



**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, 2022

## **Ilisagvik College**

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

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Basic Financial Statements, Required Supplementary Information,  
Additional Supplementary Information  
and Single Audit Reports  
Year Ended June 30, 2022

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

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

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## **Independent Auditor's Report**

Board of Trustees  
Ilisagvik College  
Utqiagvik, 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, 2022, 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, 2022, 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 the 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 opinions.

#### ***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 the Ilisagvik College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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### ***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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedules of Net Pension Liability, Pension Contributions, Net Other Postemployment Benefit Liability (Asset), and Other Postemployment Benefits Contributions 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.

### ***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, and 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* are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, Schedule of Functional Expenses, and the Schedule of Expenditures of Federal Awards 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, 2021, 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 21, 2022 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 21, 2022

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## **Management's Discussion and Analysis**

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

**Management's Discussion and Analysis**  
*June 30, 2022*

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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, 2022, with comparisons for June 30, 2021 and 2020. 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 2022, the College's net position increased by \$4,012,751 over the prior year, leaving a balance in net position at year-end of \$21,682,584, with \$14,644,402 unrestricted. The amount of unrestricted net position as of June 30, 2022 will allow the College to maintain a total of approximately nine months of operating expenses (which are currently ~\$1.6 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 Governmental 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, noncapital financing, capital, and investing activities.

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

**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 2022	Fiscal Year 2021	Fiscal Year 2020
Current assets	\$ 34,211,060	\$ 33,871,321	\$ 20,697,660
Capital assets (net of accumulated depreciation)	2,248,446	1,782,777	1,082,726
Net other postemployment benefit asset	6,114,500	860,681	71,635
<b>Total assets</b>	<b>42,574,006</b>	<b>36,514,779</b>	<b>21,852,021</b>
Deferred outflows of resources	1,464,295	1,823,763	2,446,070
Current liabilities	(7,265,246)	(9,086,748)	(2,879,832)
Noncurrent liabilities	(8,421,334)	(10,321,374)	(13,431,737)
Deferred inflows of resources	(6,669,137)	(1,260,587)	(570,721)
<b>Net position</b>	<b>\$ 21,682,584</b>	<b>\$ 17,669,833</b>	<b>\$ 7,415,801</b>
Components of net position:			
Investment in capital assets	\$ 2,248,446	\$ 1,782,777	\$ 1,082,726
Restricted	4,789,736	4,364,868	4,000,000
Unrestricted	14,644,402	11,522,188	2,333,075
<b>Total Net Position</b>	<b>\$ 21,682,584</b>	<b>\$ 17,669,833</b>	<b>\$ 7,415,801</b>

**Revenue**

Operating revenue increased \$3,777,523 in 2022 and increased \$2,257,999 in 2021. Grants and contracts revenue increased by \$3,353,902 in 2022 and increased by \$2,501,502 in 2021. Tuition revenue is reduced by gift scholarships and institutional aid, and is reported net of scholarship allowances in the financial statements. Tuition and fees increased by \$139,265 and decreased by \$106,689 in 2022 and 2021, respectively.

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

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020
Tuition and fees, net of scholarships	\$ 545,118	\$ 405,853	\$ 512,542
Auxiliary enterprises	623,063	398,792	619,643
Grants and contracts	10,578,162	7,224,260	4,722,758
Other operating revenue	192,213	132,128	48,091
<b>Total Operating Revenue</b>	<b>\$ 11,938,556</b>	<b>\$ 8,161,033</b>	<b>\$ 5,903,034</b>

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

**Management's Discussion and Analysis**

Nonoperating revenue decreased \$7,503,269 in 2022 and increased \$5,053,356 in 2021. Revenue from private grants and gifts decreased \$122,546 in 2022 and decreased by \$58,914 in 2021, while income from investments decreased \$3,552,994 in 2022 and increased \$2,164,639 in 2021.

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

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020
Local appropriation (NSB)	\$ 8,726,755	\$ 10,128,837	\$ 9,186,058
In-kind rent contribution (NSB)	2,899,432	2,794,633	2,693,622
Private grants and gifts	549,181	671,727	730,641
PERS contribution - State of Alaska	1,636	550,295	628,241
PPP loan forgiveness revenue	-	1,981,787	-
Investment income (loss)	(1,294,530)	2,258,464	93,825
<b>Total Nonoperating Revenues</b>	<b>\$ 10,882,474</b>	<b>\$ 18,385,743</b>	<b>\$ 13,332,387</b>

**Operating Expenses**

An increase in operating expenses in 2022 (15.44%) is attributable primarily to travel and cafeteria expenses that increased as COVID-19 mitigation measures subsided. Additional expenses were incurred to address the effects of the pandemic.

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

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020
Instruction	\$ 4,760,230	\$ 4,110,159	\$ 4,484,138
Institution	6,118,704	4,613,602	3,508,159
Auxiliary enterprises	693,147	135,057	573,682
Academic support	1,501,119	1,852,051	2,260,119
Operations and maintenance	3,925,028	3,949,063	4,236,837
Student services	1,318,434	1,321,294	2,418,580
Depreciation	491,617	311,518	270,228
<b>Total Operating Expenses</b>	<b>\$ 18,808,279</b>	<b>\$ 16,292,744</b>	<b>\$ 17,751,743</b>

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

**Management's Discussion and Analysis**

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The following is an overall Summary of Revenues and Expenses. Revenue decreased approximately 14% in total compared to the 15.4% increase in expenses in 2022. Majority of decrease in revenues was from investment loss of \$3,552,994.

**Summary of Revenues & Expenses**

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020
Operating revenues	\$ 11,938,556	\$ 8,161,033	\$ 5,903,034
Nonoperating revenues	10,882,474	18,385,743	13,332,387
Total revenues	22,821,030	26,546,778	19,235,421
Operating expenses	(18,808,279)	(16,292,744)	(17,751,743)
<b>Change in Net Position</b>	<b>\$ 4,012,751</b>	<b>\$ 10,254,032</b>	<b>\$ 1,483,678</b>

**Capital Assets**

Capital assets, consisting of computer equipment, furniture and fixtures, heavy equipment, vehicles, and leasehold improvements, had a net increase of \$465,669 in 2022, and a net increase of \$700,051 and 2021, 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.

**Statement of Cash Flows**

The Statement of Cash Flows details how cash has increased (or decreased) during the year ended June 30, 2022, with comparative financial information for the year ended June 30, 2021. It breaks out the sources and uses of cash into the following categories:

- Operating activities,
- Noncapital financing activities,
- Capital and related financing activities, and
- Investing activities.

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.

