

YUPIIT SCHOOL DISTRICT

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

Year Ended June 30, 2020

*Altman, Rogers
& Co.* | CERTIFIED
PUBLIC
ACCOUNTANTS

YUPIIT SCHOOL DISTRICT

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

Year Ended June 30, 2020

YUPIIT SCHOOL DISTRICT

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Independent Auditor's Report

Members of the School Board
Yupiit School District
Akiachak, 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 Yupiit School District (District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the 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 of America. 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 Yupiiit School District, as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the School Operating Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America

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 Net Pension and OPEB Liabilities and Contributions for the Public Employees' Retirement System and Teachers' Retirement System on page 44-51 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 States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government 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 the missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Yupiiit School District's basic financial statements. The "Additional Supplementary Information" listed in the table of contents which include Major Governmental Funds: Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the School Operating Fund, Title I-A Basic Special Revenue Fund, and Alaska Native Education Special Revenue 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 (where applicable) – Special Revenue Funds and Capital Project Funds; Schedule of Changes in Assets and Liabilities – Student Activity 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 Audit*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The “Additional Supplementary information,” as previously listed, 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 23, 2020, on our consideration of the Yupit School District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Yupit 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 Yupit School District internal control over financial reporting and compliance.

Altman, Rogers & Co.

Anchorage, Alaska
October 23, 2020

YUPIIT SCHOOL DISTRICT

Statement of Net Position

June 30, 2020

	Governmental Activities
<u>Assets and Deferred Outflows of Resources</u>	
Current assets:	
Cash and cash equivalents	\$ 2,699,674
Investments	1,508,618
Accounts receivable	1,384,443
Inventory	237,505
Prepays	209,953
Total current assets	<u>6,040,193</u>
Non-current:	
Capital assets, net of depreciation	36,490,841
Net OPEB assets	305,147
Total non-current assets	<u>36,795,988</u>
Deferred outflows of resources -	
Pension and OPEB deferrals	<u>987,521</u>
Total assets and deferred outflows of resources	<u>\$ 43,823,702</u>
<u>Liabilities and Deferred Inflows of Resources</u>	
Current liabilities:	
Accounts payable	156,212
Accrued payroll liabilities	281,353
Due to student groups	55,486
Unearned revenues	178,158
Total current liabilities	<u>671,209</u>
Non-current liabilities -	
Net pension and OPEB liabilities	<u>5,996,005</u>
Deferred inflows of resources -	
Pension and OPEB deferrals	<u>888,671</u>
Total liabilities and deferred inflows of resources	<u>7,555,885</u>
<u>Net Position</u>	
Net investment in capital assets	36,490,841
Unrestricted	(223,024)
Total net position	<u>36,267,817</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 43,823,702</u>

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

YUPIIT SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities:					
Instruction	\$ 5,924,190	-	1,198,649	-	(4,725,541)
Special education instruction	768,033	-	63,001	-	(705,032)
Special education support services students	229,483	-	49,888	-	(179,595)
Support services - students	255,788	-	(57,409)	-	(313,197)
Support services - instruction	2,294,735	-	10,796	-	(2,283,939)
School administration	355,366	-	(45,095)	-	(400,461)
School administration support services	139,242	-	39,150	-	(100,092)
District administration	497,425	-	(7,847)	-	(505,272)
District administration support services	1,390,023	-	189,334	-	(1,200,689)
Operations and maintenance of plant	4,092,764	161,190	76,520	52,981	(3,802,073)
Student activities	220,760	-	-	-	(220,760)
Student transportation	430	-	917	-	487
Food service	544,932	30,702	353,763	-	(160,467)
Total governmental activities	\$ 16,713,171	191,892	1,871,667	52,981	(14,596,631)
General revenues:					
Investment					33,266
E-rate					2,078,374
Grants and contributions not restricted to specific programs					11,647,717
Other					68,804
Total general revenues					13,828,161
Change in net position					(768,470)
Net position, beginning of year, as originally stated					36,120,957
Prior period adjustment					915,330
Net position, beginning of year, as restated					37,036,287
Net position, end of year					\$ 36,267,817

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

YUPIIT SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2020

	School Operating Fund	Title I-A Basic Special Revenue Fund	Alaska Native Education	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 2,699,674	-	-	-	2,699,674
Investments	1,508,618	-	-	-	1,508,618
Accounts receivable	-	706,655	391,217	286,571	1,384,443
Due from other funds	1,370,787	-	-	667,009	2,037,796
Inventory	237,505	-	-	-	237,505
Prepays	209,953	-	-	-	209,953
Total assets	\$ <u>6,026,537</u>	<u>706,655</u>	<u>391,217</u>	<u>953,580</u>	<u>8,077,989</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	76,313	-	-	79,899	156,212
Accrued payroll liabilities	177,641	2,199	-	24,893	204,733
Due to other funds	667,009	704,456	391,217	275,114	2,037,796
Due to student groups	55,486	-	-	-	55,486
Unearned revenues	-	-	-	178,158	178,158
Total liabilities	<u>976,449</u>	<u>706,655</u>	<u>391,217</u>	<u>558,064</u>	<u>2,632,385</u>
Fund Balances:					
Nonspendable:					
Inventory	237,505	-	-	-	237,505
Prepays	209,953	-	-	-	209,953
Committed:					
Scholarships	-	-	-	3,457	3,457
Student transportation	-	-	-	1,089	1,089
Food services	-	-	-	22,012	22,012
Assigned:					
Capital projects	-	-	-	416,901	416,901
Impact aid	4,572,536	-	-	-	4,572,536
Unassigned	30,094	-	-	(47,943)	(17,849)
Total fund balances	<u>5,050,088</u>	<u>-</u>	<u>-</u>	<u>395,516</u>	<u>5,445,604</u>
Total liabilities and fund balances	\$ <u>6,026,537</u>	<u>706,655</u>	<u>391,217</u>	<u>953,580</u>	<u>8,077,989</u>

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

YUPIIT SCHOOL DISTRICT

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

June 30, 2020

Amounts reported as fund balances on the governmental funds balance sheet		\$	5,445,604
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds			36,490,841
Long term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the fund financial statements.			
Accrued leave			(76,620)
Proportionate share of the collective net pension and OPEB liabilities:			
PERS	(2,994,446)		
TRS	(3,001,559)		(5,996,005)
Proportionate share of the collective OPEB assets:			
PERS	13,224		
TRS	291,923		305,147
Deferred inflows and outflows of resources are the results of timing differences in the actuarial report.			
Pension and OPEB related assets in the current fiscal year are presented as deferred outflows of resources:			
PERS	622,398		
TRS	365,123		987,521
Pension and OPEB related liabilities in the current fiscal year are presented as deferred inflows of resources:			
PERS	(515,854)		
TRS	(372,817)		(888,671)
Net position of governmental activities		\$	<u>36,267,817</u>

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

YUPIIT SCHOOL DISTRICT

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

Year Ended June 30, 2020

	School Operating Fund	Title I-A Basic Special Revenue Fund	Alaska Native Education	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local sources:					
Charges for services	\$ -	-	-	191,892	191,892
Earnings on investments	33,266	-	-	-	33,266
E-rate	2,078,374	-	-	-	2,078,374
Other	68,804	-	-	-	68,804
Intergovernmental:					
State of Alaska	7,504,407	-	-	69,845	7,574,252
Federal sources	4,996,254	858,824	391,217	995,250	7,241,545
Total revenues	14,681,105	858,824	391,217	1,256,987	17,188,133
Expenditures:					
Current:					
Instruction	4,549,269	615,076	274,492	380,890	5,819,727
Special education instruction	936,556	-	-	98,552	1,035,108
Special education support services - students	194,960	-	390	56,574	251,924
Support services - students	415,058	-	-	-	415,058
Support services - instruction	2,361,613	-	256	-	2,361,869
School administration	480,473	-	-	-	480,473
School administration support services	158,176	-	-	26,565	184,741
District administration	574,439	-	-	3,580	578,019
District administration support services	1,265,549	103,748	116,079	60,813	1,546,189
Operations and maintenance of plant	3,238,325	-	-	951,891	4,190,216
Student activities	220,760	-	-	-	220,760
Student transportation	-	-	-	430	430
Food service	-	-	-	551,431	551,431
Total expenditures	14,395,178	718,824	391,217	2,130,726	17,635,945
Excess (deficiency) of revenues over expenditures	285,927	140,000	-	(873,739)	(447,812)
Other financing sources (uses):					
Transfers in	-	-	-	810,742	810,742
Transfers out	(670,742)	(140,000)	-	-	(810,742)
Net other financing sources (uses)	(670,742)	(140,000)	-	810,742	-
Net changes in fund balances	(384,815)	-	-	(62,997)	(447,812)
Fund balances, beginning of year, as originally stated	4,519,573	-	-	458,513	4,978,086
Prior period adjustment	915,330	-	-	-	915,330
Fund balances, beginning of year, as restated	5,434,903	-	-	458,513	5,893,416
Fund balances, end of year	\$ 5,050,088	-	-	395,516	5,445,604

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

YUPIIT 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 balances - total government funds \$ (447,812)

Amounts reported for governmental activities in the statement of
activities are different because:

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

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

PERS	1,229,877	
TRS	893,239	2,123,116

Changes in deferred inflows and outflows of resources are the results
of timing differences in the actuarial report.

Contributions to the pension plan in the current fiscal year are included
in the fund financial statements and are presented as changes in
deferred outflows of resources in the government-wide statements.

