

Ilisagvik College
(A Component Unit of the
North Slope Borough, Alaska)

**Basic Financial Statements, Required
Supplementary Information, Additional
Supplementary Information and
Single Audit Reports
Year Ended June 30, 2021**

Ilisagvik College
(A Component Unit of the North Slope Borough, Alaska)

**Basic Financial Statements, Required Supplementary Information,
Additional Supplementary Information
and Single Audit Reports
Year Ended June 30, 2021**

Ilisagvik College
(A Component Unit of the North Slope Borough, Alaska)

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Independent Auditor's Report

Board of Trustees
Ilisagvik College
Utqiāġvik, Alaska

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ilisagvik College, a component unit of the North Slope Borough, Alaska, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Ilisagvik College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of Ilisagvik College, as of June 30, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ilisagvik College's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6-11, and the Schedules of Net Pension Liability, Pension Contributions, Net Other Postemployment Benefit Liability (Asset), and Other Postemployment Benefits Contributions on pages 44-47, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Ilisagvik College's basic financial statements. The combining financial statements, Schedule of Functional Expenses, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of State Financial Assistance, as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining financial statements, the Schedule of Functional Expenses, the Schedule of Expenditures of Federal Awards, and the Schedule of State Financial Assistance are the responsibility of management and were 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 combining financial statements, the Schedule of Functional Expenses, the Schedule of Expenditures of Federal Awards, and the Schedule of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended June 30, 2020, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021 on our consideration of Ilisagvik College'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 Ilisagvik College'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 Ilisagvik College's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
October 29, 2021

Management's Discussion and Analysis

Ilisagvik College
(A Component Unit of the North Slope Borough, Alaska)

Management's Discussion and Analysis
June 30, 2021

This section of Ilisagvik College's (the College) report presents management's discussion and analysis of the College's financial activity during the fiscal year ended June 30, 2021, with comparisons for June 30, 2020 and 2019. Since this management discussion and analysis is designated to focus on current activities, resulting changes and currently known facts, please read it in conjunction with the College's basic financial statements and footnotes. Responsibility for the completeness and fairness of this information rests with the College.

Financial Highlights

During fiscal year 2021, the College's net position increased by \$10,254,032 over the prior year, leaving a balance in net position at year-end of \$17,669,833, with \$11,522,188 unrestricted. The amount of unrestricted net position as of June 30, 2021 will allow the College to maintain a total of approximately eight months of operating expenses (which are currently ~\$1.5 million a month) in case of any delays in revenue collections. The College can then meet its general operating obligations on a consistent basis.

Using This Annual Report

The financial statements reflect accounting policies that conform to the accounting principles issued by the Government Accounting Standards Board (GASB).

Basic Financial Statements

Included in these financial statements is a Statement of Net Position. This statement includes all assets, deferred inflows/outflows of resources and liabilities of the College and is prepared under the accrual basis of accounting.

Also included is a Statement of Revenue, Expenses and Changes in Net Position. This statement classifies all revenue and expenses as either operating or nonoperating. North Slope Borough (NSB) contributions are classified as nonoperating revenue under this model. Because they are the major sources of income to the College, the result is an operating deficit for all fiscal years presented. As an additional note, depreciation is reflected through utilization of long-lived or capital assets.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, non-capital financing, capital, and investing activities.

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Ilisagvik College
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Management's Discussion and Analysis

Following is a Summary of Net Position and changes therein compared to the prior years:

	Summary of Net Position		
	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019
Current assets	\$ 33,871,321	\$ 20,697,660	\$ 16,897,093
Capital assets (net)	1,782,777	1,082,726	1,266,068
Net other postemployment benefit asset	860,681	71,635	-
Total assets	36,514,779	21,852,021	18,163,161
Deferred outflows of resources	1,823,763	2,446,070	2,344,233
Current liabilities	(9,086,748)	(2,879,832)	(1,642,193)
Noncurrent liabilities	(10,321,374)	(13,431,737)	(11,875,745)
Deferred inflows of resources	(1,260,587)	(570,721)	(1,057,333)
Net position	\$ 17,669,833	\$ 7,415,801	\$ 5,932,123
Components of net position:			
Investment in capital assets	\$ 1,782,777	\$ 1,082,726	\$ 1,266,068
Restricted	4,364,868	4,000,000	3,600,000
Unrestricted	11,522,188	2,333,075	1,066,055
Total Net Position	\$ 17,669,833	\$ 7,415,801	\$ 5,932,123

Revenue

Operating revenue increased \$2,257,999 in 2021 and increased \$550,358 in 2020. Grants and contracts revenue increased by \$2,501,502 in 2021 and increased by \$963,981 in 2020. Tuition revenue is reduced by gift scholarships and institutional aid, and is reported net of scholarship allowances in the financial statements. Tuition and fees decreased by \$106,689 and decreased by \$218,710 in 2021 and 2020, respectively.

**Summary of Operating Revenues
(by major category)**

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019
Tuition and fees, net of scholarships	\$ 405,853	\$ 512,542	\$ 731,252
Auxiliary enterprises	398,792	619,643	723,895
Grants and contracts	7,224,260	4,722,758	3,758,777
Other operating revenue	132,128	48,091	138,752
Total Operating Revenue	\$ 8,161,033	\$ 5,903,034	\$ 5,352,676

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Management's Discussion and Analysis

Non-operating revenue increased \$5,053,356 in 2021 and decreased \$1,248,025 in 2020. A PERS on-behalf contribution of \$550,295 from the State of Alaska was included in non-operating revenue. Revenue from private grants and gifts decreased \$58,914 in 2021 and decreased by \$145,637 in 2020, while income from investments increased \$2,164,639 in 2021 and decreased \$276,989 in 2020.

**Summary of Non-Operating Revenues
(by major category)**

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019
Local appropriation (NSB)	\$ 10,128,837	\$ 9,186,058	\$ 10,603,382
In-kind rent contribution (NSB)	2,794,633	2,693,622	2,596,263
Private grants and gifts	671,727	730,641	876,278
PERS contribution - State of Alaska	550,295	628,241	133,675
PPP loan forgiveness revenue	1,981,787	-	-
Investment income	2,258,464	93,825	370,814
Total Non-Operating Revenues	\$ 18,385,743	\$ 13,332,387	\$ 14,580,412

Operating Expenses

A decrease in operating expenses in 2021 (8.2%) is attributable primarily to a decline in operations as a result of the COVID-19 pandemic restrictions.

**Summary of Operating Expenses
(by function)**

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019
Instruction	\$ 4,110,159	\$ 4,484,138	\$ 4,519,617
Institution	4,613,602	3,508,159	4,043,602
Auxiliary enterprises	135,057	573,682	629,523
Academic support	1,852,051	2,260,119	2,043,127
Operations and maintenance	3,949,063	4,236,837	4,202,934
Student services	1,321,294	2,418,580	2,304,125
Depreciation	311,518	270,228	240,992
Total Operating Expenses	\$ 16,292,744	\$ 17,751,743	\$ 17,983,920

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Management's Discussion and Analysis

The following is an overall Summary of Revenues and Expenses. Revenue increased approximately 38% in total compared to the 8.2% decrease in expenses in 2021. Majority of increase in revenues was from PPP loan forgiveness of \$1,981,787 and investment income of \$2,164,639.

Summary of Revenues & Expenses

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019
Operating revenues	\$ 8,161,033	\$ 5,903,034	\$ 5,352,676
Nonoperating revenues	18,385,743	13,332,387	14,580,412
Total revenues	26,546,778	19,235,421	19,933,088
Operating expenses	(16,292,744)	(17,751,743)	(17,983,920)
Change in Net Position	\$ 10,254,032	\$ 1,483,678	\$ 1,949,168

Capital Assets

Capital assets, consisting of computer equipment, furniture and fixtures, heavy equipment, vehicles, and leasehold improvements, had a net increase of \$700,051 in 2021, and a net decrease of \$183,342 and 2020, respectively, as a result of additions, retirements, and depreciation. Capital assets include those items with a cost, or fair value for donated assets, of \$5,000 or more and a useful life exceeding one year. Depreciation is calculated using the straight-line method over the estimated useful life of the asset. Details related to capital assets may be found in the footnotes to the financial statements.

Long-term Debt

The College's long-term debt for the year ended June 30, 2020 was \$1,981,787 obtained as part of the Small Business Administration Paycheck Protection Program. The entire amount of the loan and accrued interest was forgiven in fiscal year 2021. The College did not have any amount outstanding in long-term debt for years ended June 2021 and 2019.

Statement of Cash Flows

The Statement of Cash Flows details how cash has increased (or decreased) during the year ended June 30, 2021, with comparative financial information for the year ended June 30, 2020. It breaks out the sources and uses of cash into the following categories:

- Operating activities,
- Non-capital financing activities,
- Capital and related financing activities, and
- Investing activities.