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

**Management's Discussion and Analysis**

A comparative summary of the College's Statement of Cash Flows for the years ended June 30, 2022, 2021 and 2020 is as follows:

**Summary of Cash Flows**

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020
Net cash flows for operating activities	\$ (5,780,396)	\$ (2,728)	\$ (8,109,861)
Net cash flows from noncapital financing activities	9,275,936	10,800,564	11,898,486
Net cash flows for capital and related financing activities	(959,834)	(1,011,569)	(86,886)
Net cash flows for investing activities	(266,963)	(13,763,045)	(296,236)
Net increase (decrease) in cash and cash equivalents	2,268,743	(3,976,778)	3,405,503
Cash and cash equivalents, beginning of year	2,034,193	6,010,971	2,605,468
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 4,302,936</b>	<b>\$ 2,034,193</b>	<b>\$ 6,010,971</b>

***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.

**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, Utqiagvik, Alaska 99723.

# Basic Financial Statements

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**Ilisagvik College**  
**(A Component Unit of the North Slope Borough, Alaska)**  
**Statements of Net Position**  
**(With Summarized Comparative Amounts for 2021)**

<i>June 30,</i>	2022	2021
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 4,302,936	\$ 2,034,193
Accounts receivable, net	269,893	501,887
Grants and contracts receivable	1,363,748	2,030,761
Prepaid items	198,999	197,882
Inventories	149,699	153,246
Investments	27,925,785	28,953,352
<b>Total Current Assets</b>	<b>34,211,060</b>	<b>33,871,321</b>
<b>Noncurrent Assets</b>		
Capital assets, net of accumulated depreciation	2,248,446	1,782,777
Net other postemployment benefit asset	6,114,500	860,681
<b>Total Noncurrent Assets</b>	<b>8,362,946</b>	<b>2,643,458</b>
<b>Total Assets</b>	<b>42,574,006</b>	<b>36,514,779</b>
<b>Deferred Outflows of Resources</b>		
Pension related	1,271,159	1,262,712
Other postemployment benefits related	193,136	561,051
<b>Total Deferred Outflows of Resources</b>	<b>1,464,295</b>	<b>1,823,763</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 44,038,301</b>	<b>\$ 38,338,542</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 601,577	\$ 286,731
Unearned revenue	6,059,262	8,047,357
Accrued payroll and related liabilities	604,407	752,660
<b>Total Current Liabilities</b>	<b>7,265,246</b>	<b>9,086,748</b>
<b>Noncurrent Liabilities</b>		
Net pension liability	8,421,334	10,298,476
Net other postemployment benefits liability	-	22,898
<b>Total Noncurrent Liabilities</b>	<b>8,421,334</b>	<b>10,321,374</b>
<b>Total Liabilities</b>	<b>15,686,580</b>	<b>19,408,122</b>
<b>Deferred Inflows of Resources</b>		
Pension related	3,358,240	546,417
Other postemployment benefits related	3,310,897	714,170
<b>Total Deferred Inflows of Resources</b>	<b>6,669,137</b>	<b>1,260,587</b>
<b>Net Position</b>		
Investment in capital assets	2,248,446	1,782,777
Restricted for foundation	4,789,736	4,364,868
Unrestricted	14,644,402	11,522,188
<b>Total Net Position</b>	<b>21,682,584</b>	<b>17,669,833</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 44,038,301</b>	<b>\$ 38,338,542</b>

*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 2021)*

<i>Year Ended June 30,</i>	2022	2021
<b>Operating Revenues</b>		
Tuition and fees, net of scholarships	\$ 545,118	\$ 405,853
Auxiliary enterprises revenue	623,063	398,792
Intergovernmental grants	10,438,371	7,220,098
Contracts	139,791	4,162
Other operating revenues	192,213	132,128
<b>Total Operating Revenues</b>	<b>11,938,556</b>	<b>8,161,033</b>
<b>Operating Expenses</b>		
Instruction	4,760,230	4,110,159
Institution	6,118,704	4,613,602
Auxiliary enterprises	693,147	135,057
Academic support	1,501,119	1,852,051
Operations and maintenance	3,925,028	3,949,063
Student services	1,318,434	1,321,294
Depreciation	491,617	311,518
<b>Total Operating Expenses</b>	<b>18,808,279</b>	<b>16,292,744</b>
Operating loss	(6,869,723)	(8,131,711)
<b>Nonoperating Revenues</b>		
Contribution from North Slope Borough	8,726,755	10,128,837
In-kind rent contribution	2,899,432	2,794,633
Private grants and gifts	549,181	671,727
PERS on-behalf - State of Alaska	1,636	550,295
Investment income (loss)	(1,294,530)	2,258,464
PPP loan forgiveness revenue	-	1,981,787
<b>Total Nonoperating Revenues</b>	<b>10,882,474</b>	<b>18,385,743</b>
Change in net position	4,012,751	10,254,032
<b>Net Position, beginning of year</b>	<b>17,669,833</b>	<b>7,415,801</b>
<b>Net Position, end of year</b>	<b>\$ 21,682,584</b>	<b>\$ 17,669,833</b>

*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 2021)**

Year Ended June 30,	2022	2021
<b>Cash Flows for Operating Activities</b>		
Provided from tuition and fees	\$ 545,118	\$ 405,853
Provided from grants and contracts	9,257,080	13,240,016
Provided from sales and services	1,049,818	499,795
Paid to suppliers	(5,557,594)	(3,529,636)
Paid to employees for payroll and benefits	(11,074,818)	(10,618,756)
<b>Net cash flows for operating activities</b>	<b>(5,780,396)</b>	<b>(2,728)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Received from North Slope Borough	8,726,755	10,128,837
Received from private grants and gifts	549,181	671,727
<b>Net cash flows from noncapital financing activities</b>	<b>9,275,936</b>	<b>10,800,564</b>
<b>Cash Flows for Capital and Related Financing Activities</b>		
Purchase of capital assets	(959,834)	(1,011,569)
<b>Cash Flows for Investing Activities</b>		
Interest and dividends, net of investment fees	418,275	234,750
Purchase of investments	(27,764,424)	(20,432,495)
Proceeds from sale of investments	27,079,186	6,434,700
<b>Net cash flows for investing activities</b>	<b>(266,963)</b>	<b>(13,763,045)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,268,743</b>	<b>(3,976,778)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>2,034,193</b>	<b>6,010,971</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 4,302,936</b>	<b>\$ 2,034,193</b>
Reconciliation of operating loss to net cash flows for operating activities:		
Operating loss	\$ (6,869,723)	\$ (8,131,711)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
In-kind rent contribution	2,899,432	2,794,633
Depreciation	491,617	311,518
Noncash expense - PERS contribution - State of Alaska	1,636	550,295
Loss on disposal of capital assets	2,548	-
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources that provided (used) cash:		
Accounts receivable	231,994	(31,125)
Grants and contracts receivable	667,013	(1,087,603)
Prepaid items	(1,117)	11,364
Inventories	3,547	(21,566)
Net other postemployment benefit asset	(5,253,819)	(789,046)
Deferred outflows of resources related to pensions	(8,447)	171,711
Deferred outflows of resources related to other postemployment benefits	367,915	450,596
Accounts payable	314,846	(32,343)
Unearned revenue	(1,988,095)	7,103,359
Accrued payroll and related liabilities	(148,253)	(26,953)
Net pension liability	(1,877,142)	(1,577,741)
Net other postemployment benefits liability	(22,898)	(387,982)
Deferred inflows of resources related to pensions	2,811,823	370,603
Deferred inflows of resources related to other postemployment benefits	2,596,727	319,263
<b>Net Cash Flows for Operating Activities</b>	<b>\$ (5,780,396)</b>	<b>\$ (2,728)</b>

*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, 2022**

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## **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 Iñupiat Eskimos. The College provides quality post-secondary academic, vocational, and technical education in a learning environment that perpetuates and strengthens Iñupiat 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 public tribal college, the College offers one bachelor's degree, several different associate degrees, one-year certificates, and semester-long endorsement programs, as well as short-term training courses. Fields of study include accounting, allied health, liberal arts, office administration, business management, computer technology, heavy truck operations, construction trades, industrial safety, and Iñupiaq studies. Every program at the college models the local Iñupiat 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 12. 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).