PERS	(497,646)	
TRS	(586,551)	(1,084,197)

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 accrued leave (17,829)

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 depreciation expense exceeded
capital outlay in the current period:

Capital outlay	175,054	
Depreciation expense	(1,516,802)	(1,341,748)

Change in net position of governmental activities \$ (768,470)

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

YUPIIT 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:				
Earnings on investments	\$ -	-	33,266	33,266
E-rate	1,598,907	1,598,907	2,078,374	479,467
Other	-	-	68,804	68,804
Intergovernmental:				
State of Alaska	6,915,687	7,007,672	7,504,407	496,735
Federal sources	3,562,334	3,562,334	4,996,254	1,433,920
Total revenues	12,076,928	12,168,913	14,681,105	2,512,192
Expenditures:				
Current:				
Instruction	3,697,237	4,450,771	4,549,269	(98,498)
Special education instruction	702,055	1,006,345	936,556	69,789
Special education support services - students	278,214	309,002	194,960	114,042
Support services - students	380,065	418,931	415,058	3,873
Support services - instruction	2,074,407	1,569,216	2,361,613	(792,397)
School administration	412,175	452,481	480,473	(27,992)
School administration support services	140,578	142,206	158,176	(15,970)
District administration	467,829	490,568	574,439	(83,871)
District administration support services	573,072	1,177,140	1,265,549	(88,409)
Operations and maintenance of plant	1,837,336	2,037,033	3,238,325	(1,201,292)
Student activities	122,800	166,002	220,760	(54,758)
Total expenditures	10,685,768	12,219,695	14,395,178	(2,175,483)
Excess (deficiency) of revenues over expenditures	1,391,160	(50,782)	285,927	336,709
Other financing sources (uses):				
Transfers out	(500,000)	(500,000)	(670,742)	(170,742)
Net change in fund balance	\$ 891,160	(550,782)	(384,815)	165,967
Fund balance, beginning of year, as originally stated			4,519,573	
Prior period adjustment			915,330	
Fund balance, beginning of year, as restated			5,434,903	
Fund balance, end of year			\$ 5,050,088	

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

YUPIIT SCHOOL DISTRICT
Student Activity Agency Fund
Statement of Fiduciary Assets and Liabilities
Year Ended June 30, 2020

<u>Assets</u>	
Cash	\$ <u>55,486</u>
<u>Liabilities</u>	
Due to student groups	\$ <u>55,486</u>

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

YUPIIT SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

In 1985, the Legislature of the State of Alaska established the Yupiit School District. At that time, assets to be used by the District were turned over by direct transfer or by use permits from the State of Alaska. The schools were previously operated by the Lower Kuskokwim School District and the Bureau of Indian Affairs. The State of Alaska has retained budget approval powers.

The District is operated under the exclusive oversight, management, and control of the locally-elected, seven-member School Board. The School Board is the level of government which has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the Yupiit School District. The District receives funding from state and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since the School Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

The School Board does not exercise oversight responsibility over any other entity. No other entity engages in activities which benefit the School District, nor do any special financial relationships exist between the District and any other entity. Therefore, the School District does not have any component units, as defined in General Accounting Standards Board statements.

B. Government wide and Fund Financial Statements

The basic financial statements consist of government-wide statements and fund financial statements which provide a more detailed level of financial information.

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

Notes to the Financial Statements, Continued

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) fees, fines and 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 operational or capital requirements of a particular function or segment. Investment income and other items not properly included among program revenues are reported instead as *general revenues*.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column titled "Other Governmental Funds".

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

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

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

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

Intergovernmental Revenue:

State of Alaska foundation revenue and pupil transportation revenue is recorded in the year to which it relates and is susceptible to accrual.

Federal Impact Aid receipts are recorded as revenues in the year monies are received.

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

On-behalf payments are recognized in the year to which they relate.

Notes to the Financial Statements, Continued

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

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

Local Revenues:

Interest earnings on investments in the School Operating Fund are recognized as earned. Other revenues are considered to be measurable and available if received within 60 days of year end.

The District reports the following major governmental funds:

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

The *Title I-A Basic Special Revenue Fund* is used to account for revenues and expenditures associated with the Title I-A grant.

The *Alaska Native Education Special Revenue Fund* is used to account for revenues and expenditures associated with the Alaska Native Education grant.

Additionally, the District reports the following funds:

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

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

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

Use of Estimates

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

Notes to the Financial Statements, Continued

D. Assets, Liabilities and Net Position or Fund Balance**1. Cash and Investments**

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

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

3. Inventories and Prepaid Items

Inventories are valued at cost (first-in, first-out). Inventory in the School Operating Fund consists of fuel, and in the Special Revenue Funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time the items are used or consumed. Year-end inventories are recorded as assets and classified as nonspendable fund balance, indicating that such amounts do not represent available spendable resources.

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

4. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the balance sheet of the fund financial statements.

All purchased capital assets are valued at cost. Donated capital assets are recorded at acquisition value at the date of donation. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure.

All reported capital assets except land and construction in progress are depreciated. Depreciation is computed on the straight line method over the estimated useful life of the assets, generally 3 to 7 years for equipment and vehicles and 40 years for buildings.

Notes to the Financial Statements, Continued

Maintenance and repairs of a routine nature that do not add to the value of the asset are charged as expenditures as incurred and are not capitalized.

5. Compensated Absences

All permanent employees earn and accrue annual leave. Unused annual leave is accrued utilizing current salary cost as earned by employees and recorded in the government-wide statements.

All permanent employees accrue sick leave, which is available for use while remaining in a permanent position with the District. Sick leave pay is recorded as an expenditure during the period it is used. There is no provision for payment or use of sick leave upon separation from employment.

6. Unearned Revenue

Amounts received, which are restricted as to use and have not been expended for the intended use are shown as unearned revenue.

7. Pensions and Other Post Employment Benefits (OPEB)

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

8. 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.

9. Net Position

Government-wide net position is divided into three components:

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Notes to the Financial Statements, Continued

- 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.

10. Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund Balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balances comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted Fund Balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the school board, the District's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the school board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance – This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The school board and superintendent have the authority to assign amounts to be used for specific purposes. Assigned fund Balances include all remaining amounts (except negative Balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund Balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

Notes to the Financial Statements, Continued

11. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds, including expenditures and transfers of resources to provide services and construct assets. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

The classification of amounts recorded as subsidies, advances, or transfers is determined by District management. The effects of the interfund transactions are eliminated in the government-wide statement of activities.

12. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of the net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

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

School Operating Fund

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

The School Board authorizes formal budget revisions several times each year to adjust the revenues and expenditures to available resources and program needs. The originally adopted budget and the final revised and approved budget are presented in these financial statements. Expenditure authority for the School Operating Fund is limited to the total approved budget and functional areas of expenditures are not to be overspent.

Notes to the Financial Statements, Continued

Special Revenue Funds

Annual budgets of the various Special Revenue Funds are prepared in connection with the application for the special programs' funding and are reviewed and approved by the School Board. All special revenue funds, with the exception of the Food Service and Student Transportation Funds are expenditure driven. Management's expenditure authority for Special Revenue Fund programs is limited to the actual combined revenues and transfers from other funds. There are no line item or category limitations on management's authority to amend special revenue fund budgets subject to granting agency approval. Unexpended balances and appropriations of grants from the state and federal government for the special revenue funds lapse at June 30, with the exception of certain federal programs which lapse at various month-ends of July, August and September.

Capital Projects Fund

Project budgets are adopted for the capital project fund based on the construction projects, which are project length budgets.

B. Encumbrances

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 General Fund and Special Revenue Funds. Encumbrances, if any, outstanding at year end are reported as appropriate constraints of fund balance if they meet the definitions and criteria outlined earlier in these notes. Encumbrances are included as reductions to fund balance for the purpose of calculating fund balance limits in accordance with state regulations.

C. Excess of Expenditures over Appropriations

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

School Operating Fund:		
Instruction	\$	98,498
Support services - instruction		792,397
School administration		27,992
School administration support services		15,970
District administration		83,871
District administration support services		88,409
Operations and maintenance of plant		1,201,292
Student activities		54,758

Excess of expenditures over appropriations were funded through available revenues and fund balance.

III. DETAILED NOTES ON ALL FUNDS**A. Cash and Investments**

The District uses a central treasury concept for cash of all funds except for school agency funds, which are maintained separately. Each funds' portion of central treasury is reported on the balance sheet or Statement of Net Position as "cash and cash equivalents" or amounts "due to/from other funds."

YUPIIT SCHOOL DISTRICT

Notes to the Financial Statements, Continued

The District's bank accounts are insured by the Federal Depository Insurance Corporation (FDIC) to a maximum of \$250,000. Amounts in excess of FDIC insurance and third party collateralization were \$81,891 as of June 30, 2020.

All deposits are carried at fair market value 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's deposits were fully insured or collateralized, in accordance with District policy.

Investments

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

<u>Investment type:</u>	Fair Value	<u>Investment Maturity (in years)</u>		
		Less than 1 year	1-5	6-10
Certificates of Deposit	\$ 1,508,618	745,299	763,319	-

In addition to the investments listed above, the District also had cash equivalents of \$2,699,674 at year end.

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>
Certificates of Deposit	\$ 1,508,618	1,508,618	-	-

B. Receivables

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

	<u>Title I-A Basic</u>	<u>Alaska Native Education</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables:				
Grants	\$ 706,655	391,217	286,571	1,384,443

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

YUPIIT SCHOOL DISTRICT

Notes to the Financial Statements, Continued

C. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated:				
Buildings and improvements	58,844,495	-	-	58,844,495
Equipment	679,887	135,194	-	815,081
Vehicles	229,520	39,860	-	269,380
Total capital assets being depreciated	\$ 59,753,902	175,054	-	59,928,956
Less accumulated depreciation	(21,921,313)	(1,516,802)	-	(23,438,115)
Net governmental capital assets	\$ 37,832,589	(1,341,748)	-	36,490,841

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

Instruction	\$ 1,348,970
Support services - instruction	11,714
District administration support services	563
Operations and maintenance of plant	151,540
Food service	4,015
Total	\$ 1,516,802

D. Interfund Receivables and Payables and Transfers

Interfund receivables and payables are shown as "Due to other funds" and "Due from other funds" in each of the individual funds. These balances at June 30, 2020 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
School Operating Fund	Title I-A Basic	\$ 704,456
School Operating Fund	Alaska Native Education	391,217
School Operating Fund	Other Governmental Fund	275,114
Other Governmental Funds	School Operating Fund	667,009
Total		\$ 2,037,796

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.