Ilisagvik College
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Management's Discussion and Analysis

The primary purpose of the Statement of Cash Flows is to provide information about the cash receipts and cash disbursements made by the College during the year that will allow financial statement readers to assess the institutions:

- Ability to generate future net cash flows,
- Ability to meet obligations as they become due, and
- Need for possible external financing.

A comparative summary of the College's Statement of Cash Flows for the years ended June 30, 2021, 2020 and 2019 is as follows:

Summary of Cash Flows

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019
Net cash flows for operating activities	\$ (2,728)	\$ (8,109,861)	\$ (11,058,142)
Net cash flows from non-capital financing activities	10,800,564	11,898,486	11,479,660
Net cash flows for capital and related financing activities	(1,011,569)	(86,886)	(445,446)
Net cash flows for investing activities	(13,763,045)	(296,236)	(328,636)
Net increase (decrease) in cash and cash equivalents	(3,976,778)	3,405,503	(352,564)
Cash and cash equivalents, beginning of year	6,010,971	2,605,468	2,958,032
Cash and Cash Equivalents, end of year	\$ 2,034,193	\$ 6,010,971	\$ 2,605,468

Economic Factors That Will Affect the Future

Executive management believes the fiscal year's results, as well as some solid strategic planning, is positioning the College to maintain its strong financial condition well into the future, enabling it to continue providing excellent service to its students and, ultimately, the employers of the North Slope, which in turn strengthens the economic well-being of the region.

In 2007, the College earned Tribal College designation at the federal level; one of thirty-seven such colleges in the United States, and the only Tribal College in Alaska. The College is also the northern most accredited community college in the United States. The College is also poised to make major contributions to education in the Allied Health and Science fields as Samuel Simmonds Memorial Hospital undergoes major expansion. The existing programs of Accounting, Associated Construction Trades, Business and Management, Heavy Truck Operations, Industrial Safety, Information Technology, Inupiaq Studies, Adult Basic Education, and Office Administration will continue to meet the demands of the North Slope employers. The College is most grateful for the support of the community, especially the North Slope Borough, American Indian College Fund, ASRC, ConocoPhillips and Exxon Mobil, along with our other corporate and personal donors.

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Management's Discussion and Analysis

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The College is dependent upon its workforce to deliver its services. Developments such as social distancing and shelter-in-place directives will impact the College’s ability to deploy its workforce effectively. The College received additional funding from federal grants and loan forgiveness with the Small Business Administration Paycheck Protection Program to help fund and address some of the risks and uncertainties posed by the pandemic. The College has approximately \$7.3 million in advance funding received from granting agencies available to be used in fiscal year 2021. For more information see note 12 of the financial statements.

Contacting Ilisagvik College’s Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the College’s finances and to reflect the College’s accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to the Ilisagvik College’s Business Office at P.O. Box 749, Utqiāġvik, Alaska 99723.

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Basic Financial Statements

Ilisagvik College
(A Component Unit of the North Slope Borough, Alaska)
Statements of Net Position
(With Summarized Comparative Amounts for 2020)

June 30,	2021	2020
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 2,034,193	\$ 6,010,971
Accounts receivable, net	501,887	470,762
Grants and contracts receivable	2,030,761	943,158
Prepaid items	197,882	209,246
Inventories	153,246	131,680
Investments	28,953,352	12,931,843
Total Current Assets	33,871,321	20,697,660
Noncurrent Assets		
Capital assets, net of accumulated depreciation	1,782,777	1,082,726
Net other postemployment benefit asset	860,681	71,635
Total Noncurrent Assets	2,643,458	1,154,361
Total Assets	36,514,779	21,852,021
Deferred Outflows of Resources		
Pension related	1,262,712	1,434,423
Other postemployment benefits related	561,051	1,011,647
Total Deferred Outflows of Resources	1,823,763	2,446,070
Total Assets and Deferred Outflows of Resources	\$ 38,338,542	\$ 24,298,091
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 286,731	\$ 319,074
Unearned revenue	8,047,357	943,998
Accrued payroll and related liabilities	752,660	779,613
Current portion note payable from direct borrowing	-	837,147
Total Current Liabilities	9,086,748	2,879,832
Noncurrent Liabilities		
Note payable from direct borrowing	-	1,144,640
Net pension liability	10,298,476	11,876,217
Net other postemployment benefits liability	22,898	410,880
Total Noncurrent Liabilities	10,321,374	13,431,737
Total Liabilities	19,408,122	16,311,569
Deferred Inflows of Resources		
Pension related	546,417	175,814
Other postemployment benefits related	714,170	394,907
Total Deferred Inflows of Resources	1,260,587	570,721
Net Position		
Investment in capital assets	1,782,777	1,082,726
Restricted for foundation	4,364,868	4,000,000
Unrestricted	11,522,188	2,333,075
Total Net Position	17,669,833	7,415,801
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 38,338,542	\$ 24,298,091

See accompanying notes to basic financial statements.

Ilisagvik College
(A Component Unit of the North Slope Borough, Alaska)
Statements of Revenues, Expenses, and Changes in Net Position
(With Summarized Comparative Amounts for 2020)

Year Ended June 30,	2021	2020
Operating Revenues		
Tuition and fees, net of scholarships	\$ 405,853	\$ 512,542
Auxiliary enterprises revenue	398,792	619,643
Intergovernmental grants	7,220,098	4,713,926
Contracts	4,162	8,832
Other operating revenues	132,128	48,091
Total Operating Revenues	8,161,033	5,903,034
Operating Expenses		
Instruction	4,110,159	4,484,138
Institution	4,613,602	3,508,159
Auxiliary enterprises	135,057	573,682
Academic support	1,852,051	2,260,119
Operations and maintenance	3,949,063	4,236,837
Student services	1,321,294	2,418,580
Depreciation	311,518	270,228
Total Operating Expenses	16,292,744	17,751,743
Operating loss	(8,131,711)	(11,848,709)
Nonoperating Revenues		
Contribution from North Slope Borough	10,128,837	9,186,058
In-kind rent contribution	2,794,633	2,693,622
Private grants and gifts	671,727	730,641
PERS on-behalf - State of Alaska	550,295	628,241
Investment income	2,258,464	93,825
PPP loan forgiveness revenue	1,981,787	-
Total Nonoperating Revenues	18,385,743	13,332,387
Change in net position	10,254,032	1,483,678
Net Position, beginning of year	7,415,801	5,932,123
Net Position, end of year	\$ 17,669,833	\$ 7,415,801

See accompanying notes to basic financial statements.

Ilisagvik College
(A Component Unit of the North Slope Borough, Alaska)

Statements of Cash Flows
(With Summarized Comparative Amounts for 2020)

Year Ended June 30,	2021	2020
Cash Flows for Operating Activities		
Provided from tuition and fees	\$ 405,853	\$ 512,542
Provided from grants and contracts	13,240,016	4,910,702
Provided from sales and services	499,795	675,345
Paid to suppliers	(3,529,636)	(3,995,626)
Paid to employees for payroll and benefits	(10,618,756)	(10,212,824)
Net cash flows for operating activities	(2,728)	(8,109,861)
Cash Flows from Noncapital Financing Activities		
Received from North Slope Borough	10,128,837	9,186,058
Proceeds from note payable direct borrowing	-	1,981,787
Received from private grants and gifts	671,727	730,641
Net cash flows from noncapital financing activities	10,800,564	11,898,486
Cash Flows for Capital and Related Financing Activities		
Purchase of capital assets	(1,011,569)	(86,886)
Cash Flows for Investing Activities		
Investment income	2,258,464	93,825
Unrealized loss (gains)	(1,649,241)	230,452
Realized gains	(374,473)	(52,068)
Purchase of investments	(20,432,495)	(9,973,673)
Proceeds from sale of investments	6,434,700	9,405,228
Net cash flows for investing activities	(13,763,045)	(296,236)
Net increase (decrease) in cash and cash equivalents	(3,976,778)	3,405,503
Cash and Cash Equivalents, beginning of year	6,010,971	2,605,468
Cash and Cash Equivalents, end of year	\$ 2,034,193	\$ 6,010,971
Reconciliation of operating loss to net cash flows for operating activities:		
Operating loss	\$ (8,131,711)	\$ (11,848,709)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
In-kind rent contribution	2,794,633	2,693,622
Depreciation	311,518	270,228
Noncash expense - PERS contribution - State of Alaska	550,295	628,241
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources that provided (used) cash:		
Accounts receivable	(31,125)	7,611
Grants and contracts receivable	(1,087,603)	(137,091)
Prepaid items	11,364	113,086
Inventories	(21,566)	11,391
Net other postemployment benefit asset	(789,046)	(71,635)
Deferred outflows of resources related to pensions	171,711	55,171
Deferred outflows of resources related to other postemployment benefits	450,596	(157,008)
Accounts payable	(32,343)	(105,895)
Unearned revenue	7,103,359	325,035
Accrued payroll and related liabilities	(26,953)	181,352
Net pension liability	(1,577,741)	2,011,645
Net other postemployment benefits liability	(387,982)	(1,600,293)
Deferred inflows of resources related to pensions	370,603	(71,767)
Deferred inflows of resources related to other postemployment benefits	319,263	(414,845)
Net Cash Flows for Operating Activities	\$ (2,728)	\$ (8,109,861)

See accompanying notes to basic financial statements.