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

**Notes to Basic Financial Statements**

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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.

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

**Notes to Basic Financial Statements**

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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 2021***

The amounts shown for 2021 in the accompanying financial statements are included to provide a basis for comparison with 2021 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, 2021, from which the summarized information was derived. Certain amounts in the 2021 information have been reclassified to conform to the current year information.

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

**Notes to Basic Financial Statements**

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*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, 2022, consist of:

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Bank deposits and investments cash equivalents	\$ 4,301,076
Petty cash	1,860
<b>Total Cash and Cash Equivalents</b>	<b>\$ 4,302,936</b>

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*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, 2022, the College had \$3,155,723 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, 2022:

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Auxiliary services and other student accounts	\$ 696,769
Less: Allowance for doubtful accounts	(426,876)
<b>Accounts Receivable, net</b>	<b>\$ 269,893</b>

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

**Notes to Basic Financial Statements**

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**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, 2022:

- Exchange traded funds of \$7,716,510 (Level 1 inputs)
- U.S. treasuries of \$13,004,892 (Level 2 inputs)
- Corporate bonds of \$4,879,733 (Level 2 inputs)
- Asset-backed securities of \$300,487 (Level 2 inputs)
- Certificates of deposits of \$371,297 (Level 2 inputs)
- Commercial paper of \$297,792 (Level 2 inputs)
- Bond Funds of \$465,980 (Level 1 inputs)
- Equity Funds of \$889,094 (Level 1 inputs)

Included in the investment balance at June 30, 2022 is \$60,244 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, 2022, the effective duration by investment type, based on fair value, is as follows:

	Percent of Fixed Income Holdings	Duration (in years)
<b>Bonds</b>		
US treasuries	69%	1.1
Corporate bonds	26%	2.1
Asset backed securities	2%	2.7
Certificates of deposits	2%	0.2
Commercial paper	1%	0.6
<b>Total Fixed Income Holdings</b>	<b>100%</b>	

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

**Notes to Basic Financial Statements**

***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, 2022, the College had the following investment maturities:

	Less than 1 year	1-5 years	5+ years
US treasuries	\$ 10,249,392	\$ 2,755,500	\$ -
Corporate bonds	3,008,338	1,871,395	-
Asset backed securities	-	300,487	-
Certificates of deposits	371,297	-	-
Commercial Paper	297,792	-	-
<b>Total</b>	<b>\$ 13,926,819</b>	<b>\$ 4,927,382</b>	<b>\$ -</b>

***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, 2022 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 bonds	AA-, A+, A, A-, BBB, BBB-	24%
Corporate bonds*	A3, Baa1, Baa2	2%
Asset backed securities*	Aaa	2%
Certificates of deposit	Not rated	2%
Commercial paper	Not rated	2%
US treasuries - no credit exposure	Not rated	68%
		<b>100%</b>

\*Moody's rating



**Ilisagvik College**  
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**Notes to Basic Financial Statements**

**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, 2022 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, 2022:

Bookstore	\$ 115,090
Food services	34,609
<b>Total Inventories</b>	<b>\$ 149,699</b>

**6. Capital Assets**

The following table presents the changes in the various capital asset categories for fiscal year 2022:

<i>Year Ended June 30, 2022</i>	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Computer equipment	\$ 1,178,089	\$ 298,809	\$ (205,560)	\$ 1,271,338
Furniture and fixtures	405,685	196,028	(7,304)	594,409
Heavy equipment	890,377	370,657	-	1,261,034
Vehicles	818,191	81,696	-	899,887
Leasehold improvements	961,408	12,644	-	974,052
<b>Total capital assets being depreciated</b>	<b>4,253,750</b>	<b>959,834</b>	<b>(212,864)</b>	<b>5,000,720</b>
Less accumulated depreciation:				
Computer equipment	401,539	186,090	(203,012)	384,617
Furniture and fixtures	121,289	63,263	(7,304)	177,248
Heavy equipment	647,386	92,279	-	739,665
Vehicles	682,435	70,168	-	752,603
Leasehold improvements	618,324	79,817	-	698,141
<b>Total accumulated depreciation</b>	<b>2,470,973</b>	<b>491,617</b>	<b>(210,316)</b>	<b>2,752,274</b>
<b>Total Capital Assets, net</b>	<b>\$ 1,782,777</b>	<b>\$ 468,217</b>	<b>\$ (2,548)</b>	<b>\$ 2,248,446</b>

Depreciation expense for the year ended June 30, 2022 was \$491,617.

**Ilisagvik College**  
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**Notes to Basic Financial Statements**

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## **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 <https://drb.alaska.gov/docs/reports/>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

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. Peace/Fire employees accrue benefits at an accelerated rate. 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.

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.

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

**Notes to Basic Financial Statements**

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***Employee Contribution Rates***

Regular employees are required to contribute 6.75% of their annual covered salary. Peace officers and firefighters are required to contribute 7.50% 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.

**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, 2022 were determined in the June 30, 2020 actuarial valuations. The College's contribution rates for the 2022 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.54%	26.99%	8.11%
Postemployment healthcare (ARHCT)	6.46%	3.12%	-
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>30.11%</b>	<b>8.11%</b>

**Ilisagvik College**  
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**Notes to Basic Financial Statements**

In 2022, the College was credited with the following contributions to the pension plan:

	Measurement Period	College Fiscal Year
	July 1, 2020	July 1, 2021
	to	to
	June 30, 2021	June 30, 2022
Employer contributions (including DBUL)	\$ 810,894	\$ 814,804
Nonemployer contributions (on-behalf)	534,464	490,628
<b>Total Contributions</b>	<b>\$ 1,345,358</b>	<b>\$ 1,305,432</b>

In addition, employee contributions to the Plan totaled \$84,897 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, 2022, 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:

College proportionate share of NPL	\$ 8,421,334
State's proportionate share of NPL associated with the College	1,141,078
<b>Total Net Pension Liability</b>	<b>\$ 9,562,412</b>

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 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, 2021 measurement date, the College's proportion was 0.22956 percent, which was an increase of 0.05504 percent from its proportion measured as of June 30, 2020.

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**Ilisagvik College**  
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**Notes to Basic Financial Statements**

For the year ended June 30, 2022, the College recognized pension expense of \$2,563,871 and on-behalf revenue of \$1,636 for support provided by the State. At June 30, 2022, 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	\$ -	\$ (37,309)
Net difference between projected and actual earnings on pension plan investments	-	(3,320,931)
Changes in proportion and differences between College contributions and proportionate share of contributions	456,355	-
College contributions subsequent to the measurement date	814,804	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</b>	<b>\$ 1,271,159</b>	<b>\$ (3,358,240)</b>

The \$814,804 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 ending June 30, 2023. 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,*

2023		\$ (352,695)
2024		(760,695)
2025		(822,862)
2026		(965,633)
2027		-
Thereafter		-
<b>Total Amortization</b>		<b>\$ (2,901,885)</b>

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

**Notes to Basic Financial Statements**

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***Actuarial Assumptions***

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

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Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service.
Allocation methodology	Amounts for the June 30, 2021 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2023 to 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 employee 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 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officers/firefighters, 40% of the time for all others.