Interfund transfers:

<u>Transfer in:</u>	<u>Transfer out:</u>	<u>Amount</u>
Teacher Housing	Title I-A Basic	\$ 140,000
Teacher Housing	School Operating Fund	503,776
Food Service	School Operating Fund	166,966
Total		\$ 810,742

Notes to the Financial Statements, Continued

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provide as subsidies or matching funds for various grant programs.

E. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2020 was as follows:

		Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due within One year
Accrued leave	\$	<u>58,791</u>	<u>173,250</u>	<u>(155,421)</u>	<u>76,620</u>	<u>76,620</u>

F. Self-Insurance

The District created a health and medical benefit program, which covers all full time employees. The District has retained a major portion of the risk for this plan and, accordingly, is liable for any employee health claims that are approved for payment. Stop-loss insurance limits the District's liability for individual and aggregate claims. Stop-loss limits were \$80,000 for individual claims and an aggregate stop loss that is calculated by multiplying the monthly single enrollment units for the year by \$1,107, and the monthly enrollment units with dependents by \$1,255 for aggregate claims. Gross health and medical insurance expenditure totaled \$1,497,156 for the year ended June 30, 2020, and consisted of paid claims, stop-loss premiums, administrative fees, and the change in estimated liability for incurred but unreported claims at fiscal year-end.

As of June 30, 2020, an estimated liability for incurred but unreported claims of approximately \$125,979 was recorded in the General (School Operating) Fund. This estimate was calculated based on subsequent to year-end claims filed and past experience.

Changes in the balances of claims liabilities for the year ending June 30 are as follows:

		2020	2019
Unpaid claims, beginning of year	\$	<u>125,979</u>	<u>108,855</u>
Incurred claims (including IBNR's)		1,371,994	1,492,636
Claim payments		<u>(1,371,994)</u>	<u>(1,475,512)</u>
Unpaid claims, end of year	\$	<u>125,979</u>	<u>125,979</u>

IV. OTHER INFORMATION**A. Risk Management**

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

Notes to the Financial Statements, Continued

The District currently participates in the Alaska Public Entity Insurance (APEI), a member driven risk pool, which covers property and contents, torts, general and auto liability, school leaders' errors and omissions, workers' compensation, and earthquakes and floods. The APEI's 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 at the discretion of the Board. Supplemental contributions are based on each member's annual contribution in comparison to the aggregate annual deposit contributions of all members. No supplemental contributions have been assessed for the last several years. The District has no coverage for environmental damages.

The District maintains other commercial insurance policies relating to faithful performance blanket bonds covering all employees and travel accidents. Coverage limits and the deductibles for the commercial policies have stayed relatively constant for several years. No losses in excess of insurance coverage have been realized over the past three years.

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

The District participates in Public Education Health Trust, which provides insurance coverage for a health and medical benefit program which covers all permanent full-time employees.

B. Contingencies

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.

The District receives a substantial portion of its revenue from state and local grants. Significant changes in these revenue sources could have a material effect (positive or negative) on the operations of the District.

The District, from time to time, may be a participant in legal proceeding related to the conduct of business. In the normal course of business, it also has various commitments and contingent liabilities, any current legal proceedings, commitments or contingent liabilities will not materially affect the financial position of the District.

C. Employee Retirement Systems and Plans

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

Notes to the Financial Statements, Continued

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.

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

Notes to the Financial Statements, Continued

Alaska Retiree Healthcare Trust Plan (ARHCT)

Beginning July 1, 2007, the Alaska Retiree Healthcare Trust Plan (ARHCT), a Healthcare Trust Fund of the State, was established. The ARHCT is self-funded and provides major medical coverage to retirees of the System. The System retains the risk of loss of allowable claims for eligible members. The ARHCT began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund (RHF). For the year ended June 30, 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	66,544	19,936

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

Notes to the Financial Statements, Continued

Investments

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

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

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return, net of investment expense, for the year ended June 30, 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.

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.

Notes to the Financial Statements, Continued

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.

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.

YUPIIT SCHOOL DISTRICT

Notes to the Financial Statements, Continued

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	22.00%	28.62%	6.62%
TRS:			
Pension	8.03%	26.56%	17.91%
OPEB	4.53%	3.91%	0%
Total TRS contribution rates	12.56%	30.47%	17.91%

Termination Costs: If the District decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular District function, all affected employees in that department, group, or other classification of members become immediately vested in the plan. The District must pay to have a termination study completed. The purpose of the study is to calculate the District's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The District must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS or TRS Administrator. For fiscal year 2020 the past service rate for PERS is 17.44%.

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.

YUPIIT SCHOOL DISTRICT

Notes to the Financial Statements, Continued

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.
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.

Notes to the Financial Statements, Continued

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/dr/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.

Notes to the Financial Statements, Continued

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.

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.

YUPIIT SCHOOL DISTRICT

Notes to the Financial Statements, Continued

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
\$	224,823	110,683	335,506

Public Employees Retirement Plans

For the year ended June 30, 2020 the State of Alaska contributed \$133,843 (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 (\$45,372), to represent the pension/OPEB expense (benefit) 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	\$	2,899,194
State's proportionate share of the net pension liability		1,151,527
Total	\$	4,050,721
		OPEB
District's proportionate share of the ARHCT OPEB liability	\$	78,708
State's proportionate share of the ARHCT OPEB liability		31,224
Total	\$	109,932
District's proportionate share of the ODD OPEB liability (asset)	\$	(13,224)
District's proportionate share of the RMP OPEB liability	\$	16,544
Total District's share of net pension and OPEB liabilities	\$	2,981,222

YUPIIT SCHOOL DISTRICT

Notes to the 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	0.0703%	0.0530%	(0.0173%)
OPEB:			
ARHCT	0.0703%	0.0530%	(0.0173%)
ODD	0.0682%	0.0545%	(0.0137%)
RMP	0.0682%	0.0692%	0.0010%

Based on the measurement date of June 30, 2019, the District recognized pension and OPEB expense of \$319,459 and (\$747,403), 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	\$ 88,760	(42,919)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	41,569	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	(288,544)
District contributions subsequent to the measurement date	224,823	-
Total	\$ 355,152	(331,463)
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(52,890)
Changes of assumptions	104,445	-
Net difference between projected and actual earnings on OPEB plan investments	-	(34,466)
Changes in proportion and differences between District contributions and proportionate share of contributions	40,450	(88,517)
District contributions subsequent to the measurement date	93,506	-
Total	\$ 238,401	(175,873)

YUPIIT SCHOOL DISTRICT

Notes to the Financial Statements, Continued

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(4,123)
Changes of assumptions	-	(253)
Net difference between projected and actual earnings on OPEB plan investments	-	(87)
Changes in proportion and differences between District contributions and proportionate share of contributions	2,214	(2,143)
District contributions subsequent to the measurement date	2,827	-
Total	\$ 5,041	(6,606)

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(1,225)
Changes of assumptions	8,008	-
Net difference between projected and actual earnings on OPEB plan investments	-	(183)
Changes in proportion and differences between District contributions and proportionate share of contributions	1,446	(504)
District contributions subsequent to the measurement date	14,350	-
Total	\$ 23,804	(1,912)

\$224,823 and \$110,683 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		Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
June 30,					
2020	\$	(196,580)	(23,302)	(742)	849
2021		(30,691)	(26,790)	(742)	849
2022		11,794	8,292	(621)	1,287
2023		14,343	10,822	(619)	1,279
2024		-	-	(659)	1,112
Thereafter		-	-	(1,009)	2,166
Total	\$	(201,134)	(30,978)	(4,392)	7,542

Notes to the Financial Statements, Continued

For the year ended June 30, 2020, the District recognized (\$230,810) and (\$49,225) 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 and assets of the plan calculated using the discount rate of 7.38%, as well as what the Plans' net pension and OPEB liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower (6.38%) or 1-percentage-point higher (8.38%) than the current rate:

	1% Decrease (6.38%)	Current Rate (7.38%)	1% Increase (8.38%)
Net pension liability	\$ 3,826,427	2,899,194	2,122,666
Net OPEB ARHCT liability (asset)	\$ 633,111	78,708	(377,348)
Net OPEB ODD liability (asset)	\$ (12,544)	(13,224)	(13,774)
Net OPEB RMP liability (asset)	\$ 41,553	16,544	(2,284)

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

	1% Decrease	Current Rate	1% Increase
Net OPEB ARHCT liability (asset)	\$ (430,687)	78,708	700,363
Net OPEB ODD liability (asset)	N/A	(13,224)	N/A
Net OPEB RMP liability (asset)	(5,088)	16,544	46,156

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

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

Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

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

Notes to the Financial Statements, Continued

The School District contributed \$139,141 for the year ended June 30, 2020, which included forfeitures of \$23,721 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/drdb/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. 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.

YUPIIT SCHOOL DISTRICT

Notes to the Financial Statements, Continued

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
\$	103,408	97,814	201,222

Teachers Retirement Plans

For the year ended June 30, 2020 the State of Alaska contributed \$719,101 (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 (\$578,142), 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:

	Pension
Defined Benefit:	
District's proportionate share of the net pension liability	\$ 3,001,559
State's proportionate share of the net pension liability	4,449,460
Total	\$ 7,451,019
	OPEB
District's proportionate share of the ARHCT OPEB liability (asset)	\$ (244,730)
State's proportionate share of the ARHCT OPEB liability (asset)	(364,049)
Total	\$ (608,779)
District's proportionate share of the ODD OPEB liability (asset)	\$ (24,068)
District's proportionate share of the RMP OPEB liability (asset)	\$ (23,125)
Total District's share of net pension and OPEB liabilities	\$ 2,709,636

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.