Ilisagvik College
(A Component Unit of the North Slope Borough, Alaska)

Notes to Basic Financial Statements
Year Ended June 30, 2021

1. Organization and Summary of Significant Accounting Policies

Organization

Ilisagvik College (the College), located in Utqiagvik, Alaska, serves an 89,000 square mile Arctic tundra region—the North Slope—which is not connected by road or rail. The region is ice-locked nine months of each year and is home to the Inupiat Eskimos. The College provides quality post-secondary academic, vocational, and technical education in a learning environment that perpetuates and strengthens Inupiat culture, language, values and traditions. The College is dedicated to providing well-educated and trained individuals who meet human resource needs to North Slope employers. As a two-year community college, the College offers associate degree, one-year certificate, and semester-long endorsement programs, as well as short-term training courses. Fields of study include accounting, allied health, office administration, business management, computer technology, heavy truck operations, construction trades, industrial safety, and Inupiat studies. Every program at the college models the local Inupiat traditions, values, and culture and also has substantial career and employment opportunities relevant to the workforce.

The College is a component unit of the North Slope Borough (the Borough). The Borough's balances are not included in the financial statements.

The financial statements also include the financial activity of Ilisagvik College Foundation (the Foundation), a blended component unit of the College. The Foundation's financial data is consolidated with the College. The Foundation is a legally separate organization from the College. Condensed combining information of the Foundation is presented in Note 13. The Foundation was established for the purpose of soliciting donations for the creation of an endowment to benefit the College and its students.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The College's financial statements are reported as an enterprise fund using the economic resources measurement focus and the accrual basis of accounting.

Revenue Recognition

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.

Operating revenues of the College consist of tuition and fees, grants and contracts, sales and services of educational activities, and auxiliary enterprise revenues. Transactions relating to capital and financing activities, noncapital financing activities, investing activities, and local appropriations are components of nonoperating income.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposit accounts and short-term investment accounts (such as certificates of deposit or money market accounts).

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Inventories

Inventories are valued at the lower of cost or market. Cost is determined by the first-in, first-out method. The cost is recorded as an expense at the time individual inventory items are consumed.

Investments

The College reports investments in marketable securities at their fair value and net unrealized gains and losses, as applicable, are included in the statement of revenues, expenses and changes in net position. Net realized gains or losses on sales of investment securities are determined on a specific identification basis.

Allowance for Doubtful Accounts

The allowance for doubtful accounts represents management's judgment as to the amount required to absorb probable credit losses in the existing accounts receivable. The factors used by management to determine the allowance required include historical loss experience, individual accounts receivable delinquencies, and other factors.

Capital Assets

Capital assets, consisting of computer equipment, heavy equipment, vehicles, furniture and fixtures and leasehold improvements, are stated at cost at the date of purchase. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire an asset with equivalent service potential in an ordinary market transaction at the acquisition date. Capital assets are defined by the College as assets with an initial unit cost of \$5,000 or more and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation has been calculated on each class of depreciable property using the straight-line method based upon estimated useful lives which range from 3 to 22 years.

Compensated Absences

The College records compensated absences as expenditures when due and payable including an accrual at year end.

Unearned Revenue

Amount received from grantor agencies and donors, which are restricted as to use and have not been expended for the intended use are shown on the Statement of Net Position as unearned revenues.

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. The College reports certain pension and OPEB items as deferred outflows of resources. These items are amortized to expense over time.

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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. The College reports certain pension and OPEB items as deferred inflows of resources. These items are amortized as a reduction of expense over time.

Pension and OPEB Liabilities and Assets

For purposes of measuring the net pension and OPEB liabilities and assets, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension/OPEB expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows in the government-wide financial statement. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Out of the unrestricted net position, the board of trustee designated \$3 million for construction of a new campus.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, deferred outflows/inflows of resources and liabilities, the disclosure of contingent assets, deferred outflows/inflows of resources and liabilities, and the reported revenues and expenses. Actual results could differ from the estimates that were assumed in preparing the financial statements.

Total Columns for 2020

The amounts shown for 2020 in the accompanying financial statements are included to provide a basis for comparison with 2020 amounts and are not intended to be a complete financial statement presentation in conformity with accounting principles generally accepted in the United States of America, accordingly, such information should be read in conjunction with the College's financial statements for year ended June 30, 2020, from which the summarized information was derived. Certain amounts in the 2020 information have been reclassified to conform to the current year information.

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Notes to Basic Financial Statements

Income Taxes

The College qualifies for tax-exemption under Section 501(c)(3) of the Internal Revenue Code as an educational organization whereby only unrelated business income, as defined by the Code, is subject to federal income tax.

2. Cash and Cash Equivalents

The College's cash and cash equivalents are held in the form of demand accounts at a commercial bank, and money market funds at another commercial bank and brokerage. Cash and cash equivalents at June 30, 2021, consist of:

Bank deposits and investments cash equivalents	\$ 2,032,333
Petty cash	1,860
Total Cash and Cash Equivalents	\$ 2,034,193

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College has no written policy with respect to limiting the custodial credit risk. At June 30, 2021, the College had \$1,437,099 of at-risk funds that were in excess of Federal Deposit Insurance Corporations or Securities Investor Protection Corporation limits for depository institutions and brokerage firms.

3. Accounts Receivable

Accounts receivable consisted of the following at June 30, 2021:

Auxiliary services and other student accounts	\$ 928,763
Less: Allowance for doubtful accounts	(426,876)
Accounts Receivable, net	\$ 501,887

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Notes to Basic Financial Statements

4. Investments

The College 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 quoted prices for similar assets or liabilities in active or inactive markets; or inputs other than quoted prices that are observed; Level 3 inputs are significant unobservable inputs.

The College has the following recurring fair value measurements as of June 30, 2021:

- Exchange traded funds of \$9,703,968 (Level 1 inputs)
- U.S. treasuries of \$15,942,734 (Level 2 inputs)
- Corporate bonds of \$2,619,644 (Level 2 inputs)
- Asset-backed securities of \$451,185 (Level 2 inputs)
- Certificate of deposits of \$235,821 (Level 1 inputs)

Included in the investment balance at June 30, 2021 is \$53,017 in accrued income.

Marketable Debt Duration

To manage its interest rate risk on marketable debt securities, the College monitors fair values periodically and routinely reviews portfolio effective duration in comparison to established benchmarks. At June 30, 2021, the effective duration by investment type, based on fair value, is as follows:

	Percent of Fixed Income Holdings	Duration (in years)
Bonds		
US treasuries	83%	0.8
Corporate bonds	14%	2.5
Asset backed securities	2%	3.3
Certificate of deposits	1%	0.3
Total Fixed Income Holdings	100%	

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

As of June 30, 2021, the College had the following investment maturities:

	Less than 1 year	1-5 years	5+ years
US treasuries	\$ 11,081,831	\$ 4,860,903	\$ -
Corporate bonds	50,639	2,569,005	-
Asset backed securities	-	451,185	-
Certificates of deposits	235,821	-	-
Total	\$ 11,368,291	\$ 7,881,093	\$ -

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Notes to Basic Financial Statements

Investment Policy

The College's general investment policy authorizes no more than 65% of the funds to be invested in equity investments, 20% in international equity, 10% in real estate investment trusts or partnerships, 25% in one industry, 5% in one entity and 60% in bonds.

Credit Risk

Generally, credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations and a loss will result. The quality ratings of the investment portfolio at June 30, 2021 are stated in the table below as a percentage of the total portfolio. U.S. Treasury securities are not considered to have credit risk and are reported as such in the table. Ratings used are S&P's rating scale unless not rated by S&P or rated lower by Moody's, in which case Moody's is used. Rate modifiers are not disclosed.

<i>Investment Type</i>	<i>Rating</i>	<i>Percentage of total</i>
Corporate securities	AA-, A+, A, A-, BBB+	14%
Asset backed securities	AAA	1%
Asset backed securities*	Aaa	1%
Certificates of deposit	Not rated	1%
US treasuries - no credit exposure	Not rated	83%
		100%

*Moody's rating

Concentration of Credit Risk

Concentration of credit is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure when the amount invested in a single issuer exceeds 5 percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government, as well as mutual funds and other pooled investments, are exempted from this requirement.

At June 30, 2021 securities in the College and Foundation had no investments in any single issuer exceeding 5 percent of total investments, other than investments in U.S. treasuries.