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The actuarial assumptions used in the June 30, 2020 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, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 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.

**Ilisagvik College**  
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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 2.50%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	28%	6.63%
Global equity (non-U.S.)	19%	5.41%
Aggregate bonds	22%	0.76%
Opportunistic	6%	4.39%
Real assets	13%	3.16%
Private equity	12%	9.29%
Cash equivalents	-	0.13%

***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	0.22956%	\$ 12,473,168	\$ 8,421,334	\$ 5,017,273

**Ilisagvik College**  
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**Notes to Basic Financial Statements**

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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 <https://drb.alaska.gov/docs/reports/>.

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, 2022 to cover a portion of the College's employer match contributions. For the year ended June 30, 2022, forfeitures reduced pension expense by \$57,048.

***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, 2022, 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, 2022 were \$237,578 and \$380,124, respectively. The College contribution amount was recognized as pension expense/expenditures.



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

**Notes to Basic Financial Statements**

***(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).

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 <https://drb.alaska.gov/docs/reports/>.

***Employer Contribution Rate***

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

Employer contribution rates for the year ended June 30, 2022 were as follows:

	Other	Peace/Fire
Alaska Retiree Healthcare Trust	6.46%	6.46%
Retiree Medical Plan	1.07%	1.07%
Occupational Death and Disability Benefits	0.31%	0.68%
<b>Total Contribution Rates</b>	<b>7.84%</b>	<b>8.21%</b>

In 2022, the College was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2020 to June 30, 2021	College Fiscal Year July 1, 2021 to June 30, 2022
Employer contributions - ARHCT	\$ 117,594	\$ 81,251
Employer contributions - RMP	57,775	50,841
Employer contributions - ODD	14,103	14,730
Nonemployer contributions (on-behalf)	-	-
<b>Total Contributions</b>	<b>\$ 189,472</b>	<b>\$ 146,822</b>

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**Notes to Basic Financial Statements**

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

At June 30, 2022, 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:

College's proportionate share of NOA - ARHCT	\$ 5,914,412
College's proportionate share of NOA - RMP	83,559
College's proportionate share of NOA - ODD	116,529

<b>Total College's Proportionate Share of Net OPEB Asset</b>	<b>\$ 6,114,500</b>
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State's proportionate share of the ARHCT NOA associated with the College	772,483
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<b>Total Net OPEB Asset</b>	<b>\$ 6,886,983</b>
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The total OPEB liabilities for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net OPEB assets as of that date. The College's proportion of the net OPEB assets 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, 2020 Measurement Date Employer Proportion	June 30, 2021 Measurement Date Employer Proportion	Change
College's proportionate share of the net OPEB assets:			
ARHCT	0.17449%	0.23055%	0.05606 %
RMP	0.32282%	0.31130%	(0.01152)%
ODD	0.25865%	0.26440%	0.00575 %

For the year ended June 30, 2022, the College recognized OPEB expense of \$2,272,023. Of this amount, \$268,023 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>	OPEB expense (benefit)	On-behalf revenue
ARHCT	\$ (2,363,959)	\$ (268,023)
RMP	76,925	-
ODD	15,011	-
<b>Total</b>	<b>\$ (2,272,023)</b>	<b>\$ (268,023)</b>

**Ilisagvik College**  
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**Notes to Basic Financial Statements**

At June 30, 2022, 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	\$ -	\$ 6,213	\$ -	\$ 6,213
Changes in assumptions	-	25,972	-	25,972
Changes in benefits	-	-	-	-
Difference between projected and actual investment earnings	-	-	-	-
Changes in proportion and differences between College contributions and proportionate share of contributions	-	366	13,763	14,129
College contributions subsequent to the measurement date	81,251	50,841	14,730	146,822
<b>Total Deferred Outflows of Resources Related to OPEB Plans</b>	<b>\$ 81,251</b>	<b>\$ 83,392</b>	<b>\$ 28,493</b>	<b>\$ 193,136</b>

<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (62,111)	\$ (3,973)	\$ (31,828)	\$ (97,912)
Changes in assumptions	(223,507)	(49,659)	(885)	(274,051)
Changes in benefits	-	-	-	-
Difference between projected and actual investment earnings	(2,767,628)	(74,755)	(18,686)	(2,861,069)
Changes in proportion and differences between College contributions and proportionate share of contributions	(66,047)	(9,021)	(2,797)	(77,865)
<b>Total Deferred Inflows of Resources Related to OPEB Plans</b>	<b>\$ (3,119,293)</b>	<b>\$ (137,408)</b>	<b>\$ (54,196)</b>	<b>\$ (3,310,897)</b>

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 assets in the year ending June 30, 2023. 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
2023	\$ (1,000,034)	\$ (22,004)	\$ (7,958)	\$ (1,029,996)
2024	(637,375)	(22,039)	(7,946)	(667,360)
2025	(684,408)	(22,794)	(8,142)	(715,344)
2026	(797,476)	(25,175)	(8,766)	(831,417)
2027	-	(4,233)	(3,336)	(7,569)
Thereafter	-	(8,612)	(4,285)	(12,897)
<b>Total Amortization</b>	<b>\$ (3,119,293)</b>	<b>\$ (104,857)</b>	<b>\$ (40,433)</b>	<b>\$ (3,264,583)</b>

**Ilisagvik College**  
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**Notes to Basic Financial Statements**

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***Actuarial Assumptions***

The total OPEB liability for each plan for the measurement period ended June 30, 2021 was determined by actuarial valuations as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2021:

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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 7.75% to 2.75% for Peace Officer/ Firefighter. Graded by service from 6.75% to 2.75% for all others.
Allocation methodology	Amounts for the June 30, 2021 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2023 to 2039.
Investment rate 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%.
Healthcare cost trend rates	Pre-65 medical: 6.5% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% EGWP: 7.5% grading down to 4.5%
Mortality (ARHCT, RMP and ODD Plans)	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Post-commencement mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. The rates for pre-commencement mortality were 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
(ODD Plan)	Deaths are assumed to be occupational 75% of the time for peace officers/firefighters, 40% of the time for all others. Disability mortality in accordance with the RP-2014 Disabled Table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.

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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 nonsystem 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, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contributions were updated to reflect the 5% decrease from calendar year (CY) 20 and CY 21.
3. 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.