YUPIIT SCHOOL DISTRICT

Notes to the Financial Statements, Continued

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	0.1642%	0.1606%	(0.0036%)
OPEB:			
ARHCT	0.1637%	0.1601%	(0.0036%)
ODD	0.7222%	0.5986%	(0.1236%)
RMP	0.7222%	0.6028%	(0.1194%)

Based on the measurement date of June 30, 2019, the District recognized pension expense of \$796,778 and OPEB expense of (\$1,461,428), 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	\$ -	(81,394)
Changes of assumptions	-	(21,242)
Net difference between projected and actual earnings on pension plan investments	77,095	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	(83,772)
District contribution subsequent to the measurement date	103,408	-
Total	\$ 180,503	(186,408)
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(44,786)
Changes of assumptions	23,863	(73,952)
Net difference between projected and actual earnings on pension plan investments	-	(37,872)
Changes in proportion and differences between District contributions and proportionate share of contributions	25,063	-
District contribution subsequent to the measurement date	62,875	-
Total	\$ 111,801	(156,610)

YUPIIT SCHOOL DISTRICT

Notes to the Financial Statements, Continued

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(2,717)
Changes of assumptions	-	(27)
Net difference between projected and actual earnings on pension plan investments	-	(170)
Changes in proportion and differences between District contributions and proportionate share of contributions	5,810	-
District contribution subsequent to the measurement date	2,390	-
Total	<u>\$ 8,200</u>	<u>(2,914)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,447	(1,894)
Changes of assumptions	10,584	(24,387)
Net difference between projected and actual earnings on pension plan investments	-	(604)
Changes in proportion and differences between District contributions and proportionate share of contributions	7,039	-
District contribution subsequent to the measurement date	32,549	-
Total	<u>\$ 64,619</u>	<u>(26,885)</u>

\$103,408 and \$97,814 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	\$ (100,668)	(99,752)	242	(175)
2021	(55,890)	(29,940)	242	(175)
2022	21,074	9,634	427	1,267
2023	26,171	12,374	437	1,246
2024	-	-	380	692
Thereafter	-	-	1,168	2,330
Total	<u>\$ (109,313)</u>	<u>(107,684)</u>	<u>2,896</u>	<u>5,185</u>

Notes to the Financial Statements, Continued

For the year ended June 30, 2020, the District recognized \$224,242 and \$55,280 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 (asset)	\$ 4,323,829	3,001,559	1,891,351
Net OPEB ARHCT liability (asset)	\$ 1,207,867	(244,730)	(68,150)
Net OPEB ODD liability (asset)	\$ (24,151)	(24,068)	(24,020)
Net OPEB RMP liability (asset)	\$ 40,523	(23,125)	(70,460)

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

	1% Decrease	Current Rate	1% Increase
Net OPEB ARHCT liability (asset)	\$ (138,609)	(244,730)	1,299,059
Net OPEB ODD liability (asset)	\$ N/A	(24,068)	N/A
Net OPEB RMP liability (asset)	\$ (77,134)	(23,125)	51,694

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%

Notes to the Financial Statements, Continued

The School District contributed \$287,585 for the year ended June 30, 2020, which included forfeitures of \$209,084 which has been applied against contributions.

D. Prior Period Adjustment

The District recorded an opening balance adjustment to decrease accounts payable and increase beginning fund balance in the School Operating Fund. The balance of accounts payable was overstated in FY19 by \$915,330. Opening net position was adjusted as follows:

Governmental Activities:		
Beginning net position, as originally stated	\$	36,120,957
Prior period adjustment		<u>915,330</u>
Beginning net position, as restated	\$	<u>37,036,287</u>
School Operating Fund:		
Beginning fund balance, as originally stated	\$	4,519,573
Prior period adjustment		<u>915,330</u>
Beginning net position, as restated	\$	<u>5,434,903</u>

E. Subsequent Accounting Pronouncements

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

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

Statements 90, 91, 93, 94, and 97 are not expected to have any significant impact on the financial statements of the District.

Notes to the Financial Statements, Continued

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

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

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

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.

Notes to the 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

YUPIIT 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	0.0461%	\$ 2,150,430	\$ 1,710,603	\$ 3,861,033	\$ 1,681,437	128%	62.37%
2016	0.0742%	\$ 3,599,028	\$ 964,909	\$ 4,563,937	\$ 1,758,933	205%	63.96%
2017	0.0693%	\$ 3,871,440	\$ 489,861	\$ 4,361,301	\$ 1,961,859	197%	59.55%
2018	0.0535%	\$ 2,767,564	\$ 1,031,503	\$ 3,799,067	\$ 1,935,751	143%	63.37%
2019	0.0703%	\$ 3,494,314	\$ 1,013,498	\$ 4,507,812	\$ 2,203,425	159%	65.19%
2020	0.0530%	\$ 2,899,194	\$ 1,151,527	\$ 4,050,721	\$ 1,876,136	155%	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.

YUPIIT SCHOOL DISTRICT

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

Public Employees' Retirement System (PERS)

June 30, 2020

Year	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.0536%	\$ 452,583	\$ 168,690	\$ 621,273	\$ 1,935,751	23.38%	89.68%
2019	0.0703%	\$ 721,349	\$ 209,924	\$ 931,273	\$ 2,203,425	32.74%	88.12%
2020	0.0530%	\$ 78,708	\$ 31,224	\$ 109,932	\$ 1,876,136	4.20%	98.13%
Occupational Death and Disability (ODD):							
2018	0.0764%	\$ (10,845)	\$ -	\$ (10,845)	\$ 1,935,751	-0.56%	212.97%
2019	0.0682%	\$ (13,326)	\$ -	\$ (13,326)	\$ 2,203,425	-0.60%	270.62%
2020	0.0545%	\$ (13,224)	\$ -	\$ (13,224)	\$ 1,876,136	-0.70%	297.43%
Retiree Medical Plan (RMP):							
2018	0.0764%	\$ 3,986	\$ -	\$ 3,986	\$ 616,628	0.65%	93.98%
2019	0.0682%	\$ 8,672	\$ -	\$ 8,672	\$ 502,309	1.73%	88.71%
2020	0.0692%	\$ 16,544	\$ -	\$ 16,544	\$ 502,309	3.29%	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.

YUPIIT 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	\$ 170,086	\$ (170,086)	\$ -	\$ 1,758,933	9.67%
2016	\$ 213,671	\$ (213,671)	\$ -	\$ 1,961,859	10.89%
2017	\$ 221,671	\$ (221,671)	\$ -	\$ 1,935,751	11.45%
2018	\$ 241,747	\$ (241,747)	\$ -	\$ 2,203,425	10.97%
2019	\$ 221,267	\$ (221,267)	\$ -	\$ 1,876,136	11.79%
2020	\$ 236,831	\$ (224,823)	\$ 12,008	\$ 2,049,664	11.55%

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.

YUPIIT 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	\$ 73,707	\$ (73,707)	\$ -	\$ 2,203,425	3.35%
2019	\$ 70,633	\$ (84,084)	\$ -	\$ 1,876,136	3.76%
2020	\$ 93,506	\$ (93,506)	\$ -	\$ 2,049,664	4.56%
Occupational Death and Disability (ODD):					
2018	\$ 1,234	\$ (1,234)	\$ -	\$ 2,203,425	0.06%
2019	\$ 2,227	\$ (2,937)	\$ -	\$ 1,876,136	0.12%
2020	\$ 2,827	\$ (2,827)	\$ -	\$ 2,049,664	0.14%
Retiree Medical Plan (RMP):					
2018	\$ 7,944	\$ (7,944)	\$ -	\$ 502,309	1.58%
2019	\$ 8,115	\$ (8,115)	\$ -	\$ 502,309	1.62%
2020	\$ 14,350	\$ (14,350)	\$ -	\$ 524,636	2.74%

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.

YUPIIT 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	0.0365%	\$ 1,094,112	\$ 10,507,673	\$ 11,601,785	\$ 2,914,658	37.54%	55.70%
2016	0.1624%	\$ 3,020,660	\$ 4,831,946	\$ 7,852,606	\$ 4,540,371	66.53%	73.82%
2017	0.1982%	\$ 4,525,156	\$ 5,381,885	\$ 9,907,041	\$ 4,709,751	96.08%	68.40%
2018	0.1121%	\$ 2,271,084	\$ 3,963,506	\$ 6,234,590	\$ 4,600,632	49.36%	72.39%
2019	0.1642%	\$ 3,142,443	\$ 4,674,449	\$ 7,816,892	\$ 3,615,917	86.91%	74.09%
2020	0.1606%	\$ 3,001,559	\$ 4,449,460	\$ 7,451,019	\$ 3,264,482	91.95%	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.

YUPIIT SCHOOL DISTRICT

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

Teachers' Retirement System (TRS)

June 30, 2020

Year	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.1119%	\$ 205,763	\$ 360,675	\$ 566,438	\$ 4,600,632	4.47%	93.75%
2019	0.1637%	508,849	212,049	720,898	3,615,917	14.07%	90.23%
2020	0.1601%	(244,730)	(364,049)	(608,779)	3,264,482	-7.50%	105.50%
Occupational Death and Disability (ODD):							
2018	0.8008%	\$ (26,171)	\$ -	\$ (26,171)	\$ 4,600,632	-0.57%	1342.59%
2019	0.7222%	(25,321)	-	(25,321)	3,615,917	-0.70%	1304.81%
2020	0.5986%	(24,068)	-	(24,068)	3,264,482	-0.74%	1409.77%
Retiree Medical Plan (RMP):							
2018	0.8008%	\$ (37,959)	\$ -	\$ (37,959)	\$ 1,147,033	-3.31%	118.16%
2019	0.7222%	(23,096)	-	(23,096)	1,843,527	-1.25%	109.56%
2020	0.6028%	(23,125)	-	(23,125)	1,843,527	-1.25%	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.

YUPIIT 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	\$ 68,141	\$ (68,141)	\$ -	\$ 4,540,371	1.50%
2016	\$ 68,270	\$ (68,270)	\$ -	\$ 4,709,751	1.45%
2017	\$ 95,205	\$ (95,205)	\$ -	\$ 4,600,632	2.07%
2018	\$ 104,885	\$ (104,885)	\$ -	\$ 3,615,917	2.90%
2019	\$ 107,333	\$ (107,333)	\$ -	\$ 3,264,482	3.29%
2020	\$ 111,519	\$ (103,408)	\$ 8,111	\$ 3,891,775	2.87%

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.