5. Inventories

Inventories consisted of the following at June 30, 2021:

Bookstore	\$ 110,145
Food services	43,101
Total Inventories	\$ 153,246

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6. Capital Assets

The following table presents the changes in the various capital asset categories for fiscal year 2021:

<i>Year Ended June 30, 2021</i>	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Computer equipment	\$ 619,025	\$ 559,064	\$ -	\$ 1,178,089
Furniture and fixtures	294,416	278,911	(167,642)	405,685
Heavy equipment	915,537	69,840	(95,000)	890,377
Vehicles	870,782	58,870	(111,461)	818,191
Leasehold improvements	916,524	44,884	-	961,408
Total capital assets being depreciated	3,616,284	1,011,569	(374,103)	4,253,750
Less accumulated depreciation:				
Computer equipment	331,348	70,191	-	401,539
Furniture and fixtures	270,003	18,928	(167,642)	121,289
Heavy equipment	665,245	77,141	(95,000)	647,386
Vehicles	713,350	80,546	(111,461)	682,435
Leasehold improvements	553,612	64,712	-	618,324
Total accumulated depreciation	2,533,558	311,518	(374,103)	2,470,973
Total Capital Assets, net	\$ 1,082,726	\$ 700,051	\$ -	\$ 1,782,777

Depreciation expense for the year ended June 30, 2021 was \$311,518.

7. Retirement Plans

General Information About the Plan

The College participates in the Alaska Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/dr/b/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

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The Plan provides for retirement, death and disability, and postemployment healthcare benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other postemployment benefits (OPEB). A complete benefit comparison chart is available at the website noted above.

(a) Defined Benefit (DB) Pension Plan

The PERS DB Plan was closed to new entrants effective July 1, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from a DB agent-multiple employer plan to a DB cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded “on-behalf” contribution (subject to funding availability), 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 described later in these notes. The Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

Alaska Statute 39.35.280 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan’s past service liability contribution rate as adopted by the Alaska Retirement Management Board (ARM Board). As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows of resources, and disclosures on this basis.

The College recorded the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary.

Employer and Other Contribution Rates

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

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, the amount calculated for the statutory employer effective contribution rate is 22% on eligible wages. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the DC plan. Contributions derived from the DC employee payroll is referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

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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. 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 change results in a lower ARM Board Rates than previously adopted.

State Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the proprietary funds and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition.

Contribution rates for the year ended June 30, 2021 were determined in the June 30, 2019 actuarial valuations. The College's contribution rates for the 2021 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	22.00%	26.58%	8.85%
Postemployment healthcare (ARHCT)	-%	4.27%	-%
Total Contribution Rates	22.00%	30.85%	8.85%

In 2021, the College was credited with the following contributions to the pension plan.

	Measurement Period July 1, 2019 to June 30, 2020	College Fiscal Year July 1, 2020 to June 30, 2021
Employer contributions (including DBUL)	\$ 660,839	\$ 810,894
Nonemployer contributions (on-behalf)	420,390	534,464
Total Contributions	\$ 1,081,229	\$ 1,345,358

In addition, employee contributions to the Plan totaled \$106,830 during the College's fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the College reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the College. The amount recognized by the College for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the College were as follows:

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College proportionate share of NPL	\$ 10,298,476
State's proportionate share of NPL associated with the College	4,258,262
Total Net Pension Liability	\$ 14,556,738

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 to calculate the net pension liability as of that date. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2020 measurement date, the College's proportion was 0.17452 percent, which was a decrease of 0.04243 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the College recognized pension benefit of \$1,110,377 which includes on-behalf revenue of \$550,295 for support provided by the State. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 32,669	\$ -
Net difference between projected and actual earnings on pension plan investments	419,149	-
Changes in proportion and differences between College contributions and proportionate share of contributions	-	(546,417)
College contributions subsequent to the measurement date	810,894	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 1,262,712	\$ (546,417)

The \$810,894 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,

2021	\$ (506,339)
2022	147,403
2023	155,800
2024	108,537
2025	-
Thereafter	-
Total Amortization	\$ (94,599)

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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Increases range from 6.75% to 2.75% based on service.
Allocation methodology	Amounts for the June 30, 2020 measurement date were allocated to employers based on the present value of contributions for fiscal years 2022 to 2039 to the Plan, as determined by projections based on the June 30, 2019 valuation. The liability is expected to go to zero at 2039.
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%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 health annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 40% of the time.

The actuarial assumptions used in the June 30, 2019 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

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Notes to Basic Financial Statements

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a 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 by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.36%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	6.24 %
Global equity (non-U.S.)	18%	6.67 %
Aggregate bonds	24%	(0.16)%
Opportunistic	8%	3.01 %
Real assets	13%	3.82 %
Private equity	11%	10.00 %
Cash equivalents	-%	(1.09)%

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. The discount rate used did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.38%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
College's proportionate share of the net pension liability	0.17452%	\$ 13,390,195	\$ 10,298,476	\$ 7,705,385

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Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a DC plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the DB plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/drdb/pers>.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the College contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2021 to cover a portion of the College's employer match contributions. For the year ended June 30, 2021, forfeitures reduced pension expense by \$40,597.

Employee Contribution Rate

Employees are required to contribute 8% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the year ended June 30, 2021, the College was required to contribute 5% of covered salary into the Plan.

The College and employee contributions to PERS for pensions for the year ended June 30, 2021 were \$227,462 and \$363,940, respectively. The College contribution amount was recognized as pension expense.

(c) Defined Benefit OPEB Plans

As part of its participation in PERS, the College participates in the following cost sharing multiple employer defined benefit OPEB plans: Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD).

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The ARHCT, a healthcare trust fund, provides major medical coverage to retirees of the DB plan. The ARHCT is self-funded and self-insured. The ARHCT was closed to all new members effective July 1, 2006. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The RMP is self-insured. Members are not eligible to use the Plan until they have at least 10 years of service and are Medicare age eligible. The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB plans are included in the comprehensive annual financial report for PERS, at the following website, as noted above. <http://doa.alaska.gov/dr/b/pers>.

Employer Contribution Rate

Employer contribution rates are actuarially determined and adopted by and may be amended by the Board. Employees do not contribute.

Employer contribution rates for the year ended June 30, 2021 were as follows:

Alaska Retiree Healthcare Trust	-%
Retiree Medical Plan	1.27%
Occupational Death and Disability Benefits	0.31%
Total Contribution Rates	1.58%

In 2021, the College was credited with the following contributions to the OPEB plans:

	Measurement Period	College Fiscal Year
	July 1, 2019 to June 30, 2020	July 1, 2020 to June 30, 2021
Employer contributions - ARHCT	\$ 262,968	\$ 117,594
Employer contributions - RMP	59,114	57,775
Employer contributions - ODD	11,765	-
Total Contributions	\$ 333,847	\$ 175,369

OPEB Liabilities, OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans

At June 30, 2021, the College reported an asset for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to the College. The amount recognized by the College for its proportional share, the related State proportion, and the total were as follows:

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College's proportionate share of NOA - ARHCT	\$ 790,174
College's proportionate share of NOA - ODD	70,507
Total College's Proportionate Share of Net OPEB Asset	\$ 860,681
State's proportionate share of the ARHCT NOA associated with the College	327,410
Total Net OPEB Asset	\$ 1,188,091

At June 30, 2021, the College reported a liability for its proportionate share of the net OPEB liability (NOL) associated with the College's participation in the RMP Plan. The amount recognized by the College for its proportionate share was \$22,898.

