301</u>
District administration support services - Indirect costs	<u>6,316</u>	<u>4,462</u>	<u>1,854</u>
Total expenditures	<u>102,738</u>	<u>72,583</u>	<u>30,155</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	-	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Communities Teaching Culture Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources passed through intermediate agencies	\$ 110,256	110,256	-
Expenditures:			
Current:			
Support services - students:			
Certificated salaries	66,703	66,703	-
Employee benefits	32,935	32,935	-
Transportation allowance	1,141	1,141	-
Staff travel	9,477	9,477	-
Total support services - students	<u>110,256</u>	<u>110,256</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

LAKE AND PENINSULA SCHOOL DISTRICT

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

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources passed through intermediary agencies	\$ 10,000	10,000	-
Expenditures:			
Current:			
Support services - instruction - Staff travel	10,000	10,000	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

LAKE AND PENINSULA SCHOOL DISTRICT

CHILD #3 (Cultural Heritage Improving Learning & Development) Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources passed through intermediary agencies	\$ 386,748	345,474	(41,274)
Expenditures:			
Instruction:			
Certificated salaries	28,460	52,852	(24,392)
Noncertificated salaries	128,070	91,624	36,446
Employee benefits	63,584	67,090	(3,506)
Staff travel	-	1,389	(1,389)
Utility services	-	1,215	(1,215)
Supplies, materials and media	28,292	17,176	11,116
Total instruction	<u>248,406</u>	<u>231,346</u>	<u>17,060</u>
Support services - instruction:			
Certificated salaries	77,820	71,647	6,173
Employee benefits	34,917	32,180	2,737
Staff travel	25,480	9,538	15,942
Utility services	-	763	(763)
Other	125	-	125
Total support services - instruction	<u>138,342</u>	<u>114,128</u>	<u>24,214</u>
Total expenditures	<u>386,748</u>	<u>345,474</u>	<u>41,274</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

LAKE AND PENINSULA SCHOOL DISTRICT

No-See-Um Storytellers Grant - Igiugig School Special Revenue fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - local sources - other	\$ 4,983	4,983	-
Expenditures:			
Instruction:			
Professional and technical services	3,640	3,876	(236)
Supplies, materials and media	1,053	817	236
Total instruction	<u>4,693</u>	<u>4,693</u>	<u>-</u>
District administration support services - Indirect costs	<u>290</u>	<u>290</u>	<u>-</u>
Total expenditures	<u>4,983</u>	<u>4,983</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Classrooms of Excellence Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues - local sources - other	\$ 2,000	2,000	-
Expenditures:			
Current:			
Instruction -			
Supplies, materials and media	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Student, Community, Housing, Scholarship Special Revenue

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - local sources - other	\$ 123,781	123,781	-
Expenditures:			
Current:			
Operations and maintenance of plant -			
Other	13,200	13,200	-
Student activities			
Professional and technical services	2,500	2,500	-
Staff travel	538	538	-
Student travel	26,390	26,390	-
Supplies, materials and media	60,503	60,503	-
Dues and fees	380	380	-
Total student activities	90,311	90,311	-
Community services -			
Other	16,500	16,500	-
Total expenditures	120,011	120,011	-
Excess of revenues over expenditures	\$ 3,770	3,770	-
Fund balance, beginning of year, as previously stated		-	
Cumulative effect of a change in accounting principle		276,061	
Fund balance, beginning of year, as restated		276,061	
Fund balance, end of year		\$ 279,831	

LAKE AND PENINSULA SCHOOL DISTRICT

Statement of Fiduciary Assets and Liabilities

June 30, 2020

	Balance July 1, 2019	Increases	Decreases	Transfer to Special Revenue Fund	Balance June 30, 2020
<u>Assets</u>					
Due from School Operating Fund	\$ 277,061	130,638	(130,638)	(276,061)	1,000
<u>Liabilities</u>					
Due to student groups	200,317	120,942	(90,437)	(230,822)	-
Due to Scholarship funds	52,744	2,839	(26,157)	(28,426)	1,000
Housing deposits	24,000	6,000	(13,200)	(16,800)	-
	\$ 277,061	129,781	(129,794)	(276,048)	1,000

LAKE AND PENINSULA SCHOOL DISTRICT

Schedule of Compliance - AS 14.17.505

June 30, 2020

Total fund balance - School Operating Fund	\$ 2,563,798
less exemptions per 4 AAC 09.160(a)	
Encumbrances	945
Inventory	135,545
Prepaid items	51,757
Federal impact aid received	825,905
Self insurance	<u>450,000</u>
Fund Balance Subject to 10% Limitation	\$ <u>1,099,646</u>

Nonexempt fund balance as a percentage of current year expenditures:

<u>Fund balance subject to limitation</u>	<u>1,099,646</u>	=	<u>7.95%</u>
Current year expenditures	13,828,978		

LAKE AND PENINSULA SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year June 30, 2020