YUPIIT 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	\$ 57,039	\$ (57,039)	\$ -	\$ 3,615,917	1.58%
2019	\$ 50,674	\$ (50,674)	\$ -	\$ 3,264,482	1.55%
2020	\$ 62,875	\$ (62,875)	\$ -	\$ 3,891,775	1.62%
Occupational Death and Disability (ODD):					
2018	\$ -	\$ -	\$ -	\$ 3,615,917	0.00%
2019	\$ 1,868	\$ (1,868)	\$ -	\$ 3,264,482	0.06%
2020	\$ 2,390	\$ (2,390)	\$ -	\$ 3,891,775	0.06%
Retiree Medical Plan (RMP):					
2018	\$ 23,623	\$ (23,623)	\$ -	\$ 1,843,527	1.28%
2019	\$ 18,597	\$ (18,597)	\$ -	\$ 1,843,527	1.01%
2020	\$ 32,549	\$ (32,549)	\$ -	\$ 2,289,689	1.42%

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

YUPIIT SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – School Operating Fund

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget – Positive (Negative)
Revenues:			
Local sources:			
Earnings on investments	\$ -	33,266	33,266
E-rate	1,598,907	2,078,374	479,467
Other local revenue	-	68,804	68,804
Total local sources	1,598,907	2,180,444	581,537
State of Alaska:			
Foundation	6,158,294	6,414,012	255,718
Quality schools	26,013	27,560	1,547
TRS on-behalf	530,000	719,101	189,101
PERS on-behalf	120,000	133,843	13,843
Other State revenues	173,365	209,891	36,526
Total State of Alaska	7,007,672	7,504,407	496,735
Federal sources:			
Impact aid	3,562,334	4,996,254	1,433,920
Total revenues	12,168,913	14,681,105	2,512,192
Expenditures:			
Instruction:			
Certificated salaries	2,479,263	2,427,804	51,459
Non-certificated salaries	332,884	431,725	(98,841)
Employee benefits	1,489,624	1,415,864	73,760
Professional and technical services	-	724	(724)
Staff travel	4,000	37,609	(33,609)
Student travel	-	7,835	(7,835)
Utility services	-	2,054	(2,054)
Supplies, materials and media	145,000	187,487	(42,487)
Other	-	38,167	(38,167)
Total instruction	4,450,771	4,549,269	(98,498)
Special education instruction:			
Certificated salaries	428,536	392,283	36,253
Non-certificated salaries	243,832	202,228	41,604
Employee benefits	330,977	331,299	(322)
Transportation allowance	-	1,550	(1,550)
Professional and technical services	-	7,549	(7,549)
Staff travel	1,000	-	1,000
Supplies, materials and media	2,000	1,647	353
Total special education instruction	1,006,345	936,556	69,789
Special education support services – students:			
Certificated salaries	96,110	46,151	49,959
Non-certificated salaries	-	3,352	(3,352)
Employee benefits	50,852	28,455	22,397
Transportation allowance	48,040	30,504	17,536
Professional and technical services	95,000	70,931	24,069
Staff travel	15,000	5,085	9,915
Student travel	1,000	-	1,000
Supplies, materials and media	3,000	7,233	(4,233)
Other	-	3,249	(3,249)
Total special education support services – students	309,002	194,960	114,042

YUPIIT SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – School Operating Fund, Continued

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget – Positive (Negative)
Expenditures, continued:			
Support services – students:			
Certificated salaries	\$ 273,972	259,474	14,498
Employee benefits	144,959	153,462	(8,503)
Staff travel	-	2,122	(2,122)
Total support services – students	<u>418,931</u>	<u>415,058</u>	<u>3,873</u>
Support services – instruction:			
Certificated salaries	81,054	105,855	(24,801)
Non-certificated salaries	95,763	84,947	10,816
Employee benefits	36,476	170,010	(133,534)
Professional and technical services	7,500	-	7,500
Staff travel	5,000	7,298	(2,298)
Utility services	1,332,423	1,910,483	(578,060)
Other purchased services	2,500	11,179	(8,679)
Supplies, materials and media	8,500	40,140	(31,640)
Equipment	-	31,701	(31,701)
Total support services – instruction	<u>1,569,216</u>	<u>2,361,613</u>	<u>(792,397)</u>
School administration:			
Certificated salaries	293,625	287,823	5,802
Employee benefits	155,356	175,607	(20,251)
Staff travel	3,500	8,093	(4,593)
Travel allowance	-	1,000	(1,000)
Supplies, materials and media	-	6,108	(6,108)
Other	-	1,842	(1,842)
Total school administration	<u>452,481</u>	<u>480,473</u>	<u>(27,992)</u>
School administration support services:			
Non-certificated salaries	100,414	95,913	4,501
Employee benefits	41,792	62,263	(20,471)
Total school administration support services	<u>142,206</u>	<u>158,176</u>	<u>(15,970)</u>
District administration:			
Certificated salaries	120,000	120,000	-
Non-certificated salaries	127,272	157,127	(29,855)
Employee benefits	109,786	128,894	(19,108)
Professional and technical services	35,000	46,684	(11,684)
Staff travel	72,160	64,044	8,116
Supplies, materials and media	7,400	14,166	(6,766)
Other	18,950	43,524	(24,574)
Total district administration	<u>490,568</u>	<u>574,439</u>	<u>(83,871)</u>

(continued)

YUPIIT SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – School Operating Fund, Continued

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget – Positive (Negative)
Expenditures, continued:			
District administration support services:			
Certificated salaries	\$ 27,018	28,768	(1,750)
Non-certificated salaries	313,363	332,031	(18,668)
Employee benefits	146,068	209,844	(63,776)
Travel allowance	-	1,011	(1,011)
Professional and technical services	65,000	30,683	34,317
Staff travel	25,000	49,250	(24,250)
Student travel	-	313	(313)
Utility services	444,141	452,282	(8,141)
Other purchased services	41,500	17,124	24,376
Insurance and bond premiums	61,800	61,811	(11)
Supplies, materials and media	43,250	51,757	(8,507)
Other	10,000	157,156	(147,156)
Indirect costs	-	(126,481)	126,481
Total district administration support services	1,177,140	1,265,549	(88,409)
Operations and maintenance of plant:			
Non-certificated salaries	333,298	497,254	(163,956)
Employee benefits	134,981	251,283	(116,302)
Professional and technical services	2,000	214,331	(212,331)
Staff travel	9,000	12,813	(3,813)
Utility services	330,000	315,250	14,750
Energy	885,600	1,035,003	(149,403)
Other purchased services	-	58,595	(58,595)
Insurance and bond premiums	170,000	335,861	(165,861)
Supplies, materials and media	172,154	452,734	(280,580)
Equipment	-	63,362	(63,362)
Other	-	1,839	(1,839)
Total operations and maintenance of plant	2,037,033	3,238,325	(1,201,292)
Student activities:			
Certificated salaries	20,250	9,100	11,150
Non-certificated salaries	10,000	23,283	(13,283)
Employee benefits	15,752	9,305	6,447
Professional and technical services	-	7,168	(7,168)
Staff travel	1,500	5,103	(3,603)
Student travel	99,000	144,438	(45,438)
Other purchased services	-	3,536	(3,536)
Supplies, materials and media	15,000	13,891	1,109
Other	4,500	4,780	(280)
Travel allowance	-	156	(156)
Total student activities	166,002	220,760	(54,758)
Total expenditures	12,219,695	14,395,178	(2,175,483)
Excess (deficiency) of revenues over expenditures	(50,782)	285,927	336,709
Other financing sources (uses):			
Transfers out - Teacher Housing Special Revenue Fund	(400,000)	(503,776)	(103,776)
Transfers out - Food Service Special Revenue Fund	(100,000)	(166,966)	(66,966)
Total other financing sources (uses)	(500,000)	(670,742)	(170,742)
Net change in fund balance	\$ (150,782)	(384,815)	269,743
Fund balance, beginning of year, as originally stated		4,519,573	
Prior period adjustment		915,330	
Fund balance, beginning of year, as restated		5,434,903	
Fund balance, end of year		\$ 5,050,088	

YUPIIT SCHOOL DISTRICT

Title I-A Basic Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 1,076,018	858,824	(217,194)
Expenditures:			
Current:			
Instruction:			
Certificated salaries	243,700	237,481	6,219
Non-certificated salaries	188,360	154,379	33,981
Employee benefits	176,160	161,223	14,937
Staff travel	19,445	11,673	7,772
Student travel	57,740	10,226	47,514
Supplies, materials and media	104,803	23,294	81,509
Tuition - students and stipends	18,000	16,800	1,200
Total instruction	808,208	615,076	193,132
District administration support services - Indirect costs	127,810	103,748	24,062
Total expenditures	936,018	718,824	217,194
Excess of revenues over expenditures	140,000	140,000	-
Other financing sources:			
Transfers out:			
Teacher Housing Special Revenue Fund	(140,000)	(140,000)	-
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

YUPIIT SCHOOL DISTRICT

Alaska Native Education Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources	\$ 862,959	391,217	(471,742)
Expenditures:			
Current:			
Instruction:			
Certificated salaries	225,000	29,805	195,195
Non-certificated salaries	125,000	568	124,432
Employee benefits	163,795	2,957	160,838
Professional and technical services	199,000	68,358	130,642
Staff travel	17,183	4,690	12,493
Student travel	51,000	1,548	49,452
Supplies, materials and media	26,668	116,807	(90,139)
Stipends	20,000	42,954	(22,954)
Other	11,400	6,805	4,595
Total instruction	839,046	274,492	564,554
Special education support services - students			
Professional and technical services	-	390	(390)
Support services - instruction:			
Non-certificated salaries		116	(116)
Employee benefits		140	(140)
Total support services - instruction	-	256	(256)
District administration support services:			
Non-certificated salaries		85,000	(85,000)
Employee benefits		31,079	(31,079)
Indirect costs	23,913	-	23,913
Total district administration support services	23,913	116,079	(92,166)
Total expenditures	862,959	391,217	471,742
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