The total OPEB liabilities (asset) for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 to calculate the net OPEB liabilities (asset) as of that date. The College's proportion of the net OPEB liabilities (asset) is based on a projection of the College's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2019 Measurement Date Employer Proportion	June 30, 2020 Measurement Date Employer Proportion	Change
College's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.21699%	0.17449%	(0.04250)%
RMP	0.37166%	0.32282%	(0.04884)%
ODD	0.29546%	0.25865%	(0.03681)%

For the year ended June 30, 2021, the College recognized OPEB benefit of \$278,491. Of this amount, \$210,697 was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense and on-behalf revenue is listed by plan in the table below:

<i>Plan</i>	<i>OPEB expense (benefit)</i>	<i>On-behalf revenue</i>
ARHCT	\$ (397,477)	\$ (210,697)
RMP	112,203	-
ODD	6,783	-
Total	\$ (278,491)	\$ (210,697)

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Notes to Basic Financial Statements

At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>Deferred Outflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ -	\$ 119	\$ -	\$ 119
Changes in assumptions	-	32,158	-	32,158
Difference between projected and actual investment earnings	317,039	10,253	2,418	329,710
Changes in proportion and differences between College contributions and proportionate share of contributions	6,986	438	16,271	23,695
College contributions subsequent to the measurement date	117,594	57,775	-	175,369
Total Deferred Outflows of Resources Related to OPEB Plans	\$ 441,619	\$ 100,743	\$ 18,689	\$ 561,051
<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (63,390)	\$ (4,921)	\$ (23,657)	\$ (91,968)
Changes in assumptions	(550,798)	(59,196)	(1,033)	(611,027)
Changes in proportion and differences between College contributions and proportionate share of contributions	-	(8,942)	(2,233)	(11,175)
Total Deferred Inflows of Resources Related to OPEB Plans	\$ (614,188)	\$ (73,059)	\$ (26,923)	\$ (714,170)

Amounts reported as deferred outflows of resources related to OPEB plans resulting from College contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year Ending June 30,</i>	ARHCT	RMP	ODD	Total
2022	\$ (609,750)	\$ (3,784)	\$ (1,532)	\$ (615,066)
2023	112,848	(1,738)	(959)	110,151
2024	121,168	(1,774)	(947)	118,447
2025	85,571	(2,557)	(1,139)	81,875
2026	-	(5,026)	(1,749)	(6,775)
Thereafter	-	(15,212)	(1,908)	(17,120)
Total Amortization	\$ (290,163)	\$ (30,091)	\$ (8,234)	\$ (328,488)

Ilisagvik College
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Notes to Basic Financial Statements

Actuarial Assumptions

The total OPEB liability for each plan for the measurement period ended June 30, 2020 was determined by actuarial valuations as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2020:

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Graded by service from 6.75% to 2.75% for all others.
Allocation methodology	Amounts for the June 30, 2020 measurement date were allocated to employers based on the present value of contributions for fiscal years 2022 to 2039 to the Plan, as determined by projections based on the June 30, 2019 valuation.
Investment return of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 health annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 40% of the time.
Participation (ARHCT)	100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 20% of non-system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

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The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020.
3. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax.
4. The amounts included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare 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 by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.36% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	6.24 %
Global equity (non-U.S.)	18%	6.67 %
Aggregate bonds	24%	(0.16)%
Opportunistic	8%	3.01 %
Real assets	13%	3.82 %
Private equity	11%	10.00 %
Cash equivalents	-%	(1.09)%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2020 was 7.38%. This discount rate used did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position or each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

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Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the College's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.38%, as well as what the College's proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
College's proportionate share of the net OPEB liability (asset):				
ARHCT	0.17449%	\$ 824,530	\$ (790,174)	\$ (2,127,627)
RMP	0.32282%	\$ 141,855	\$ 22,898	\$ (67,147)
ODD	0.25865%	\$ (66,255)	\$ (70,507)	\$ (73,906)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the College's proportionate share of the net OPEB liability (asset) calculated using the healthcare cost trend rates as summarized in the 2020 actuarial valuation reports as well as what the College's proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
College's proportionate share of the net OPEB liability (asset):				
ARHCT	0.17449%	\$ (2,284,441)	\$ (790,174)	\$ 1,019,297
RMP	0.32282%	\$ (80,344)	\$ 22,898	\$ 163,329
ODD	0.25865%	\$ n/a	\$ n/a	\$ n/a

OPEB Plan Fiduciary Net Position

Detailed information about each OPEB plan's fiduciary net position is available in the separately issued PERS financial report.

(d) Defined Contribution OPEB Plans

PERS DC Pension Plan participants (PERS Tier IV) also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan allows for medical care expense to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006 at which time contributions by employers began.

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Contribution Rate

AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of *all employees of all employers* in the plan”. As of July 1, 2020, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,159 per year for each full-time employee, and \$1.38 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2021, the College contributed \$121,329 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

8. Note Payable from Direct Borrowing

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief and Economic Security (CARES) Act.” It appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. In April 2020, the College obtained \$1,981,787 in PPP loans.

During fiscal year 2021 the College obtained a loan forgiveness from SBA and recorded the forgiven amount as part of nonoperating revenues.

Notes payable from direct borrowing are as following:

	Balance July 1, 2020	Additions	Retired	Balance June 30, 2021	Due Within One Year
Loans payable:					
Northrim Bank Loan #9300002350, interest of 1% annum to accrue instantly with monthly principal payments to begin 180 days after date of note	\$ 1,981,787	\$	- \$ (1,981,787)	\$	- \$ -
Total	\$ 1,981,787	\$	- \$ (1,981,787)	\$	- \$ -

9. Compensated Absences

The College records compensated absences as expenditures when due and payable including an accrual at year end. The following schedule shows the changes in accrued leave for the year ended June 30, 2021.

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	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Accrued leave	\$ 570,965	\$ 773,456	\$ 850,918	\$ 493,503	\$ 493,503

10. Support from Primary Government

As discussed in Note 1, the College is a component unit of the North Slope Borough. The College received \$10,128,837 in appropriations from the Borough during the year ended June 30, 2021. Additionally, the College's campus is leased from Ukeagvik Inupiat Corporation (UIC) by the Borough under a long-term agreement. Annual lease payments under this agreement are \$2,794,633. Lease payments are adjusted annually. This amount has been recorded in these financial statements as an in-kind rent contribution and rent expense.

Of total revenues received by the College, approximately 49% was derived from the Borough.

11. Risk Management

The College faces a considerable number of risks of loss, including: (a) damage and loss of property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) workers' compensation, i.e. employee injuries, and (f) medical insurance costs of employees. The College maintains property and general liability, errors and omissions, automobile and worker's compensation insurance to help mitigate the potential liabilities.

Medical Insurance Plan

The College participates in a self-insured health insurance plan. The College 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 College's liability for individual and aggregate claims. Stop-loss limits were \$35,000 for individual claims. Health and medical expense was \$1,968,643 for the year ended June 30, 2021 and consisted of paid claims, stop-loss premiums, and administrative fees. Accruals were made based upon estimates of the health claims at year end including claims incurred but not reported.

Changes in the balances of the claims liabilities for the years ending June 30, 2021 and 2020 are as follows:

	Balance at Beginning of Year	Claims Expense	Claims Paid	Balance at End of Year
2020 Health Insurance	\$ 97,678	\$ 1,077,400	\$ 1,013,040	\$ 162,038
2021 Health Insurance	\$ 162,038	\$ 1,294,022	\$ 1,245,370	\$ 210,690

The health insurance liability is included under the caption accrued payroll and related liabilities in the financial statements.

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Notes to Basic Financial Statements

12. Contingencies and Uncertainties

The Borough and federal grants constitute the major revenue source for the College without which the College would not be able to operate. The funding provided by the Borough is contingent on the Borough Assembly approval on an annual basis. Significant changes in these revenue sources could have a material effect on the operations of the College.

Amounts received or receivable from the 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, would become a liability to the College.

The College, from time-to-time may be a participant in legal proceedings related to the conduct of its business. In the normal course of business, it also has various commitments and contingent liabilities, which are not reflected in the accompanying financial statements. In the opinion of management, the financial position of the College will not be materially affected by any other current legal proceedings, commitments or contingent liabilities.

COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the College’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the College is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021. The College is dependent upon its workforce to deliver its services. Developments such as social distancing and shelter-in-place directives will impact the College’s ability to deploy its workforce effectively. While expected to be temporary, prolonged workforce disruptions may negatively impact the College’s services. Furthermore, adverse economic effects of the COVID-19 outbreak may decrease the College’s student enrollment which could result in decrease in Federal and state funding.

Although the College cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the College’s results of future operations, financial position, and liquidity in fiscal year 2022.

As part of the U.S. federal government response to COVID-19 pandemic, during fiscal year 2021 the College received approximately \$10.3 million through various grant awards. Approximately \$7.3 million of this amount is reported as unearned revenue and available for the College in fiscal year 2022.

During fiscal year 2021 the College obtained a loan forgiveness from SBA and recorded the forgiven amount as part of nonoperating revenues in the amount of \$1,981,787. Please see Note 8 for more details.

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Notes to Basic Financial Statements

13. Ilisagvik College Foundation

In August 2004, the College formed Ilisagvik College Foundation (the Foundation). The purpose of the Foundation is to operate an endowment fund for the benefit of the College, and to solicit, receive, hold, invest and administer property for and on behalf of the College. Title III funds were matched dollar for dollar by the College for a total of \$364,868, which was transferred to the Foundation then invested in additional investments in 2020. During the grant period, the College cannot withdraw or spend any of the corpus money put into the endowment. The contributed amounts are presented as restricted net position. At the end the 20-year period, the College can use the endowment corpus for any educational purpose and the amounts are released from restriction.