<u>Grant Title</u>	<u>Federal CFDA Number</u>	<u>Period of Award</u>	<u>Grant Number</u>	<u>Total Grant Award</u>	<u>Federal Expenditures</u>
U.S. Department of Education:					
Direct sources:					
Impact Aid 2019	84.041	7/1/18-6/30/19	11-AK-2019-2807	102,519	102,519
Impact Aid 2020	84.041	7/1/19-6/30/20	11-AK-2020-2807	723,386	723,386
Total 84.041				<u>825,905</u>	<u>825,905</u>
Indian Education	84.060A	7/1/19-6/30/20	S060A190784	102,738	72,583
Rural Education Achievement Program	84.358C	7/1/19-9/30/20	S358C190001	6,393	6,393
Literacy 365	84.215G	10/1/19-9/30/20	S215G190056	457,483	232,977
Total U.S. Department of Education Direct Programs				<u>1,392,519</u>	<u>1,137,858</u>
Passed through the State of Alaska, Department of Education and Early Development:					
Title I-A, Basic	84.010	7/1/19-6/30/20	IP20.LPSD.01	168,866	168,866
School Improvement	84.010	12/9/19-6/30/20	SI20.LPSD.03	60,000	9,000
Staff Development	84.010	7/1/19-6/30/20	SD20.LPSD.01	5,000	5,000
Total 84.010				<u>233,866</u>	<u>182,866</u>
Title I-C, Migrant Education	84.011	7/1/19-6/30/20	IP20.LPSD.01	198,721	192,608
Title I-C, Migrant Education Book Program	84.011	7/1/19-6/30/20	MB20.LPSD.01	5,200	5,200
Staff Development	84.011	7/1/19-6/30/20	SD20.LPSD.01	3,500	1,858
Total 84.011				<u>207,421</u>	<u>199,666</u>
Title II-A, Class Size Reduction	84.367	7/1/19-6/30/20	IP20.LPSD.01	33,960	33,960
Staff Development	84.367	7/1/19-6/30/20	SD20.LPSD.01	1,600	1,600
Total 84.367				<u>35,560</u>	<u>35,560</u>
Title IV	84.424a	7/1/19-6/30/20	IP20.LPSD.01	22,219	22,219
Carl Perkins - Secondary	84.048	7/1/19-6/30/20	EK20.LPSD.01	20,000	20,000
Staff Development	84.048	7/1/19-6/30/20	SD20.LPSD.01	4,850	2,257
Total 84.048				<u>24,850</u>	<u>22,257</u>
Special Education Cluster:					
Title VI-B, IDEA	84.027	7/1/19-6/30/20	SE20.LPSD.01	106,047	106,047
Preschool Disabled, IDEA, Part B	84.173	7/1/19-6/30/20	SE20.LPSD.01	6,940	6,940
Total Special Education Cluster				<u>112,987</u>	<u>112,987</u>
Comprehensive State Literacy	84.371	1/10/20-6/30/20	AL20.LPSD.01	107,703	19,618
COVID-19 ESSERF - CARES ACT	84.425D	7/1/19-6/30/20	20.LPSD.01	128,244	124,057
Total passed through the State of Alaska				<u>872,850</u>	<u>719,230</u>

(continued)

LAKE AND PENINSULA SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year June 30, 2020

<u>Grant Title</u>	<u>Federal CFDA Number</u>	<u>Period of Award</u>	<u>Grant Number</u>	<u>Total Grant Award</u>	<u>Federal Expenditures</u>
U.S. Department of Education, continued:					
Passed through other intermediary agencies:					
Communities Teaching Culture	84.356A	10/1/19-9/30/20	S356A170005	110,256	110,256
Carl Perkins (through BBBSD)	84.048	7/1/19-6/30/20	EK20.BBBSD.01	7,143	7,143
Carl Perkins (through DCSD)	84.048	7/1/19-6/30/20	EK20.DCSD.01	20,251	20,251
Total 84.048 passed through intermediary agencies				<u>27,394</u>	<u>27,394</u>
Total 84.048				<u>52,244</u>	<u>49,651</u>
Cultural Heritage Improving Learning & Development	84.299A	10/1/18-9/30/19	S299A170007	10,000	10,000
Cultural Heritage Improving Learning & Development	84.299A	10/1/19-9/30/20	S299A170007	386,748	345,474
Total 84.299				<u>396,748</u>	<u>355,474</u>
Total U.S. Department of Education passed through intermediary agencies				<u>534,398</u>	<u>493,124</u>
Total U.S. Department of Education				<u>2,799,767</u>	<u>2,350,212</u>
U.S. Department of Agriculture - Passed through the State of Alaska:					
Fresh Fruit & Vegetable Program	10.582	7/1/19-9/30/19	FF20.LPSD.01	2,850	2,850
Fresh Fruit & Vegetable Program	10.582	10/1/19-5/31/20	FF20.LPSD.02	14,866	14,866
Total 10.582				<u>17,716</u>	<u>17,716</u>
Food Distribution Administration Fee	10.560	7/1/19-6/30/20	FD20.LPSD.01	606	606
Child Nutrition Cluster:					
National School Breakfast Program	10.553	7/1/19-6/30/20	None	41,728	41,728
COVID-19 National School Breakfast Program	10.553	7/1/19-6/30/20	None	5,442	5,442
Total 10.553				<u>47,170</u>	<u>47,170</u>
National School Lunch Program	10.555	7/1/19-6/30/20	None	136,630	136,630
COVID-19 National School Lunch Program	10.555	7/1/19-6/30/20	None	14,211	14,211
USDA Commodities	10.555	7/1/19-6/30/20	None	7,800	7,800
Total 10.555				<u>158,641</u>	<u>158,641</u>
Total Child Nutrition Cluster				<u>205,811</u>	<u>205,811</u>
Total U.S. Department of Agriculture				<u>224,133</u>	<u>224,133</u>
Total federal financial assistance				<u>\$ 3,023,900</u>	<u>2,574,345</u>