YUPIIT SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet

Year Ended June 30, 2020

	Special Revenue Funds							
	Student Transportation	Alaska Pilot Pre-Kindergarten	Early Literacy	Staff Development	Targeted Resources Moore Settlement	School Improvement	Food Service	Title I-C Migrant Education
<u>Assets</u>								
Accounts receivable	\$ -	-	-	16,513	-	115,541	-	11,708
Due from School Operating Fund	1,089	21,191	61,942	-	44,842	-	27,451	-
Total assets	<u>\$ 1,089</u>	<u>21,191</u>	<u>61,942</u>	<u>16,513</u>	<u>44,842</u>	<u>115,541</u>	<u>27,451</u>	<u>11,708</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	-	-	-	-	-	-	3,241	-
Accrued payroll	-	-	-	-	-	-	2,198	-
Due to School Operating Fund	-	-	-	16,513	-	115,541	-	11,708
Unearned revenues	-	21,191	61,942	-	44,842	-	-	-
Total liabilities	<u>-</u>	<u>21,191</u>	<u>61,942</u>	<u>16,513</u>	<u>44,842</u>	<u>115,541</u>	<u>5,439</u>	<u>11,708</u>
Fund balances:								
Committed	1,089	-	-	-	-	-	22,012	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>1,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,012</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,089</u>	<u>21,191</u>	<u>61,942</u>	<u>16,513</u>	<u>44,842</u>	<u>115,541</u>	<u>27,451</u>	<u>11,708</u>

(continued)

YUPIIT SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet, Continued

<u>Assets</u>	Special Revenue Funds							
	Migrant Literacy	Preschool Disabled	Title III- A English Language Acquisition	CARES Act	Math in a Cultural Context	Title VI-B	Carl Perkins - Secondary	Improving Literacy Through School Libraries
Accounts receivable	\$ 2,572	2,011	578	98,558	-	13,413	267	-
Due from School Operating Fund	-	-	-	-	7,221	-	-	42,962
Total assets	<u>\$ 2,572</u>	<u>2,011</u>	<u>578</u>	<u>98,558</u>	<u>7,221</u>	<u>13,413</u>	<u>267</u>	<u>42,962</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	-	-	-	11,457	-	-	-	-
Accrued payroll	-	-	-	-	-	-	-	-
Due to School Operating Fund	2,572	2,011	578	87,101	-	13,413	267	-
Unearned revenues	-	-	-	-	7,221	-	-	42,962
Total liabilities	<u>2,572</u>	<u>2,011</u>	<u>578</u>	<u>98,558</u>	<u>7,221</u>	<u>13,413</u>	<u>267</u>	<u>42,962</u>
Fund balances:								
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,572</u>	<u>2,011</u>	<u>578</u>	<u>98,558</u>	<u>7,221</u>	<u>13,413</u>	<u>267</u>	<u>42,962</u>

(continued)

YUPIIT SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet, Continued

	Special Revenue Funds				Capital Project Funds			Total Other Governmental Funds
	Indian Education	Teacher Housing	Scholarship Fund	Total Special Revenue Funds	General CIP Projects	Impact Aid 7007A	Total Capital Project Funds	
<u>Assets</u>								
Accounts receivable	\$ 25,410	-	-	286,571	-	-	-	286,571
Due from School Operating Fund	-	39,953	3,457	250,108	311,287	105,614	416,901	667,009
Total assets	<u>\$ 25,410</u>	<u>39,953</u>	<u>3,457</u>	<u>536,679</u>	<u>311,287</u>	<u>105,614</u>	<u>416,901</u>	<u>953,580</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	-	65,201	-	79,899	-	-	-	79,899
Accrued payroll	-	22,695	-	24,893	-	-	-	24,893
Due to School Operating Fund	25,410	-	-	275,114	-	-	-	275,114
Unearned revenues	-	-	-	178,158	-	-	-	178,158
Total liabilities	<u>25,410</u>	<u>87,896</u>	<u>-</u>	<u>558,064</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>558,064</u>
Fund balances:								
Committed	-	-	3,457	26,558	-	-	-	26,558
Assigned	-	-	-	-	311,287	105,614	416,901	416,901
Unassigned	-	(47,943)	-	(47,943)	-	-	-	(47,943)
Total fund balances	<u>-</u>	<u>(47,943)</u>	<u>3,457</u>	<u>(21,385)</u>	<u>311,287</u>	<u>105,614</u>	<u>416,901</u>	<u>395,516</u>
Total liabilities and fund balances	<u>\$ 25,410</u>	<u>39,953</u>	<u>3,457</u>	<u>536,679</u>	<u>311,287</u>	<u>105,614</u>	<u>416,901</u>	<u>953,580</u>

YUPIIT SCHOOL DISTRICT

Other Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2020

	Special Revenue Funds						Title I-C Migrant Education
	Student Transportation	Early Literacy	Staff Development	Alaska Pilot Pre-Kindergarten	School Improvement	Food Service	
Revenues:							
Local sources:							
Charges for services	\$ -	-	-	-	-	30,702	-
Intergovernmental:							
State of Alaska	917	5,043	-	63,885	-	-	-
Federal sources	-	-	17,943	-	113,598	353,066	53,408
Total revenues	<u>917</u>	<u>5,043</u>	<u>17,943</u>	<u>63,885</u>	<u>113,598</u>	<u>383,768</u>	<u>53,408</u>
Expenditures:							
Current:							
Instruction	-	5,043	17,943	63,885	113,598	2,671	21,280
Special education instruction	-	-	-	-	-	-	-
Special education support services - students	-	-	-	-	-	-	-
School administration support services	-	-	-	-	-	-	26,565
District administration	-	-	-	-	-	-	-
District administration support services	-	-	-	-	-	-	5,563
Operations and maintenance of plant	-	-	-	-	-	-	-
Student transportation	430	-	-	-	-	-	-
Food service	-	-	-	-	-	548,063	-
Total expenditures	<u>430</u>	<u>5,043</u>	<u>17,943</u>	<u>63,885</u>	<u>113,598</u>	<u>550,734</u>	<u>53,408</u>
Excess (deficiency) of revenues over expenditures	487	-	-	-	-	(166,966)	-
Other financing sources:							
Transfers in	-	-	-	-	-	166,966	-
Net change in fund balances	487	-	-	-	-	-	-
Fund balances, beginning of year	<u>602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,012</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,012</u>	<u>-</u>

(continued)

YUPIIT SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds								
	Migrant Literacy	Preschool Disabled	Title III-A English Language Acquisition	Migrant Education Parent Advisory Council	CARES Act	Title VI-B	Carl Perkins - Secondary	Rural Education Achievement	Indian Education
Revenues:									
Local sources:									
Charges for services	\$ -	-	-	-	-	-	-	-	-
Intergovernmental:									
State of Alaska	-	-	-	-	-	-	-	-	-
Federal sources	2,572	2,011	37,052	984	98,558	154,913	16,609	9,239	82,316
Total revenues	2,572	2,011	37,052	984	98,558	154,913	16,609	9,239	82,316
Expenditures:									
Current:									
Instruction	2,572	-	32,576	984	14,746	1,798	15,819	9,239	78,736
Special education instruction	-	399	-	-	-	98,153	-	-	-
Special education support services - students	-	1,612	-	-	-	54,962	-	-	-
School administration support services	-	-	-	-	-	-	-	-	-
District administration	-	-	-	-	-	-	-	-	3,580
District administration support services	-	-	4,476	-	49,984	-	790	-	-
Operations and maintenance of plant	-	-	-	-	30,460	-	-	-	-
Student transportation	-	-	-	-	-	-	-	-	-
Food service	-	-	-	-	3,368	-	-	-	-
Total expenditures	2,572	2,011	37,052	984	98,558	154,913	16,609	9,239	82,316
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-	-	-
Other financing sources:									
Transfers in	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-
Fund balances, end of year	\$ -	-	-	-	-	-	-	-	-

(continued)

YUPIIT SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds			Capital Project Funds			
	Teacher Housing	Scholarship Fund	Total Special Revenue Funds	General CIP Services	Impact Aid 7007A	Total Capital Projects Funds	Total Other Governmental Funds
Revenues:							
Local sources:							
Charges for services	\$ 161,190	-	191,892	-	-	-	191,892
Intergovernmental:							
State of Alaska	-	-	69,845	-	-	-	69,845
Federal sources	-	-	942,269	-	52,981	52,981	995,250
Total revenues	161,190	-	1,204,006	-	52,981	52,981	1,256,987
Expenditures:							
Current:							
Instruction	-	-	380,890	-	-	-	380,890
Special education instruction	-	-	98,552	-	-	-	98,552
Special education support services - students	-	-	56,574	-	-	-	56,574
School administration support services	-	-	26,565	-	-	-	26,565
District administration	-	-	3,580	-	-	-	3,580
District administration support services	-	-	60,813	-	-	-	60,813
Operations and maintenance of plant	852,909	-	883,369	68,522	-	68,522	951,891
Student transportation	-	-	430	-	-	-	430
Food service	-	-	551,431	-	-	-	551,431
Total expenditures	852,909	-	2,062,204	68,522	-	68,522	2,130,726
Excess (deficiency) of revenues over expenditures	(691,719)	-	(858,198)	(68,522)	52,981	(15,541)	(873,739)
Other financing sources - Transfers in	643,776	-	810,742	-	-	-	810,742
Net change in fund balances	(47,943)	-	(47,456)	(68,522)	52,981	(15,541)	(62,997)
Fund balances, beginning of year	-	3,457	26,071	379,809	52,633	432,442	458,513
Fund balances, end of year	\$ (47,943)	3,457	(21,385)	311,287	105,614	416,901	395,516

YUPIIT SCHOOL DISTRICT

Student Transportation Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - State of Alaska	\$ 917	917	-
Expenditures:			
Current:			
Student transportation:			
Travel allowance	917	430	487
Excess of revenues over expenditures	\$ -	487	487
Fund balance, beginning of year		602	
Fund balance, end of year		\$ 1,089	

YUPIIT SCHOOL DISTRICT

Early Literacy Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - State of Alaska	\$ 79,000	5,043	(73,957)
Expenditures:			
Current:			
Instruction:			
Supplies, materials and media	79,000	5,043	73,957
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

YUPIIT SCHOOL DISTRICT

Staff Development Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 23,500	17,943	(5,557)
Expenditures:			
Current:			
Instruction:			
Staff travel	23,500	17,943	5,557
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