Condensed Statement of Net Position

<u>June 30, 2021</u>	College	Foundation	Total
Assets			
Current assets	\$ 23,401,515	\$ 10,469,806	\$ 33,871,321
Net other postemployment benefit asset	860,681	-	860,681
Capital assets, net of accumulated depreciation	1,782,777	-	1,782,777
 Total assets	 26,044,973	 10,469,806	 36,514,779
Deferred outflows of resources	1,823,763	-	1,823,763
 Total Assets and Deferred Outflows of Resources	 \$ 27,868,736	 \$ 10,469,806	 \$ 38,338,542
 Liabilities			
Current liabilities	\$ 9,086,748	\$ -	\$ 9,086,748
Noncurrent liabilities	10,321,374	-	10,321,374
 Total liabilities	 19,408,122	 -	 19,408,122
Deferred inflows of resources	1,260,587	-	1,260,587
 Net position:			
Investment in capital assets	1,782,777	-	1,782,777
Restricted for foundation	-	4,364,868	4,364,868
Unrestricted	5,417,250	6,104,938	11,522,188
 Total Liabilities, Deferred Inflows of Resources and Net Position	 \$ 27,868,736	 \$ 10,469,806	 \$ 38,338,542

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Notes to Basic Financial Statements

Condensed Statement of Revenues, Expenses and Changes in Net Position

<u>June 30, 2021</u>	College	Foundation	Total
Operating revenues	\$ 8,161,033	\$ -	\$ 8,161,033
Operating expenses:			
Depreciation	311,518	-	311,518
All other operating expenses	15,981,226	-	15,981,226
Total operating expenses	16,292,744	-	16,292,744
Total operating loss	(8,131,711)	-	(8,131,711)
Nonoperating revenues:			
Investment income (loss), net of fees	(4,123)	2,262,587	2,258,464
All other nonoperating revenues	16,109,517	17,762	16,127,279
Total nonoperating revenues	16,105,394	2,280,349	18,385,743
Transfer in (out)	(364,868)	364,868	-
Change in net position	7,608,815	2,645,217	10,254,032
Net Position, beginning of year	(408,788)	7,824,589	7,415,801
Net Position, end of year	\$ 7,200,027	\$ 10,469,806	\$ 17,669,833

Condensed Statement of Cash Flows

<u>June 30, 2021</u>	College	Foundation	Total
Net cash from (for):			
Operating activities	\$ (2,728)	\$ -	\$ (2,728)
Noncapital financing activities	10,417,934	382,630	10,800,564
Capital and related financing activities	(1,011,569)	-	(1,011,569)
Investing activities	(14,098,711)	335,666	(13,763,045)
Net change in cash and cash equivalents	(4,695,074)	718,296	(3,976,778)
Cash and Cash Equivalents, beginning of year	5,917,166	93,805	6,010,971
Cash and Cash Equivalents, end of year	\$ 1,222,092	\$ 812,101	\$ 2,034,193

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Notes to Basic Financial Statements

14. Related-Party Transactions

At June 30, 2021, related parties of the College consisted of its trustees and the following:

- Arctic Slope Regional Corporation (ASRC) - One of the Board of Trustees seats at the College is reserved for ASRC representation.
- Ukpukpuk Inupiat Corporation (UIC) - Owns the NARL Campus that the College occupies and gives support in the form of scholarships.
- North Slope Borough - Primary Government that provides the majority of the College's revenues (See note 9).

15. New Accounting Pronouncements

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates (effective dates adjusted for the issuance of GASB 95). Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB Statement No. 87 - Leases - Effective for year-end June 30, 2022, This Statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period - Effective for year-end June 30, 2022. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

GASB Statement No. 91 - Conduit Debt Obligations - Effective for year-end June 30, 2023. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This Statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

GASB Statement No. 92 - Omnibus 2020 - Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for year-end June 30, 2022. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement No. 84 to postemployment benefit arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments.

GASB Statement No. 93 - Replacement of Interbank Offered Rates - The provisions of this Statement, except for paragraph 11b, are required to be implemented for year-end June 30, 2022. The requirements in paragraph 11b are required to be implemented for year-end June 30, 2023. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

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GASB Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements - Effective for year-end June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APA).

GASB Statement No. 96 - Subscription-Based Information Technology Arrangements - Effective for year-end June 30, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA.

GASB Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - Effective for year-end June 30, 2022, except the portion of the pronouncement related to component unit criteria, which is effective for year-end June 30, 2020. This statement modifies certain guidance contained in Statement No. 84 and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Required Supplementary Information

Ilisagvik College
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Public Employees' Retirement System - Pension Plan

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

<i>Years Ended June 30,</i>	2021	2020	2019	2018	2017	2016	2015
College's Proportion of the Net Pension Liability	0.17452%	0.21695%	0.19852%	0.17235%	0.21470%	0.16028%	0.11820%
College's Proportionate Share of the Net Pension Liability	\$ 10,298,476	\$ 11,876,217	\$ 9,864,572	\$ 8,909,741	\$ 12,000,990	\$ 7,773,451	\$ 5,513,536
State of Alaska Proportionate Share of the Net Pension Liability	4,258,262	4,717,885	2,854,982	12,226,994	13,509,713	9,853,657	10,771,880
Total Net Pension Liability	14,556,738	16,594,102	12,719,554	21,136,735	25,510,703	17,627,108	16,285,416
College's Covered Payroll	6,136,557	6,374,522	6,315,175	5,824,108	5,611,634	5,453,307	5,475,216
College's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	167.82%	186.31%	156.20%	152.98%	213.86%	142.55%	100.70%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%	63.37%

Schedule of College Contributions

<i>Years Ended June 30,</i>	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 810,894	\$ 660,839	\$ 717,640	\$ 744,175	\$ 586,407	\$ 487,530	\$ 45,300
Contributions Relative to the Contractually Required Contribution	810,894	660,839	717,640	744,175	586,407	487,530	45,300
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's Covered Payroll	6,937,140	6,136,557	6,374,522	6,315,175	5,824,108	5,611,634	543,307
Contributions as a Percentage of Covered Payroll	11.69%	10.77%	11.26%	11.78%	10.07%	8.69%	8.34%

See accompanying notes to Required Supplementary Information.

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Public Employees' Retirement System - OPEB Plans

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

Years Ended June 30,	ARHCT				RMP				ODD			
	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018
College's Proportion of the Net OPEB Liability (Asset)	0.1744%	0.2169%	0.19861%	0.00173%	0.32282%	0.37166%	0.40513%	0.00397%	0.25865%	0.29546%	0.40513%	0.00397%
College's Proportionate Share of the Net OPEB Liability (Asset)	\$ (790,174)	\$ 321,964	\$ 2,038,305	\$ 1,457,044	\$ 22,898	\$ 88,916	\$ 51,553	\$ 20,689	\$ (70,507)	\$ (71,635)	\$ (78,685)	\$ (56,291)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	(327,410)	128,030	590,323	-	-	-	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (1,117,584)	\$ 449,994	\$ 2,628,628	\$ 1,457,044	\$ 22,898	\$ 88,916	\$ 51,553	\$ 20,689	\$ (70,507)	\$ (71,635)	\$ (78,685)	\$ (56,291)
College's Covered Payroll	6,136,557	6,374,522	6,315,175	5,824,108	6,136,557	6,374,522	6,315,175	5,824,108	6,136,557	6,374,522	6,315,175	5,824,108
College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-12.88%	5.05%	32.28%	25.02%	0.37%	1.39%	0.82%	0.36%	-1.15%	-1.12%	-1.25%	-0.97%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	106.15%	98.13%	88.12%	89.91%	95.23%	83.17%	88.71%	93.98%	283.80%	297.43%	270.62%	212.97%

Schedule of College Contributions

Years Ended June 30,	ARHCT				RMP				ODD			
	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018
Contractually Required Contributions	\$ 117,594	\$ 262,968	\$ 259,063	\$ 209,465	\$ 57,775	\$ 59,114	\$ 43,615	\$ 7,336	-	\$ 11,765	\$ 12,064	\$ 47,229
Contributions Relative to the Contractually Required Contribution	\$ 117,594	\$ 262,968	\$ 259,063	\$ 209,465	\$ 57,775	\$ 59,114	\$ 43,615	\$ 7,336	-	\$ 11,765	\$ 12,064	\$ 47,229
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's Covered Payroll	\$ 1,782,599	\$ 1,576,877	\$ 1,638,026	\$ 1,622,776	\$ 5,154,542	\$ 4,559,680	\$ 4,736,496	\$ 4,692,399	\$ 5,154,542	\$ 4,559,680	\$ 4,736,496	\$ 4,692,399
Contributions as a Percentage of Covered Payroll	6.60%	16.68%	15.82%	12.91%	1.12%	1.30%	0.92%	0.16%	0.00%	0.26%	0.25%	1.01%

See accompanying notes to Required Supplementary Information.

Ilisagvik College
(A Component Unit of the North Slope Borough, Alaska)

Notes to Required Supplementary Information

1. Public Employees' Retirement System Pension Plan

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

This table is presented based on the Plan measurement date. For June 30, 2021, the Plan measurement date is June 30, 2020.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2019 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

In 2020, the discount rate was lowered from 8% to 7.38%.