***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 2.50% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2021 are summarized in the following table:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Broad domestic equity	28%	6.63%
Global equity (non-U.S.)	19%	5.41%
Aggregate bonds	22%	0.76%
Opportunistic	6%	4.39%
Real assets	13%	3.16%
Private equity	12%	9.29%
Cash equivalents	-	0.13%

***Discount Rate***

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2021 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 of 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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**Notes to Basic Financial Statements**

***Sensitivity of the Net OPEB Asset to Changes in the Discount Rate***

The following presents the College's proportionate share of the net OPEB 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 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 asset:				
ARHCT	0.23055%	\$ (3,867,936)	\$ (5,914,412)	\$ (7,613,857)
RMP	0.31130%	\$ 54,537	\$ (83,559)	\$ (187,864)
ODD	0.26440%	\$ (111,582)	\$ (116,529)	\$ (120,468)

***Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates***

The following presents the College's proportionate share of the net OPEB 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 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 asset:				
ARHCT	0.23055%	\$ (7,812,796)	\$ (5,914,412)	\$ (3,623,554)
RMP	0.31130%	\$ (202,794)	\$ (83,559)	\$ 78,95
ODD	0.26440%	\$ 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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**Notes to Basic Financial Statements**

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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, 2021, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,168 per year for each full-time employee, and \$1.39 per hour for part-time employees.

**Annual Postemployment Healthcare Cost**

In fiscal year 2022, the College contributed \$122,882 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

**8. 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, 2022.

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Accrued leave	\$ 493,503	\$ 794,248	\$ 849,299	\$ 438,452	\$ 438,452

**9. Support from Primary Government**

As discussed in Note 1, the College is a component unit of the North Slope Borough. The College received \$8,726,755 in appropriations from the Borough during the year ended June 30, 2022. Additionally, the College’s campus is leased from Ukpeagvik Inupiat Corporation (UIC) by the Borough under a long-term agreement. Annual lease payments under this agreement are \$2,899,432. 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 50% was derived from the Borough.

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**Ilisagvik College**  
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**Notes to Basic Financial Statements**

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**10. 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 \$1,893,682 for the year ended June 30, 2022 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, 2022 and 2021 are as follows:

	Balance at Beginning of Year	Claims Expense	Claims Paid	Balance at End of Year
<b>2021 Health Insurance</b>	\$ 162,038	\$ 1,294,022	\$1,245,370	\$ 210,690
<b>2022 Health Insurance</b>	\$ 210,690	\$ 1,165,183	\$1,270,905	\$ 104,968

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

**11. 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.



**Ilisagvik College**  
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**Notes to Basic Financial Statements**

**12. 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 \$424,868, which was transferred to the Foundation then invested in additional investments in 2022. 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*

<i>Year ended June 30, 2022</i>	College	Foundation	Total
<b>Assets</b>			
Current assets	\$ 24,360,308	\$ 9,850,752	\$ 34,211,060
Net other postemployment benefit asset	6,114,500	-	6,114,500
Capital assets, net of accumulated depreciation	2,248,446	-	2,248,446
<b>Total assets</b>	<b>32,723,254</b>	<b>9,850,752</b>	<b>42,574,006</b>
Deferred outflows of resources	1,464,295	-	1,464,295
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 34,187,549</b>	<b>\$ 9,850,752</b>	<b>\$ 44,038,301</b>
<b>Liabilities</b>			
Current liabilities	\$ 7,265,246	\$ -	\$ 7,265,246
Noncurrent liabilities	8,421,334	-	8,421,334
<b>Total liabilities</b>	<b>15,686,580</b>	<b>-</b>	<b>15,686,580</b>
Deferred inflows of resources	6,669,137	-	6,669,137
Net position:			
Investment in capital assets	2,248,446	-	2,248,446
Restricted for foundation	-	4,789,736	4,789,736
Unrestricted	9,583,386	5,061,016	14,644,402
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 34,187,549</b>	<b>\$ 9,850,752</b>	<b>\$ 44,038,301</b>

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**Notes to Basic Financial Statements**

*Condensed Statement of Revenues, Expenses and Changes in Net Position*

<i>Year ended June 30, 2022</i>	College	Foundation	Total
Operating revenues	\$ 11,938,556	\$ -	\$ 11,938,556
Operating expenses:			
Depreciation	491,617	-	491,617
All other operating expenses	18,316,662	-	18,316,662
Total operating expenses	18,808,279	-	18,808,279
Total operating loss	(6,869,723)	-	(6,869,723)
Nonoperating revenues:			
Investment income (loss), net of fees	(234,271)	(1,060,259)	(1,294,530)
All other nonoperating revenues	12,160,667	16,337	12,177,004
Total nonoperating revenues	11,926,396	(1,043,922)	10,882,474
Transfer in (out)	(424,868)	424,868	-
Change in net position	4,631,805	(619,054)	4,012,751
<b>Net Position, beginning of year</b>	<b>7,200,027</b>	<b>10,469,806</b>	<b>17,669,833</b>
<b>Net Position, end of year</b>	<b>\$ 11,831,832</b>	<b>\$ 9,850,752</b>	<b>\$ 21,682,584</b>

*Condensed Statement of Cash Flows*

<i>Year ended June 30, 2022</i>	College	Foundation	Total
Net cash from (for):			
Operating activities	\$ (5,780,396)	\$ -	\$ (5,780,396)
Noncapital financing activities	8,834,731	441,205	9,275,936
Capital and related financing activities	(959,834)	-	(959,834)
Investing activities	153,438	(420,401)	(266,963)
Net change in cash and cash equivalents	2,247,939	20,804	2,268,743
<b>Cash and Cash Equivalents, beginning of year</b>	<b>1,222,092</b>	<b>812,101</b>	<b>2,034,193</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 3,470,031</b>	<b>\$ 832,905</b>	<b>\$ 4,302,936</b>

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**Notes to Basic Financial Statements**

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### **13. Related-Party Transactions**

At June 30, 2022, 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.
- Inupiat Community of Arctic Slope (ICAS) - One of the Board of Trustees seats at the College is reserved for ICAS representation.
- Ukpeagvik 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).

### **14. New Accounting Pronouncements**

*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.

The College evaluated the standard and concluded that right-of-use assets and related lease liability for leases in-scope of the standard would be insignificant.

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. 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. 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).

*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).

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**Notes to Basic Financial Statements**

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*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. 99 - Omnibus 2022* - Provisions of this Statement related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, classification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The effective date for the provisions of this Statement related to leases, PPPs, and SBITAs are to be implemented for year-end June 30, 2023. The effective date for the provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53, are to be implemented for year-end June 30, 2024.

*GASB Statement No. 100 - Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62 - Effective for year-end June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

*GASB Statement No. 101 - Compensated Absences* - Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

## Required Supplementary Information

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

**Public Employees' Retirement System - Pension Plan**  
**Schedule of the College's Proportionate Share of the Net Pension Liability**

<i>Years Ended June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
College's Proportion of the Net Pension Liability	0.22956%	0.17452%	0.21695%	0.19852%	0.17235%	0.21470%	0.16028%	0.11820%
College's Proportionate Share of the Net Pension Liability	\$ 8,421,334	\$ 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	1,141,078	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	9,562,412	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	6,339,364	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	132.84%	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	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%	63.37%

**Schedule of College Contributions**

<i>Years Ended June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 814,804	\$ 810,894	\$ 660,839	\$ 717,640	\$ 744,175	\$ 586,407	\$ 487,530	\$ 45,300
Contributions Relative to the Contractually Required Contribution	814,804	810,894	660,839	717,640	744,175	586,407	487,530	45,300
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's Covered Payroll	6,219,556	6,339,364	6,136,557	6,374,522	6,315,175	5,824,108	5,611,634	5,43,307
Contributions as a Percentage of Covered Payroll	13.10%	12.79%	10.77%	11.26%	11.78%	10.07%	8.69%	8.34%