YUPIIT SCHOOL DISTRICT

Alaska Pilot Pre-Kindergarten Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - State of Alaska	\$ 107,100	63,885	(43,215)
Expenditures:			
Current:			
Instruction:			
Supplies, materials and media	107,100	63,885	(43,215)
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

YUPIIT SCHOOL DISTRICT

School Improvement Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 180,000	113,598	(66,402)
Expenditures:			
Current:			
Instruction:			
Certificated salaries	-	19,420	-
Non-certificated salaries	-	1,863	-
Employee benefits	-	6,030	-
Professional and technical services	-	44,237	-
Staff travel	-	25,215	-
Supplies, materials and media	-	14,909	-
Other	-	1,924	-
Total expenditures	180,000	113,598	66,402
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

YUPIIT SCHOOL DISTRICT

Food Service Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Charges for services	\$ 195,056	30,702	(164,354)
Federal sources passed through the State of Alaska:			
USDA Food Service Reimbursement	373,000	353,066	(19,934)
Total revenues	<u>568,056</u>	<u>383,768</u>	<u>(184,288)</u>
Expenditures:			
Current:			
Instruction:			
Staff travel	-	1,671	(1,671)
Supplies, materials and media	-	1,000	(1,000)
Total instruction	<u>-</u>	<u>2,671</u>	<u>(2,671)</u>
Food services:			
Non-certificated salaries	141,522	163,834	(22,312)
Employee benefits	49,534	111,279	(61,745)
Staff travel	1,500	12,475	(10,975)
Supplies, materials and media	373,000	244,536	128,464
Other	-	742	(742)
Equipment	2,500	15,197	(12,697)
Total food services	<u>568,056</u>	<u>548,063</u>	<u>19,993</u>
Total expenditures	<u>568,056</u>	<u>550,734</u>	<u>17,322</u>
Excess (deficiency) of revenues over expenditures	-	(166,966)	(166,966)
Other financing sources:			
Transfers in:			
School Operating Fund	<u>-</u>	<u>166,966</u>	<u>166,966</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>22,012</u>	
Fund balance, end of year		<u>\$ 22,012</u>	

YUPIIT SCHOOL DISTRICT

Title I-C Migrant Education Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2020

		Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental -				
Federal sources passed				
through the State of Alaska	\$	207,973	53,408	(154,565)
Expenditures:				
Current:				
Instruction:				
Non-certificated salaries		6,119	3,352	2,767
Employee benefits		3,959	3,578	381
Staff travel		9,000	3,536	5,464
Student travel		43,500	1,601	41,899
Supplies, materials and media		80,519	2,013	78,506
Tuition-students and stipends		15,000	7,200	7,800
Total instruction		158,097	21,280	136,817
School administration support services:				
Non-certificated salaries		16,896	16,896	-
Employee benefits		9,669	9,669	-
Total school administration support services		26,565	26,565	-
District administration support services:				
Indirect costs		23,311	5,563	17,748
Total expenditures		207,973	53,408	154,565
Excess of revenues over expenditures	\$	-	-	-
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

YUPIIT SCHOOL DISTRICT

Migrant Literacy Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 3,384	2,572	(812)
Expenditures: Current: Instruction: Supplies, material and media	3,384	2,572	812
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

YUPIIT SCHOOL DISTRICT

Preschool Disabled Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 2,011	2,011	-
Expenditures:			
Current:			
Special education instruction:			
Supplies, material and media	399	399	-
Special education support services - students:			
Professional and technical services	1,612	1,612	-
Total expenditures	2,011	2,011	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

YUPIIT SCHOOL DISTRICT

Title III-A English Language Acquisition Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 56,937	37,052	(19,885)
Expenditures:			
Current:			
Instruction:			
Professional and technical services	5,000	-	5,000
Staff travel	10,218	634	9,584
Supplies, material and media	34,841	31,942	2,899
Total instruction	50,059	32,576	17,483
District administration support services:			
Indirect costs	6,878	4,476	2,402
Total Expenditures	56,937	37,052	19,885
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

YUPIIT SCHOOL DISTRICT

Migrant Education Parent Advisory Council Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 5,000	984	(4,016)
Expenditures: Current: Instruction: Staff travel	5,000	984	4,016
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

YUPIIT SCHOOL DISTRICT

CARES Act Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 544,779	98,558	(446,221)
Expenditures:			
Current:			
Instruction:			
Non-certificated salaries	20,836	-	20,836
Employee benefits	5,732	-	5,732
Professional and technical services	45,000	-	45,000
Supplies, materials and media	335,495	14,746	320,749
Total instruction	407,063	14,746	392,317
District administration support services:			
Supplies, materials and media	1,255	1,255	-
Staff travel	36,823	36,823	-
Indirect costs	65,810	11,906	53,904
Total district administration support services	103,888	49,984	53,904
Operations and maintenance of plant:			
Supplies, materials and media	30,460	30,460	-
Food services:			
Supplies, materials and media	3,368	3,368	-
Total expenditures	544,779	98,558	446,221
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

YUPIIT SCHOOL DISTRICT

Title VI-B Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 160,527	154,913	(5,614)
Expenditures:			
Current:			
Instruction:			
Staff travel	-	714	(714)
Supplies, materials and media	-	1,084	(1,084)
Total instruction	-	1,798	(1,798)
Special education instruction:			
Non-certificated salaries	44,896	43,661	1,235
Employee benefits	19,737	19,767	(30)
Professional and technical services	14,373	14,373	-
Staff travel	15,000	8,793	6,207
Supplies, materials and media	11,559	11,559	-
Total special education instruction	105,565	98,153	7,412
Special education support services - students:			
Professional and technical services	54,962	54,962	-
Total expenditures	160,527	154,913	5,614
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

YUPIIT SCHOOL DISTRICT

Carl Perkins - Secondary Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal education sources passed through the State of Alaska	\$ 29,643	16,609	(13,034)
Expenditures:			
Current:			
Instruction:			
Staff travel	6,000	4,837	1,163
Student travel	7,231	5,831	1,400
Supplies, materials and media	15,000	5,151	9,849
Total instruction	28,231	15,819	12,412
District administration support services:			
Indirect costs	1,412	790	622
Total expenditures	29,643	16,609	13,034
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

YUPIIT SCHOOL DISTRICT

Rural Education Achievement Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources	\$ -	9,239	9,239
Expenditures:			
Current:			
Instruction:			
Staff travel	-	418	(418)
Student Travel	-	6,181	(6,181)
Other	-	2,640	(2,640)
Total expenditures	-	9,239	(9,239)
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

YUPIIT SCHOOL DISTRICT

Indian Education Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources	\$ 169,057	82,316	(86,741)
Expenditures:			
Current:			
Instruction:			
Certificated salaries	12,040	-	12,040
Staff travel	3,000	10,142	(7,142)
Student travel	83,870	59,735	24,135
Supplies, materials and media	27,000	1,059	25,941
Student stipends	-	7,800	(7,800)
Other	43,147	-	43,147
Total instruction	169,057	78,736	90,321
District administration:			
Staff travel	-	3,580	(3,580)
Total expenditures	169,057	82,316	86,741
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

YUPIIT SCHOOL DISTRICT

Teacher Housing Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - other local -			
Charges for services - rent	\$ 359,433	161,190	(198,243)
Expenditures:			
Operations and maintenance of plant:			
Non-certificated salaries	150,391	299,511	(149,120)
Employee benefits	52,542	99,621	(47,079)
Staff travel	2,500	-	2,500
Energy	88,000	92,688	(4,688)
Other purchased services	58,500	65,955	(7,455)
Supplies, materials medial	7,500	295,134	(287,634)
Total expenditures	359,433	852,909	(493,476)
Excess (deficiency) of revenues over expenditures	-	(691,719)	(691,719)
Other financing sources:			
Transfers in:			
School Operating Fund	-	503,776	503,776
Title I-A Basic Special Revenue Fund	-	140,000	140,000
Total transfers in	-	643,776	643,776
Net change in fund balance	\$ -	(47,943)	(47,943)
Fund balance, beginning of year		-	
Fund balance, end of year		\$ (47,943)	

YUPIIT SCHOOL DISTRICT

Scholarship Fund Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2020

Revenues	\$	-
Expenditures		-
Excess of revenues over expenditures		<u>-</u>
Fund balance, beginning of year		<u>3,457</u>
Fund balance, end of year	\$	<u><u>3,457</u></u>

YUPIIT SCHOOL DISTRICT

General CIP Services Capital Project Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2020

Revenues	\$	-
Expenditures:		
Operations and maintenance of plant:		
Supplies, materials media		31,331
Equipment		37,191
Total expenditures		<u>68,522</u>
Excess of revenues over expenditures		(68,522)
Fund balance, beginning of year		<u>379,809</u>
Fund balance, end of year	\$	<u><u>311,287</u></u>

YUPIIT SCHOOL DISTRICT

Impact Aid 7007A Capital Project Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2020

Revenues - Intergovernmental -	
Federal sources - Impact Aid construction	\$ 52,981
Expenditures	<u>-</u>
Excess of revenues over expenditures	52,981
Fund balance, beginning of year	<u>52,633</u>
Fund balance, end of year	\$ <u><u>105,614</u></u>

YUPIT SCHOOL DISTRICT

Student Activity Agency Fund

Schedule of Changes in Assets and Liabilities

Year Ended June 30, 2020

		Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
	<u>Assets</u>				
Cash		\$ <u>49,370</u>	<u>86,973</u>	<u>80,857</u>	<u>55,486</u>
	<u>Liabilities</u>				
Due to student groups		\$ <u>49,370</u>	<u>86,973</u>	<u>80,857</u>	<u>55,486</u>

YUPIIT SCHOOL DISTRICT

Schedule of Compliance - AS 14.17.505

June 30, 2020

Total fund balance - School Operating Fund	\$	5,050,088	
less exemptions per 4 AAC 09.160(a):			
Inventory		237,505	
Prepaid items		209,953	
Impact Aid		<u>4,572,536</u>	
Fund Balance Subject to 10% Limitation	\$	<u>30,094</u>	
Nonexempt fund balance as a percentage of current year expenditures:			
<u>Fund balance subject to limitation</u>		<u>30,094</u>	= <u>0.21%</u>
Current year expenditures		<u>14,395,178</u>	