Amounts reported reflect a change in assumptions between 2016 and 2017 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

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

2. Public Employees' Retirement System OPEB Plans

Schedule of the College's Proportionate Share of the Net OPEB Asset and Liability

This table is presented based on the Plan measurement date. For June 30, 2021, the Plan measurement date is June 30, 2020.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020.
3. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax.
4. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets

Ilisagvik College
(A Component Unit of the North Slope Borough, Alaska)

Notes to Required Supplementary Information, Continued

In 2020, the discount rate was lowered from 8% to 7.38%.

In 2020, an Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in largest projected subsidies to offset the cost of prescription drug coverage.

GASB requires ten years of information be presented. However, until a full 10 years of information is available, the College will present only those years for which information is available.

Schedule of College Contributions

This table is based on the College's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

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

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Additional Supplementary Information

Ilisagvik College
(A Component Unit of the North Slope Borough, Alaska)

Combining Statement of Net Position

June 30, 2021	Ilisagvik College	Ilisagvik College Foundation	Total
Assets and Deferred Outflows of Resources			
Current Assets			
Cash and cash equivalents	\$ 1,222,092	\$ 812,101	\$ 2,034,193
Investments	19,295,647	9,657,705	28,953,352
Accounts receivable, net	501,887	-	501,887
Grants and contracts receivable	2,030,761	-	2,030,761
Prepaid items	197,882	-	197,882
Inventories	153,246	-	153,246
Total Current Assets	23,401,515	10,469,806	33,871,321
Noncurrent Assets			
Capital assets, net of accumulated depreciation	1,782,777	-	1,782,777
Net other postemployment benefits assets	860,681	-	860,681
Total Noncurrent Assets	2,643,458	-	2,643,458
Total Assets	26,044,973	10,469,806	36,514,779
Deferred Outflows of Resources			
Pension related	1,262,712	-	1,262,712
Other postemployment benefits related	561,051	-	561,051
Total Deferred Outflows of Resources	1,823,763	-	1,823,763
Total Assets and Deferred Outflows of Resources	\$ 27,868,736	\$ 10,469,806	\$ 38,338,542
Liabilities, Deferred Inflows of Resources, and Net Position			
Current Liabilities			
Accounts payable	\$ 286,731	\$ -	\$ 286,731
Unearned revenue	8,047,357	-	8,047,357
Accrued payroll and related liabilities	752,660	-	752,660
Total Current Liabilities	9,086,748	-	9,086,748
Noncurrent Liabilities			
Net pension liability	10,298,476	-	10,298,476
Net other postemployment benefits liability	22,898	-	22,898
Total Noncurrent Liabilities	10,321,374	-	10,321,374
Total Liabilities	19,408,122	-	19,408,122
Deferred Inflows of Resources			
Pension related	546,417	-	546,417
Other postemployment benefits related	714,170	-	714,170
Total Deferred Inflows of Resources	1,260,587	-	1,260,587
Net Position			
Investment in capital assets	1,782,777	-	1,782,777
Restricted for foundation	-	4,364,868	4,364,868
Unrestricted	5,417,250	6,104,938	11,522,188
Total Net Position	7,200,027	10,469,806	17,669,833
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 27,868,736	\$ 10,469,806	\$ 38,338,542

Ilisagvik College
(A Component Unit of the North Slope Borough, Alaska)

Combining Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2021	Ilisagvik College	Ilisagvik College Foundation	Total
Operating Revenues			
Tuition and fees, net of scholarships	\$ 405,853	\$ -	\$ 405,853
Auxiliary enterprises revenue	398,792	-	398,792
Intergovernmental grants	7,220,098	-	7,220,098
Contracts	4,162	-	4,162
Other operating revenues	132,128	-	132,128
Total Operating Revenues	8,161,033	-	8,161,033
Operating Expenses			
Instruction	4,110,159	-	4,110,159
Institution	4,613,602	-	4,613,602
Auxiliary enterprises	135,057	-	135,057
Academic support	1,852,051	-	1,852,051
Operations and maintenance	3,949,063	-	3,949,063
Student services	1,321,294	-	1,321,294
Depreciation	311,518	-	311,518
Total Operating Expenses	16,292,744	-	16,292,744
Operating loss	(8,131,711)	-	(8,131,711)
Nonoperating Revenues			
Contribution from North Slope Borough	10,128,837	-	10,128,837
In-kind rent contribution	2,794,633	-	2,794,633
Private grants and gifts	653,965	17,762	671,727
PERS on-behalf - State of Alaska	550,295	-	550,295
Investment income (loss)	(4,123)	2,262,587	2,258,464
PPP loan forgiveness	1,981,787	-	1,981,787
Total Nonoperating Revenues	16,105,394	2,280,349	18,385,743
Income before transfers	7,973,683	2,280,349	10,254,032
Transfers in (out)	(364,868)	364,868	-
Change in net position	7,608,815	2,645,217	10,254,032
Net Position, beginning of year	(408,788)	7,824,589	7,415,801
Net Position, end of year	\$ 7,200,027	\$ 10,469,806	\$ 17,669,833

Ilisagvik College
(A Component Unit of the North Slope Borough, Alaska)
Combining Statement of Cash Flows

Year Ended June 30, 2021	Ilisagvik College	Ilisagvik College Foundation	Total
Cash Flows for Operating Activities			
Provided from tuition and fees	\$ 405,853	\$ -	\$ 405,853
Provided from grants and contracts	13,240,016	-	13,240,016
Provided from sales and services	499,795	-	499,795
Paid to suppliers	(3,529,636)	-	(3,529,636)
Paid to employees for payroll and benefits	(10,618,756)	-	(10,618,756)
Net cash flows for operating activities	(2,728)	-	(2,728)
Cash Flows from Noncapital Financing Activities			
Transfers in (out)	(364,868)	364,868	-
Received from North Slope Borough	10,128,837	-	10,128,837
Received from private grants and gifts	653,965	17,762	671,727
Net cash flows from noncapital financing activities	10,417,934	382,630	10,800,564
Cash Flows for Capital and Related Financing Activities			
Purchase of property and equipment	(1,011,569)	-	(1,011,569)
Cash Flows from (for) Investing Activities			
Investment income (loss)	(4,123)	2,262,587	2,258,464
Unrealized loss (gains)	135,995	(1,785,236)	(1,649,241)
Realized gains	(2,879)	(371,594)	(374,473)
Purchase of investments	(18,460,569)	(1,971,926)	(20,432,495)
Proceeds from sale of investments	4,232,865	2,201,835	6,434,700
Net cash flows from (for) investing activities	(14,098,711)	335,666	(13,763,045)
Net increase (decrease) in cash and cash equivalents	(4,695,074)	718,296	(3,976,778)
Cash and Cash Equivalents, beginning of year	5,917,166	93,805	6,010,971
Cash and Cash Equivalents, end of year	\$ 1,222,092	\$ 812,101	\$ 2,034,193
Reconciliation of operating loss to net cash for operating activities:			
Operating loss	\$ (8,131,711)	\$ -	\$ (8,131,711)
Adjustments to reconcile operating loss to net cash for operating activities:			
In-kind rent contribution	2,794,633	-	2,794,633
Depreciation	311,518	-	311,518
Noncash expense - PERS contribution - State of Alaska	550,295	-	550,295
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources that provided (used) cash:			
Accounts receivable	(31,125)	-	(31,125)
Grants and contracts receivable	(1,087,603)	-	(1,087,603)
Prepaid items	11,364	-	11,364
Inventories	(21,566)	-	(21,566)
Net other postemployment benefit asset	(789,046)	-	(789,046)
Deferred outflows of resources related to pensions	171,711	-	171,711
Deferred outflows of resources related to other postemployment benefits	450,596	-	450,596
Accounts payable	(32,343)	-	(32,343)
Unearned revenue	7,103,359	-	7,103,359
Accrued payroll and related liabilities	(26,953)	-	(26,953)
Net pension liability	(1,577,741)	-	(1,577,741)
Net other postemployment benefits liability	(387,982)	-	(387,982)
Deferred inflows of resources related to pensions	370,603	-	370,603
Deferred inflows of resources related to other postemployment benefits	319,263	-	319,263
Net Cash Flows for Operating Activities	\$ (2,728)	\$ -	\$ (2,728)

Ilisagvik College
(A Component Unit of the North Slope Borough, Alaska)

