

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Management Discussion and Analysis, Basic Financial
Statements, Required Supplementary Information, Additional
Supplementary Information and Compliance Reports

Year Ended June 30, 2015

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Management Discussion and Analysis, Basic Financial
Statements, Required Supplementary Information, Additional
Supplementary Information and Compliance Reports

Year Ended June 30, 2015

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

(A Component Unit of the Kodiak Island Borough)

Table of Contents

	<u>Page</u>
Independent Auditor’s Report	1-3
Management Discussion and Analysis (MD&A)	4-12
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	A-1 13
Statement of Activities	B-1 14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	C-1 15
Reconciliation of Net Position Between the Government-wide and Fund Financial Statements	C-2 16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	D-1 17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	D-2 18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund	E-1 19
Statement of Fiduciary Assets and Liabilities – Student Activity Agency Fund	F-1 20
Notes to Basic Financial Statements	21-51

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

(A Component Unit of the Kodiak Island Borough)

Table of Contents, Continued

		<u>Page</u>
Required Supplementary Information:		
Schedule of District's Proportionate Share of the Net Pension Liability:		
Public Employees' Retirement System	G-1	52
Teachers' Retirement System	G-2	53
Schedule of District's Contributions:		
Public Employees' Retirement System	G-3	54
Teachers' Retirement System	G-4	55
Additional Supplementary Information:		
Major Governmental Fund:		
Comparative Balance Sheets – General Fund	H-1	56
Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund		
	H-2	57-62
Other Governmental Funds:		
Combining Balance Sheet	I-1	63-66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	I-2	67-70
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:		
Special Revenue Funds:		
Pupil Transportation	J-1	71
Recreational Shellfish Beach Monitoring	J-2	72
Carl Perkins Non Traditional CTE	J-3	73
Career and Technical Education Grant	J-4	74
Digital Teaching Initiative	J-5	75
Compass Alaska	J-6	76
Alaska Arts Education Planning	J-7	77
Cafeteria	J-8	78
Fresh Fruits and Vegetables	J-9	79
Alaska Grown	J-10	80
Early Learning Literacy K-3	J-11	81
Preschool Disabled	J-12	82

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

(A Component Unit of the Kodiak Island Borough)

Table of Contents, Continued

	<u>Page</u>
Additional Supplementary Information (Continued):	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Special Revenue Funds, Continued:	
Title VI-B	J-13 83
Carl Perkins Secondary	J-14 84
Title III Immigrant Program	J-15 85
Migrant Education Book Program	J-16 86
NCLB Title I-A Basic	J-17 87
NCLB Title I-C Migrant Education	J-18 88
NCLB Title II-A Teacher Training	J-19 89
NCLB Title III English Language Acquisition (ELA)	J-20 90
NCLB Title I-A 1% Parent Involvement	J-21 91
Carl Perkins Post-Secondary	J-22 92
Indian Education	J-23 93
Engaging Native Learners in Virtual Education Now (ENLIVEN)	J-24 94
Obesity Prevention and Control	J-25 95
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Capital Projects Fund:	
Impact Aid Construction	J-26 96
Fiduciary Fund:	
Schedule of Changes in Amounts Due Student Organizations - Student Activity Agency Fund	K-1 97
Schedule of Expenditures of Federal Awards	L-1 98-99
Schedule of State Financial Assistance	M-1 100
Compliance Reports:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	101-102

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

(A Component Unit of the Kodiak Island Borough)

Table of Contents, Continued

	<u>Page</u>
Compliance Reports, Continued:	
Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance as Required by <i>OMB Circular A-133</i>	103-105
Federal Schedule of Findings and Questioned Costs	106-107
Report on Compliance For Each Major State Program and Report on Internal Control Over Compliance Required by <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>	108-110
State Schedule of Findings and Questioned Costs	111-113
Corrective Action Plan	114-115
Report on Statement of Compliance with AS 14.14.020 and Other State Requirements	116-117
Report on Statement of Compliance with AS 14.17.505	118-119
Statement of Compliance - AS 14.17.505	120

Independent Auditor's Report

Members of the School Board
Kodiak Island Borough School District
Kodiak, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kodiak Island Borough School District (District), a component unit of the Kodiak Island Borough, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kodiak Island Borough School District, as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note VI-D to the financial statements, in 2015 the District adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and the Schedules of the District's Share of Net Position Liabilities and Contributions for the Public Employees' Retirement System and the Teachers' Retirement System on pages 4-12 and 52-55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kodiak Island Borough School District's basic financial statements. The information listed in the table of contents as "Additional Supplementary Information", which includes Major Governmental Fund: Comparative Balance Sheets – General Fund; Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund; Other Governmental Funds: Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances; Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Funds; Schedule of Revenues, Expenditures, and Changes in Fund Balance – Capital Project Fund; Schedule of Changes in Amounts Due Student Organizations – Student Activity Agency Fund; the Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the Schedule of State Financial Assistance which is presented as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Members of the School Board
Kodiak Island Borough School District

The Additional Supplementary Information listed above, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Additional Supplementary Information as listed above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015 on our consideration of the Kodiak Island Borough School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 the Kodiak Island Borough School District's internal control over financial reporting and compliance.