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

Grant Title	Grant Number	Catalog of Federal Domestic Assistance Number	Total Grant Award	Federal Share of Expenditures
U.S. Department of Education:				
Passed through the State of Alaska, Department of Education and Early Development:				
Title I-A Basic	IP20YPSD01	84.010	\$ 803,727	641,495
School Improvement	SI20YPSD03	84.010	180,000	113,598
Staff Development	SD20YPSD01	84.010	5,000	3,818
Total CFDA 84.010			<u>988,727</u>	<u>758,911</u>
Migrant Literacy	MB20YPSD01	84.011	3,384	2,572
Title I-C Migrant Education	IP20YPSD01	84.011	207,973	53,408
Migrant Education - Parent Advisory Council	MP20YPSD01	84.011	5,000	984
Staff Development	SD20YPSD01	84.011	9,000	6,872
Total CFDA 84.011			<u>225,357</u>	<u>63,836</u>
Carl Perkins - Secondary	EK20YPSD01	84.048	29,643	16,609
Staff Development	EK20YPSD01	84.048	4,500	3,435
Total CFDA 84.048			<u>34,143</u>	<u>20,044</u>
Special Education Cluster:				
Title VI-B	SE20YPSD01	84.027	160,527	154,913
Preschool Disabled	SE20YPSD01	84.173	2,011	2,011
Total Special Education Cluster			<u>162,538</u>	<u>156,924</u>
Title II-A	IP20YPSD01	84.367	141,966	113,310
Staff Development	SD20YPSD01	84.367A	5,000	3,818
Total CFDA 84.367			<u>146,966</u>	<u>117,128</u>
Title IV-A	IP20YPSD01	84.424a	130,325	104,019
Title III-A English Language Acquisition	IP20YPSD01	84.365	56,937	37,052
COVID-19 CARES Act	20YPSD01	84.425D	544,779	98,558
Total passed through the State of Alaska, Department of Education and Early Development:			<u>2,289,772</u>	<u>1,356,472</u>
Direct:				
Impact Aid FY19	11-AK-2019-3701	84.041	423,718	423,718
Impact Aid F20	11-AK-2020-3701	84.041	4,572,536	4,572,536
Impact Aid FY20 - Construction	11-AK-2020-3701	84.041	52,981	52,981
Total for CFDA 84.041			<u>5,049,235</u>	<u>5,049,235</u>
Alaska Native Education - Transforming Learning in Akiak	S356A180033	84.356A	2,421,676	391,217
Rural Education Achievement	S358C190018	84.358C	9,239	9,239
Indian Education Act	S060A190012	84.060A	169,057	82,316
Total direct U.S. Department of Education			<u>7,649,207</u>	<u>5,532,007</u>
U.S. Department of Agriculture:				
Passed through State of Alaska, Department of Education and Early Development-				
National School Breakfast Program	None	10.553	72,358	72,358
COVID-19 National School Breakfast Program	None	10.553	2,813	2,813
Total CFDA 10.553			<u>75,171</u>	<u>75,171</u>
National School Lunch Program	None	10.555	251,363	251,363
COVID-19 National School Lunch Program	None	10.555	9,520	9,520
Total CFDA 10.555			<u>260,883</u>	<u>260,883</u>
COVID-19 Summer Food Program	None	10.559	15,013	15,013
Total Child Nutrition Cluster			<u>351,067</u>	<u>351,067</u>
Food Distribution Admin Fee	None	10.560	1,999	1,999
Total U.S. Department of Agriculture			<u>353,066</u>	<u>353,066</u>
Total federal financial assistance			<u>\$ 10,292,045</u>	<u>7,241,545</u>

See notes to Schedule of Expenditures of Federal Awards

YUPIIT 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 Yupiit 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 Yupiit School District, it is not intended to and does not present the basic financial statements of Yupiit 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. The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Subrecipient

No federal funds were passed through to subrecipients.

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

<u>Grant Title</u>	<u>Grant Agreement Number</u>	<u>Total Grant Award</u>	<u>Eligible Expenditures</u>
State of Alaska Department of Education and Early Development:			
# Foundation	FY2020	\$ 6,414,012	6,414,012
House Bill 287	FY2020	199,157	199,157
Dividend Raffle	FY2020	3,241	3,241
Quality Schools Grant	FY2020	27,560	27,560
Pupil Transportation	FY2020	917	917
School Broadband Assistance Grant	FY2020	7,493	7,493
Early Literacy	ME 20.YPSD.01	79,000	5,043
Pre-K Program - Intervention	PK 14.054.01	107,100	63,885
Total State of Alaska Department of Education and Early Development		<u>6,838,480</u>	<u>6,721,308</u>
State of Alaska Department of Administration:			
On-behalf PERS	FY2020	133,843	133,843
# On-behalf TRS	FY2020	719,101	719,101
Total Department of Administration		<u>852,944</u>	<u>852,944</u>
Total state financial assistance		<u>\$ 7,691,424</u>	<u>7,574,252</u>

See notes to the Schedule of State Financial Assistance

YUPIIT 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 Yupiit 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 Yupiit School District, it is not intended to and does not present the basic financial statements of Yupiit 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 Yupiit School 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
Yupit School District
Akiachak, 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 Yupit School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Yupit School District's basic financial statements, and have issued our report thereon dated October 23, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Yupit 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 Yupit School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Yupit 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying federal schedule of findings and questioned costs as Finding 2020-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Yupiiit 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*.

Yupiiit School District's Response to Finding

Yupiiit School District's responses to the finding identified in our audit is described in the accompanying federal schedule of findings and questioned costs and corrective action plan. Yupiiit School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Anchorage, Alaska
October 23, 2020

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

Independent Auditor's Report

Members of the School Board
Yupiit School District
Akiachak, Alaska

Report on Compliance for Each Major Federal Program

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

Opinion on Each Major Federal Program

In our opinion, Yupit 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 Yupit 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 Yupit 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 Yupit School District's internal control over compliance.

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

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

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



Anchorage, Alaska
October 23, 2020

YUPIIT SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs

June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

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?

X Yes ____ No

Significant deficiency(ies) identified?

____ Yes X None Reported

Noncompliance material to financial statements noted?

____ Yes X No

Federal Awards

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

Material weakness(es) identified

____ Yes X No

Significant deficiency(ies) identified

____ Yes X None Reported

Any material noncompliance with 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 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:

CFDA Number(s)/Cluster

84.041

84.356A

Name of Federal Program or Cluster

Impact Aid

Alaska Native Education

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

\$ 750,000

Auditee qualified as low-risk auditee?

____ Yes X No

YUPIIT SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs, Continued

Section II – Financial Statement Findings

Finding 2020-001

Internal Controls over Accounts Payable

Material Weakness

Condition/Context: During audit procedures performed over accounts payable in the School Operating Fund, it was determined that accounts payable were overstated in the previous year as a result of manual accounts payable entries that were not reversed.

Criteria: A key component of internal controls is monitoring. Management should have adequate policies and procedures in place related to cash disbursements and the reconciliation of accounts payable in order to ensure the fair presentation of accounts payable within the financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Cause: The District lacked proper monitoring in regards to completeness and accuracy over the general ledger, which led to accounts payable to be misstated.

Effect: Overstatement of accounts payable in the amount of \$915,330 which resulted in a restatement of beginning fund balance and net position.

Recommendation: The District should implement stronger controls over reconciliations general ledger balances to ensure material misstatements do not occur.

Management Response: Management agrees with this finding, see Corrective Action Plan.

Section III – Federal Award Findings and Questioned Costs

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

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

Independent Auditor's Report

Members of the School Board
Yupiit School District
Akiachak, Alaska

Report on Compliance for Each Major State Program

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

Opinion on Each Major State Program

In our opinion, Yupiiit 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 Yupiiit 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 Yupiiit 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 Yupiiit School District's internal control over compliance.

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

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

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

Altman, Rogers & Co.

Anchorage, Alaska
October 23, 2020

YUPIIT 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?

X Yes No

Significant deficiency(ies) identified?

 Yes X None Reported

Noncompliance material to financial statements noted?

 Yes X No

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified

 Yes X No

Significant deficiency(ies) identified

 Yes X None Reported

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

Unmodified

Dollar threshold used to distinguish a State major program:

\$ 200,000

Section II – Financial Statement Findings

See Federal Schedule of Findings and Questioned Costs for findings related to the financial statements.

Section III – State Award Findings and Questioned Costs

The Yupiit School District did not have any findings related to State awards.

Yup'it School District

Box 51190 • Akiachak, AK 99551 • Telephone (907) 825-3600 • FAX (877) 825-2404



Status of Prior Year Findings

Year Ended June 30, 2020

Financial Statement Findings

Finding 2019-001

Internal Control over Cash Disbursements

Condition:

During our testing of internal controls related to cash disbursement, we noted multiple instances of mis-coding of transactions in accordance with the State of Alaska Chart of Accounts. We also noted instances of credit card purchases that lacked supporting documentation.

Status:

This finding has been resolved.

Finding 2019-002

Internal Control over Payroll

Condition:

During our tests over internal controls over the payroll system, we noted a coding error between certificated and non-certificated expense accounts.

Status:

This finding has been resolved.

Finding 2019-003

Internal Control over Capital Assets

Condition:

During our review of capital assets, we noted a large balance in construction in progress. The balance had been unadjusted since FY2012.

Status:

This finding has been resolved.

Yupiiit School District

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Corrective Action Plan

Year Ended June 30, 2020

Financial Statement Findings

Finding 2020-001

Internal Control over Accounts Payable

Name of Contact Person: John Stackhouse, Business Manager

Corrective Action Plan: Accounts payable were overstated in previous years due to use of an inadequate automated accounting system. A new automated accounting system has been implemented that allows for more accurate identification of actual payables. Additionally, management will implement stronger controls over reconciliation of support to general ledger balances, in the form of more frequent reconciliations and monitoring.

Proposed Completion Date: July 1, 2020