*See accompanying notes to Required Supplementary Information.*

**Ilisagvik College**  
**(A Component Unit of the North Slope Borough, Alaska)**  
**Public Employees' Retirement System - ARHCT OPEB Plan**  
**Schedule of the College's Proportionate Share of the Net OPEB Liability (Asset)**

<i>Years Ended June 30,</i>	ARHCT				
	2022	2021	2020	2019	2018
College's Proportion of the Net OPEB Liability (Asset)	0.23055%	0.17449%	0.21699%	0.19861%	0.00173%
College's Proportionate Share of the Net OPEB Liability (Asset)	\$ (5,914,412)	\$ (790,174)	\$ 321,964	\$ 2,038,305	\$ 1,457,044
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	(772,483)	(327,410)	128,030	590,323	-
Total Net OPEB Liability (Asset)	\$ (6,686,895)	\$ (1,117,584)	\$ 449,994	\$ 2,628,628	\$ 1,457,044
College's Covered Payroll	1,782,599	1,576,877	1,638,026	1,622,776	5,824,108
College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-331.79%	-50.11%	19.66%	125.61%	25.02%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	135.54%	106.15%	98.13%	88.12%	89.91%

**Schedule of College Contributions**

<i>Years Ended June 30,</i>	ARHCT				
	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 81,251	\$ 117,594	\$ 262,968	\$ 259,063	\$ 209,465
Contributions Relative to the Contractually Required Contribution	\$ 81,251	\$ 117,594	\$ 262,968	\$ 259,063	\$ 209,465
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
College's Covered Payroll	\$ 1,605,286	\$ 1,782,599	\$ 1,576,877	\$ 1,638,026	\$ 1,622,776
Contributions as a Percentage of Covered Payroll	5.06%	6.60%	16.68%	15.82%	12.91%

*See accompanying notes to Required Supplementary Information.*

**Ilisagvik College**  
(A Component Unit of the North Slope Borough, Alaska)  
Public Employees' Retirement System - RMP OPEB Plan  
Schedule of the College's Proportionate Share of the Net OPEB Liability (Asset)

<i>Years Ended June 30,</i>	RMP				
	2022	2021	2020	2019	2018
College's Proportion of the Net OPEB Liability (Asset)	0.31130%	0.32282%	0.37166%	0.40513%	0.00397%
College's Proportionate Share of the Net OPEB Liability (Asset)	\$ (83,559)	\$ 22,898	\$ 88,916	\$ 51,553	\$ 20,689
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-
<b>Total Net OPEB Liability (Asset)</b>	<b>\$ (83,559)</b>	<b>\$ 22,898</b>	<b>\$ 88,916</b>	<b>\$ 51,553</b>	<b>\$ 20,689</b>
College's Covered Payroll	5,154,542	4,559,680	4,736,496	4,692,399	5,824,108
College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-1.62%	0.50%	1.88%	1.10%	0.36%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	115.10%	95.23%	83.17%	88.71%	93.98%

**Schedule of College Contributions**

<i>Years Ended June 30,</i>	RMP				
	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 50,841	\$ 57,775	\$ 59,114	\$ 43,615	\$ 7,336
Contributions Relative to the Contractually Required Contribution	\$ 50,841	\$ 57,775	\$ 59,114	\$ 43,615	\$ 7,336
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
College's Covered Payroll	\$ 4,614,270	\$ 5,154,542	\$ 4,559,680	\$ 4,736,496	\$ 4,692,399
Contributions as a Percentage of Covered Payroll	1.10%	1.12%	1.30%	0.92%	0.16%

*See accompanying notes to Required Supplementary Information.*



**Ilisagvik College**  
**(A Component Unit of the North Slope Borough, Alaska)**  
**Public Employees' Retirement System - ODD OPEB Plan**  
**Schedule of the College's Proportionate Share of the Net OPEB Liability (Asset)**

<i>Years Ended June 30,</i>	ODD				
	2022	2021	2020	2019	2018
College's Proportion of the Net OPEB Liability (Asset)	0.26440%	0.25865%	0.29546%	0.40513%	0.00397%
College's Proportionate Share of the Net OPEB Liability (Asset)	\$ (116,529)	\$ (70,507)	\$ (71,635)	\$ (78,685)	\$ (56,291)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-
<b>Total Net OPEB Liability (Asset)</b>	<b>\$ (116,529)</b>	<b>\$ (70,507)</b>	<b>\$ (71,635)</b>	<b>\$ (78,685)</b>	<b>\$ (56,291)</b>
College's Covered Payroll	5,154,542	4,559,680	4,736,496	4,692,399	5,824,108
College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-2.26%	-1.55%	-1.51%	-1.68%	-0.97%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	374.22%	283.80%	297.43%	270.62%	212.97%

**Schedule of College Contributions**

<i>Years Ended June 30,</i>	ODD				
	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 14,730	\$ 14,103	\$ 11,765	\$ 12,064	\$ 47,229
Contributions Relative to the Contractually Required Contribution	\$ 14,730	\$ 14,103	\$ 11,765	\$ 12,064	\$ 47,229
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
College's Covered Payroll	\$ 4,614,270	\$ 5,154,542	\$ 4,559,680	\$ 4,736,496	\$ 4,692,399
Contributions as a Percentage of Covered Payroll	0.32%	0.27%	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**

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**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, 2022, the Plan measurement date is June 30, 2021.

***Changes in Assumptions:***

The actuarial assumptions used in the June 30, 2020 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, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 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.

***Schedule of the College's 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.

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

**Notes to Required Supplementary Information, continued**

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**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, 2022, the Plan measurement date is June 30, 2021.

***Changes in Assumptions:***

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contributions were updated to reflect the 5% decrease from calendar year (CY) 20 to CY 21.
3. 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.

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 ten years of information is available, the College will present only those years for which information is available.