Schedule of Functional Expenses

<i>Year Ended June 30, 2021</i>	Salaries and Benefits	Services	Supplies	Facilities	Travel	Other	Totals
Instruction	\$ 3,811,577	\$ 87,206	\$ 127,597	\$ 16,499	\$ 39,505	\$ 27,775	\$ 4,110,159
Institution	2,881,568	538,139	421,794	26,974	53,160	691,967	4,613,602
Auxiliary enterprises	95,684	3,332	35,523	-	-	518	135,057
Academic support	1,283,187	97,030	470,120	-	1,233	481	1,852,051
Operations and maintenance	469,638	8,347	36,626	3,434,046	-	406	3,949,063
Student services	1,157,848	150	67,146	28,249	44,978	22,923	1,321,294
Depreciation	-	-	-	-	-	311,518	311,518
Totals	\$ 9,699,502	\$ 734,204	\$ 1,158,806	\$ 3,505,768	\$ 138,876	\$ 1,055,588	\$ 16,292,744

Ilisagvik College
(A Component Unit of the North Slope Borough, Alaska)

Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2021

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Direct:				
Tribal Colleges Education Equity Grants	10.221		\$ -	\$ 71,835
New Beginnings for Tribal Students	10.527		-	13,807
Tribal Colleges Endowment Program	10.222		-	71,708
Cooperative Extension Service	10.500		-	34,707
Community Facilities Loans and Grants Cluster				
Community Facilities Loans and Grants	10.766		-	140,089
Total U.S. Department of Agriculture			-	332,146
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Passed through Arctic Slope Regional Corporation:				
Native American and Native Hawaiian Library Services	45.311	NAB-246487-OLS-20	-	73,286
Total Institute Of Museum And Library Services			-	73,286
U.S. DEPARTMENT OF EDUCATION				
Direct:				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007		-	38,191
Federal Pell Grant Program	84.063		-	86,491
Total Student Financial Assistance Cluster			-	124,682
Higher Education Institutional Aid	84.031		-	1,416,709
COVID-19 Education Stabilization Fund Section 2				
Higher Education Emergency Relief Fund (HEERF)				
HEERF Student Aid Portion	84.425E		-	18,403
HEERF Institutional Portion	84.425F		-	42,574
HEERF Tribally Controlled Colleges and Universities	84.425K		-	1,598,283
Total Education Stabilization Fund			-	1,659,260
Passed through Alaska Department of Labor and Workforce Development				
Adult Education - Basic Grant to States	84.002	V002A170002	-	43,266
Passed through Alaska Department of Education and Early Development				
Career and Technical Education - Basic Grants to States	84.048	EL 21.124.01	-	154,800
Direct - Alaska Native Education Programs	84.356		-	202,982
Portion Passed through Arctic Slope Native Association:				
Alaska Native Education Programs	84.356	S356A180018	-	21,099
Total Alaska Native Education Programs			-	224,081
Total U.S. Department of Education			-	3,622,798

Ilisagvik College
(A Component Unit of the North Slope Borough, Alaska)

Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2021

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the American Indian Higher Education Consortium - Demonstration Projects for Indian Health	93.933	U261IHS0083-01	\$ -	\$ 1,143
Direct - Native American Programs	93.612		-	315,822
Total U.S. Department of Health and Human Services			-	316,965
U.S. DEPARTMENT OF THE INTERIOR				
Direct:				
Assistance to Tribally Controlled Community Colleges and Universities	15.027		-	1,104,803
COVID-19 Assistance to Tribally Controlled Community Colleges and Universities	15.027		-	581,061
Total Assistance to Tribally Controlled Community Colleges and Universities			-	1,685,864
Youth Engagement, Education, and Employment	15.676		-	86,420
COVID-19 Bureau of Indian Affairs - DOI CARES Act Funds Assistance to Tribally Controlled Colleges	15.164		-	225,257
Total U.S. Department of Interior			-	1,997,541
U.S. NATIONAL SCIENCE FOUNDATION				
Direct:				
Education and Human Resources	47.076		-	2,768
Social, Behavioral, and Economic Sciences	47.075		-	73,524
Total U.S. National Science Foundation			-	76,292
Total Expenditures of Federal Awards			\$ -	\$ 6,419,028

The accompanying notes are an integral part of this schedule.

Ilisagvik College
(A Component Unit of the North Slope Borough, Alaska)

Schedule of State Financial Assistance
for the Year Ended June 30, 2021

State Agency/Program Title	Award Number	Passed through to Subrecipients	State Expenditures
Department of Administration			
* PERS on-behalf	2021	\$ -	<u>\$ 534,464</u>
Department of Education and Early Development			
Public Library Assistance	PLA-18-036-01	-	56,000
Alaska State Library	N/A	- <u> </u>	<u>11,719</u>
Total Department of Education and Early Development		- <u> </u>	<u>67,719</u>
Department of Labor and Workforce Development			
* Alaska Adult Education Program	PO3: TBD	- <u> </u>	<u>93,651</u>
* Technical Vocational Education Program	TVEP-FY2021	- <u> </u>	<u>639,700</u>
Total Department of Labor and Workforce Development		- <u> </u>	<u>733,351</u>
Total State Financial Assistance		\$ -	<u>\$ 1,335,534</u>

* Denotes a state major program

The accompanying notes are an integral part of this schedule.

Ilisagvik College
(A Component Unit of the North Slope Borough, Alaska)

**Notes to Schedules of Expenditures of Federal Awards
and State Financial Assistance**
For the Year Ended June 30, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and schedule of state financial assistance (the “Schedules”) includes the state and federal award activity of Ilisagvik College under programs of the federal and state governments for the year ended June 30, 2021. The information in these schedules 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) and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedules present only a selected portion of the operations of Ilisagvik College, it is not intended to and does not present the financial position, changes in financial position or cash flows of Ilisagvik College.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable the cost principles contained in the Uniform Guidance, or the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Costs

The College has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. PERS On-Behalf

The College has recorded \$534,464 in PERS On-Behalf payments in the Schedule of State Financial Assistance. This represents the PERS relief payment appropriated and transferred into the Plan during FY 2021.

GASB 68 provisions prescribe that on-behalf pension contributions in a special funding situation may only be recognized during the measurement period in which the plan recognizes the contributions, effectively creating a one-year timing difference between the cash contribution and revenue and expense recognition by the College.

As a result of these perspective and timing differences, amounts reported in the financial statements do not agree to the amounts reported on the Schedule of State Financial Assistance.

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Single Audit Reports



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Independent Auditor's 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*

Board of Trustees
Ilisagvik College
Utqiāġvik, 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 Ilisagvik College as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Ilisagvik College's basic financial statements, and have issued our report thereon dated October 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ilisagvik College'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ilisagvik College's internal control. Accordingly, we do not express an opinion on the effectiveness of Ilisagvik College'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 Ilisagvik College's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

BDO USA, LLP

Anchorage, Alaska
October 29, 2021



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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Ilisagvik College
Utqiāġvik, Alaska

Report on Compliance

Opinion on Compliance for Each Major Federal Program

We have audited Ilisagvik College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ilisagvik College's major federal programs for the year ended June 30, 2021. Ilisagvik College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Ilisagvik College 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, 2021.

Basis for Opinion

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

We are required to be independent of Ilisagvik College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of Ilisagvik College's compliance with the types of compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

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

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

BDO USA, LLP

Anchorage, Alaska
October 29, 2021



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**Independent Auditor's 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***

Board of Trustees
Ilisagvik College
Utqiāġvik, Alaska

Report on Compliance

Opinion on Compliance for Each Major State Program

We have audited Ilisagvik College's (the College) 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 Ilisagvik College's major state programs for the year ended June 30, 2021. Ilisagvik College's major state programs are identified in the accompanying Schedule of State Financial Assistance.

In our opinion, Ilisagvik College 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, 2021.

Basis for Opinion

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

We are required to be independent of Ilisagvik College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of Ilisagvik College's compliance with the types of compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, we:

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

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

Report on Internal Control Over Compliance

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

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

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

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

BDO USA, LLP

Anchorage, Alaska
October 29, 2021

Ilisagvik College
(A Component Unit of the North Slope Borough, Alaska)

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> X (none reported)
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> X (none reported)

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

Identification of major federal programs:

Assistance

	<i>Listing Number Name of Federal Program or Cluster</i>	<i>Agency</i>
15.027	Assistance to Tribally Controlled Community Colleges and Universities	U.S. Department of the Interior
15.164	COVID-19 Bureau of Indian Affairs - CARES Act Funds Assistance to Tribally Controlled Colleges	U.S. Department of the Interior
84.425	COVID-19 Education Stabilization Fund Section 2 Higher Education Emergency Relief Fund (HEERF)	U.S. Department of Education

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

Auditee qualified as low-risk auditee? yes no

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> X (none reported)

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

Unmodified

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

Ilisagvik College
(A Component Unit of the North Slope Borough, Alaska)

Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2021

**Section II - Financial Statement Findings Required to be Reported in Accordance with
*Governmental Auditing Standards***

There were no findings related to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516(a)) that are required to be reported.

Section IV - State Award Findings and Questioned Costs

There were no findings and questioned costs for State awards (as defined in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*) that are required to be reported.