See accompanying notes to the schedule.

LAKE AND PENINSULA 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 Lake and Peninsula 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 Lake and Peninsula School District, it is not intended to and does not present the basic financial statements of Lake and Peninsula School District.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Non-monetary Assistance

Non-monetary assistance is reported in the schedule at fair market value of commodities received and disbursed. For the year ended June 30, 2020, the District received \$7,800 in commodities.

Note 4. Passed Through Awards

No amounts were passed through to subrecipients.

LAKE AND PENINSULA SCHOOL DISTRICT

Schedule of State Financial Assistance

For the Fiscal Year June 30, 2020

<u>Grant Title</u>	<u>Grant #</u>	<u>Period of Award</u>	<u>Total Grant Award</u>	<u>State Expenditures</u>
Alaska Department of Education and Early Development:				
* Education Foundation	None	7/1/19-6/30/20	\$ 9,109,470	9,109,470
HB 287	None	7/1/19-6/30/20	189,446	189,446
Quality Schools	None	7/1/19-6/30/20	26,216	26,216
Broadband Assistance Grant (BAG)	None	7/1/19-6/30/20	5,047	5,047
Alaska Pre-Elementary	PT 19.LPSD.01	7/1/19-6/30/20	65,495	64,246
Early Learning	PE 20.LPSD.01	7/1/19-6/30/20	100,133	88,415
Dividend Raffle	None	7/1/19-6/30/20	3,083	3,083
Pupil Transportation	None	7/1/19-6/30/20	130,974	130,974
Total Alaska Department of Education and Early Development			<u>9,629,864</u>	<u>9,616,897</u>
Alaska Department of Administration:				
On-behalf PERS	None	7/1/19-6/30/20	128,527	135,674
* On-behalf TRS	None	7/1/19-6/30/20	735,320	573,327
Total Department of Administration			<u>863,847</u>	<u>709,001</u>
Alaska Department of Natural Resources				
Levelock Fire	None	None	<u>1,950</u>	<u>1,950</u>
Total State Financial Assistance			<u>\$ 10,495,661</u>	<u>10,327,848</u>

See accompanying notes to schedule.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Schedule of State Financial Assistance

Year Ended June 30, 2020

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Subrecipients

No state funds were passed through to subrecipients.

Note 4. Major Programs

* denotes a major program for compliance audit purposes.

COMPLIANCE REPORTS

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake and Peninsula School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Lake and Peninsula School District's basic financial statements, and have issued our report thereon dated October 22, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lake and Peninsula School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Altman, Rogers & Co.

Anchorage, Alaska
October 22, 2020

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited Lake and Peninsula School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Lake and Peninsula School District's major federal programs for the year ended June 30, 2020. Lake and Peninsula School District's major federal programs are identified in the summary of auditor's results section of the accompanying federal schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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



Anchorage, Alaska
October 22, 2020

LAKE AND PENINSULA 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 the financial statements noted? Yes X No

Federal Awards

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

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.041	Impact Aid
84.299A	Cultural Heritage Improving Learning and Development

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

Auditee qualified as low-risk auditee? X Yes No

LAKE AND PENINSULA SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs, Continued

Section II – Financial Statement Findings

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

Section III – Federal Award Findings and Questioned Costs

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

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

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited Lake and Peninsula School District's (the District) compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of Lake and Peninsula School District's major state programs for the year ended June 30, 2020. Lake and Peninsula School District's major state programs are identified in the accompanying schedule of state financial assistance.

Management's Responsibility

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

Auditor's Responsibility

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

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

Members of the School Board
Lake and Peninsula School District

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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



Anchorage, Alaska
October 22, 2020

LAKE AND PENINSULA SCHOOL DISTRICT

State Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

___ Yes X No

Significant deficiency(ies) identified?

___ Yes X None reported

Noncompliance material to financial statements noted?

___ Yes X No

State Financial Assistance

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

Unmodified

Internal control over major programs:

Material weakness(es) identified?

___ Yes X No

Significant deficiency(ies) identified?

___ Yes X None reported

Dollar threshold used to distinguish a state major program:

\$ 200,000

Section II – Financial Statement Findings

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

Section III – State Award Findings and Questioned Costs

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