***Schedule of the College's 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**

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

**Combining Statement of Net Position**

<i>June 30, 2022</i>	Ilisagvik College	Ilisagvik College Foundation	Total
<b>Assets and Deferred Outflows of Resources</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 3,470,031	\$ 832,905	\$ 4,302,936
Investments	18,907,938	9,017,847	27,925,785
Accounts receivable, net	269,893	-	269,893
Grants and contracts receivable	1,363,748	-	1,363,748
Prepaid items	198,999	-	198,999
Inventories	149,699	-	149,699
<b>Total Current Assets</b>	<b>24,360,308</b>	<b>9,850,752</b>	<b>34,211,060</b>
<b>Noncurrent Assets</b>			
Capital assets, net of accumulated depreciation	2,248,446	-	2,248,446
Net other postemployment benefits assets	6,114,500	-	6,114,500
<b>Total Noncurrent Assets</b>	<b>8,362,946</b>	<b>-</b>	<b>8,362,946</b>
<b>Total Assets</b>	<b>32,723,254</b>	<b>9,850,752</b>	<b>42,574,006</b>
<b>Deferred Outflows of Resources</b>			
Pension related	1,271,159	-	1,271,159
Other postemployment benefits related	193,136	-	193,136
<b>Total Deferred Outflows of Resources</b>	<b>1,464,295</b>	<b>-</b>	<b>1,464,295</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 34,187,549</b>	<b>\$ 9,850,752</b>	<b>\$ 44,038,301</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 601,577	\$ -	\$ 601,577
Unearned revenue	6,059,262	-	6,059,262
Accrued payroll and related liabilities	604,407	-	604,407
<b>Total Current Liabilities</b>	<b>7,265,246</b>	<b>-</b>	<b>7,265,246</b>
<b>Noncurrent Liabilities - Net Pension Liability</b>	<b>8,421,334</b>	<b>-</b>	<b>8,421,334</b>
<b>Total Liabilities</b>	<b>15,686,580</b>	<b>-</b>	<b>15,686,580</b>
<b>Deferred Inflows of Resources</b>			
Pension related	3,358,240	-	3,358,240
Other postemployment benefits related	3,310,897	-	3,310,897
<b>Total Deferred Inflows of Resources</b>	<b>6,669,137</b>	<b>-</b>	<b>6,669,137</b>
<b>Net Position</b>			
Investment in capital assets	2,248,446	-	2,248,446
Restricted for foundation	-	4,789,736	4,789,736
Unrestricted	9,583,386	5,061,016	14,644,402
<b>Total Net Position</b>	<b>11,831,832</b>	<b>9,850,752</b>	<b>21,682,584</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 34,187,549</b>	<b>\$ 9,850,752</b>	<b>\$ 44,038,301</b>

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

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

<i>Year Ended June 30, 2022</i>	Ilisagvik College	Ilisagvik College Foundation	Total
<b>Operating Revenues</b>			
Tuition and fees, net of scholarships	\$ 545,118	\$ -	\$ 545,118
Auxiliary enterprises revenue	623,063	-	623,063
Intergovernmental grants	10,438,371	-	10,438,371
Contracts	139,791	-	139,791
Other operating revenues	192,213	-	192,213
<b>Total Operating Revenues</b>	<b>11,938,556</b>	<b>-</b>	<b>11,938,556</b>
<b>Operating Expenses</b>			
Instruction	4,760,230	-	4,760,230
Institution	6,118,704	-	6,118,704
Auxiliary enterprises	693,147	-	693,147
Academic support	1,501,119	-	1,501,119
Operations and maintenance	3,925,028	-	3,925,028
Student services	1,318,434	-	1,318,434
Depreciation	491,617	-	491,617
<b>Total Operating Expenses</b>	<b>18,808,279</b>	<b>-</b>	<b>18,808,279</b>
Operating loss	(6,869,723)	-	(6,869,723)
<b>Nonoperating Revenues</b>			
Contribution from North Slope Borough	8,726,755	-	8,726,755
In-kind rent contribution	2,899,432	-	2,899,432
Private grants and gifts	532,844	16,337	549,181
PERS on-behalf - State of Alaska	1,636	-	1,636
Investment income (loss)	(234,271)	(1,060,259)	(1,294,530)
<b>Total Nonoperating Revenues</b>	<b>11,926,396</b>	<b>(1,043,922)</b>	<b>10,882,474</b>
Income before transfers	5,056,673	(1,043,922)	4,012,751
Transfers in (out)	(424,868)	424,868	-
Change in net position	4,631,805	(619,054)	4,012,751
<b>Net Position, beginning of year</b>	<b>7,200,027</b>	<b>10,469,806</b>	<b>17,669,833</b>
<b>Net Position, end of year</b>	<b>\$ 11,831,832</b>	<b>\$ 9,850,752</b>	<b>\$ 21,682,584</b>

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

**Combining Statement of Cash Flows**

<i>Year Ended June 30, 2022</i>	Ilisagvik College	Ilisagvik College Foundation	Total
<b>Cash Flows for Operating Activities</b>			
Provided from tuition and fees	\$ 545,118	\$ -	\$ 545,118
Provided from grants and contracts	9,257,080	-	9,257,080
Provided from sales and services	1,049,818	-	1,049,818
Paid to suppliers	(5,557,594)	-	(5,557,594)
Paid to employees for payroll and benefits	(11,074,818)	-	(11,074,818)
Net cash flows for operating activities	(5,780,396)	-	(5,780,396)
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers in (out)	(424,868)	424,868	-
Received from North Slope Borough	8,726,755	-	8,726,755
Received from private grants and gifts	532,844	16,337	549,181
Net cash flows from noncapital financing activities	8,834,731	441,205	9,275,936
<b>Cash Flows for Capital and Related Financing Activities</b>			
Purchase of property and equipment	(959,834)	-	(959,834)
<b>Cash Flows from (for) Investing Activities</b>			
Interest and dividends, net of investment fees	165,373	252,902	418,275
Purchase of investments	(22,918,643)	(4,845,781)	(27,764,424)
Proceeds from sale of investments	22,906,708	4,172,478	27,079,186
Net cash flows from (for) investing activities	153,438	(420,401)	(266,963)
Net increase in cash and cash equivalents	2,247,939	20,804	2,268,743
Cash and Cash Equivalents, beginning of year	1,222,092	812,101	2,034,193
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 3,470,031</b>	<b>\$ 832,905</b>	<b>\$ 4,302,936</b>
Reconciliation of operating loss to net cash for operating activities:			
Operating loss	\$ (6,869,723)	\$ -	\$ (6,869,723)
Adjustments to reconcile operating loss to net cash for operating activities:			
In-kind rent contribution	2,899,432	-	2,899,432
Depreciation	491,617	-	491,617
Noncash expense - PERS contribution - State of Alaska	1,636	-	1,636
Loss on disposal of capital assets	2,548	-	2,548
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources that provided (used) cash:			
Accounts receivable	231,994	-	231,994
Grants and contracts receivable	667,013	-	667,013
Prepaid items	(1,117)	-	(1,117)
Inventories	3,547	-	3,547
Net other postemployment benefit asset	(5,253,819)	-	(5,253,819)
Deferred outflows of resources related to pensions	(8,447)	-	(8,447)
Deferred outflows of resources related to other postemployment benefits	367,915	-	367,915
Accounts payable	314,846	-	314,846
Unearned revenue	(1,988,095)	-	(1,988,095)
Accrued payroll and related liabilities	(148,253)	-	(148,253)
Net pension liability	(1,877,142)	-	(1,877,142)
Net other postemployment benefits liability	(22,898)	-	(22,898)
Deferred inflows of resources related to pensions	2,811,823	-	2,811,823
Deferred inflows of resources related to other postemployment benefits	2,596,727	-	2,596,727
<b>Net Cash Flows for Operating Activities</b>	<b>\$ (5,780,396)</b>	<b>\$ -</b>	<b>\$ (5,780,396)</b>



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

**Schedule of Functional Expenses**

<i>Year Ended June 30, 2022</i>	Salaries and Benefits	Services	Supplies	Facilities	Travel	Other	Totals
Instruction	\$ 3,402,589	\$ 425,127	\$ 400,058	\$ 640	\$ 212,025	\$ 319,791	\$ 4,760,230
Institution	3,523,861	273,332	837,084	72,147	112,579	1,299,701	6,118,704
Auxiliary enterprises	105,422	496,651	87,693	885	-	2,496	693,147
Academic support	1,057,113	59,729	378,658	-	4,669	950	1,501,119
Operations and maintenance	303,368	6,150	29,029	3,581,693	4,615	173	3,925,028
Student services	1,150,007	7,780	35,738	7,657	90,841	26,411	1,318,434
Depreciation	-	-	-	491,617	-	-	491,617
<b>Totals</b>	<b>\$ 9,542,360</b>	<b>\$ 1,268,769</b>	<b>\$ 1,768,260</b>	<b>\$ 4,154,639</b>	<b>\$ 424,729</b>	<b>\$ 1,649,522</b>	<b>\$ 18,808,279</b>

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

**Schedule of Expenditures of Federal Awards**  
*for the Year Ended June 30, 2022*

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subre- cipients	Total Federal Expendi- tures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Direct:				
Tribal Colleges Education Equity Grants	10.221		\$ -	\$ 189,578
Tribal Colleges Endowment Program	10.222		-	73,912
Cooperative Extension Service	10.500		-	115,421
Community Facilities Loans and Grants Cluster				
Community Facilities Loans and Grants	10.766		-	249,859
<b>Total U.S. Department of Agriculture</b>			-	628,770
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>				
Passed through Arctic Slope Regional Corporation				
Native American and Native Hawaiian Library Services	45.311	NAB-2505327-OLS-21	-	56,709
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Direct:				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007		-	37,224
Federal Pell Grant Program	84.063		-	120,810
Total Student Financial Assistance Cluster			-	158,034
Higher Education Institutional Aid	84.031		-	1,298,584
COVID-19 Education Stabilization Fund Section 2				
Higher Education Emergency Relief Fund (HEERF)				
HEERF Student Aid Portion	84.425E		-	129,167
HEERF Institutional Portion	84.425F		-	211,366
HEERF Tribally Controlled Colleges and Universities	84.425K		-	2,595,022
Passed through U.S. Department of the Interior				
COVID-19 Bureau of Indian Affairs - ED Cares Act				
Funds Assistance to Tribally Controlled Colleges	84.425K		-	2,662,121
Total Education Stabilization Fund			-	5,597,676
Passed through Alaska Department of Education and Early Development				
Career and Technical Education - Basic Grants to States	84.048	EL 22.124.01	-	150,000
Portion Passed through Arctic Slope Native Association				
Alaska Native Education Programs	84.356	S356A180018	-	28,001
<b>Total U.S. Department of Education</b>			-	7,232,295

**Ilisagvik College**  
**(A Component Unit of the North Slope Borough, Alaska)**  
**Schedule of Expenditures of Federal Awards, continued**  
*for the Year Ended June 30, 2022*

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subre- cipients	Total Federal Expendi- tures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Direct - Native American Programs	93.612		\$ -	\$ 266,841
<b>U.S. DEPARTMENT OF THE INTERIOR</b>				
Direct:				
Assistance to Tribally Controlled Community Colleges and Universities	15.027		-	856,920
COVID-19 Assistance to Tribally Controlled Community Colleges and Universities	15.027		-	436,796
Total Assistance to Tribally Controlled Community Colleges and Universities			-	1,293,716
Youth Engagement, Education, and Employment	15.676		-	93,971
COVID-19 Bureau of Indian Affairs - DOI CARES Act Funds Assistance to Tribally Controlled Colleges	15.164		-	7,333
<b>Total U.S. Department of Interior</b>			-	1,395,020
<b>U.S. NATIONAL SCIENCE FOUNDATION</b>				
Direct:				
Education and Human Resources	47.076		-	42,893
Social, Behavioral, and Economic Sciences	47.075		-	107,514
<b>Total U.S. National Science Foundation</b>			-	150,407
<b>U.S. DEPARTMENT OF TREASURY</b>				
Passed through Arctic Slope Regional Corporation Coronavirus Relief Fund	21.019	SLT2046	-	50,000
<b>Total U.S Department of Treasury</b>			-	50,000
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 9,780,042

*The accompanying notes are an integral part of this schedule.*

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

**Notes to Schedule of Expenditures of Federal Awards**  
*For the Year Ended June 30, 2022*

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes federal award activity of Ilisagvik College under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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 Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**3. Indirect Costs**

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

# 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  
Utqiagvik, 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, 2022, 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 21, 2022.

### **Report on 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 the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## Report on 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 21, 2022



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3601 C Street, Suite 600  
Anchorage, AK 99503

## **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  
Utqiagvik, Alaska

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on 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, 2022. 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, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the 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**

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on Ilisagvik College's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Ilisagvik College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Ilisagvik College is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Ilisagvik College's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 21, 2022

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

**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**

**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?	___ yes	<u>X</u> no
Significant deficiency(ies) identified?	___ yes	<u>X</u> (none reported)
Noncompliance material to financial statements noted?	___ yes	<u>X</u> no

***Federal Awards***

Internal control over major federal programs:

Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified?	<u>X</u> yes	___ (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 X no

Identification of major federal programs:

<i>Assistance Listing Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Agency</i>
84.031	Higher Education Institutional Aid	U.S. Department of Education
84.425	Education Stabilization Fund	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? X yes \_\_\_ no

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

**Schedule of Findings and Questioned Costs, continued**  
**Year Ended June 30, 2022**

**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**

**Finding 2022-001      Procurement, Suspension & Debarment - Significant Deficiency in Internal Control Over Compliance**

*Identification of the federal program*      ALN 84.425 Education Stabilization Fund  
*Agencies*      U.S. Department of Education  
*Award Numbers*      P425K200017, P425E200078, P425F200427 and A19AP00132-04  
*Year*      2022

*Criteria or Specific Requirement*      Internal control policies should be established to provide reasonable assurance that an entity with which the College plans to enter into a covered transaction is not debarred, suspended, or otherwise excluded for covered transactions under Uniform Guidance.

*Condition*      Documentation that vendors are not debarred, suspended or otherwise excluded were not retained in the College’s procurement files and thus, auditors were not able to test that relevant internal controls were operating effectively.

*Cause*      Although staff did check the vendor through SAM.gov, employees were not trained to keep such documentation.

*Effect or Potential Effect*      Lack of documentation might make it harder for the College’s management to monitor compliance with the requirement.

*Questioned Costs*      None noted

*Context*      Auditors were not able to verify internal controls over sampled procurements, since no documentation was retained.

*Identification as a Repeat Finding*      Not a repeating finding

*Recommendation*      We recommend that management retain evidence of review that prospective vendors and suppliers are not on the suspension and debarment list for covered transactions under Uniform Guidance.

*Views of Responsible Officials*      Management concurs with the finding. See corrective action plan.



**Corrective Action Plan (Unaudited)  
Year Ended June 30, 2022**

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**Finding 2022-001 Procurement and Suspension and Debarment - Significant Deficiency in Internal Control over Compliance**

***Corrective Action Plan***

Management will provide training to purchasers, supervisors, and department heads on the specific requirements of the procurement policy. Management will implement additional requirements for purchases subject to the procurement policy to ensure all vendors are not on the suspension and debarment list provided by the U. S. General Services Administration on the [www.sam.gov](http://www.sam.gov) website.

Point of Contact: Ann Marie Clark, Chief Financial Officer  
907-852-1823

Anticipated Completion Date: December 31, 2022