Anchorage, Alaska
December 1, 2015

MANAGEMENT DISCUSSION AND ANALYSIS

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

(A Component Unit of the Kodiak Island Borough)

Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

Introduction

This section of Kodiak Island Borough School District's (District) annual audit presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2015 (FY15). In some instances comparative information for the fiscal year ended June 30, 2014 has been presented. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for the 2015 fiscal year include the following:

- The liabilities and deferred inflows of resources of the Kodiak Island Borough School District exceeded its total assets and deferred outflows of resources at the close of the most recent year by \$5,688,776.
- In total, net position increased \$7,462,409 in FY15 compared to a prior year increase of \$2,209,823. All activities at the School District are governmental activities. There were no business activities in 2015 or 2014.
- Total general revenues were \$44,495,746, or 85% of all revenues in FY15 compared to \$42,473,776, (77%) in FY14. Program specific revenues in the form of charges for services (for rentals and lunch sales) and grants accounted for \$7,947,725 or 15% of total revenues of \$52,443,471 in FY15. Program specific revenues accounted for \$12,976,670 or 23% of total revenues of \$55,450,446 in FY14.
- The School District had \$44,981,062 in expenses in FY15 compared to \$53,240,623 in expenses in FY14. In FY15 only \$7,947,725 of these expenses were offset by program specific charges for services and grants. General revenues (primarily from unrestricted grants) of \$44,495,746 helped to provide for these services. In FY14 only \$12,976,670 of these expenses were offset by program specific charges for services and grants. General revenues of \$42,473,776 were adequate to cover the remaining expenses.
- For FY15 School District's governmental funds reported combined ending fund balances of \$10,273,586 compared to \$7,446,275 in FY14. In FY15, \$599,202 is non-spendable, \$3,235,270 is committed, \$2,911,281 assigned and \$3,527,833 is unassigned. In FY14, \$399,920 was non-spendable, \$2,632,201 was committed, \$708,037 was assigned, and \$3,706,117 was unassigned.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

(A Component Unit of the Kodiak Island Borough)

Management Discussion and Analysis, Continued

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The basic financial statements include two kinds of statements that present different views of the District's activities.

Government-wide financial statements – The district-wide financial statements provide both short-term and long-term information about the District's overall financial status, in a manner similar to a private-sector business enterprise. These statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as net position. The statement is designed to display the financial position of the District. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information which shows how the District's net position changed during the most recent fiscal year. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector business. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid.

The statement of net position and the statement of activities present functions of the District as governmental activities, that is, functions principally supported by intergovernmental revenues. The governmental activities of the District include instruction, support services, administration, operations and maintenance, student activities, student transportation services and food services.

The district-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements – A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate fiscal accountability. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

- Some funds are required by state law and/or governmental accounting standards.
- The District establishes other funds to control and manage money for a particular purpose or to show that it is properly using certain fund revenues (such as federal grants).

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

(A Component Unit of the Kodiak Island Borough)

Management Discussion and Analysis, Continued

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for the general fund and special revenue funds. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 15-19 of this report.

Fiduciary funds – Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for others. Activities from fiduciary funds are not included in the government-wide financial statements because the District cannot use these assets for its operations. The District's only fiduciary fund is an agency fund used to account for various student and school-related organizations.

The basic fiduciary fund financial statement can be found on page 20 of this report.

Notes to financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to financial statements can be found on pages 21-51 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$5,688,776 at June 30, 2015 compared to assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources by \$7,485,028 at June 30, 2014.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)
Management Discussion and Analysis, Continued

The following table provides a summary of the District's net position for FY15 and FY14:

Table 1

Assets and Deferred Outflows of Resources	2015	2014
Current assets	\$ 14,831,091	12,377,994
Capital assets, net	974,104	744,435
Total current assets	<u>15,805,195</u>	<u>13,122,429</u>
Deferred outflows of resources	1,041,395	—
Total assets and deferred outflows of resources	<u>\$ 16,846,590</u>	<u>13,122,429</u>
Liabilities and Deferred Inflows of Resources		
Current liabilities	4,557,505	4,931,719
Noncurrent liabilities:		
Due within one year	753,044	609,278
Due in more than one year	65,817	96,404
Net pension liability	15,345,742	—
Total noncurrent liabilities	<u>16,164,603</u>	<u>705,682</u>
Deferred inflows of resources	1,813,258	—
Total liabilities and deferred inflows of resources	<u>22,535,366</u>	<u>5,637,401</u>
Net Position		
Net investment in capital assets	877,700	618,900
Unrestricted	(6,566,476)	6,866,128
Total net position	<u>\$ (5,688,776)</u>	<u>7,485,028</u>

Significant differences between the Statement of Net Position for fiscal year ending June 30, 2015 and fiscal year ending June 30, 2014 can be summarized as follows:

- Total assets for fiscal year ending June 30, 2015 exceeded prior year assets by \$3,724,161 due primarily to increase in cash and capital assets.
- Total liabilities for fiscal year ending June 30, 2015 exceeded prior year liabilities by \$16,897,965. The significant increase in liabilities was caused by a change in accounting principles performed to recognize the Net Pension Liability of the District related to the District's pension plans.

Table 2 highlights the District's revenues and expenses for the fiscal year ended June 30, 2015 and 2014. These two main components are subtracted to yield the change in net position. This table utilizes the full accrual method of accounting.

Revenue is further divided into two major components: Program Revenue and General Revenue. Program revenue is defined as charges for services, operating and capital grants and contributions. General Revenue includes revenue and unrestricted grants such as state foundation support and federal appropriations.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

(A Component Unit of the Kodiak Island Borough)

Management Discussion and Analysis, Continued

Expenses are shown in programs including Instruction, Support Services, Administration, Operation and Maintenance, Transportation and Food Service.

Table 2 - Change in Net Position

	<u>2015</u>	<u>2014</u>
Revenues:		
Program revenues:		
Charges for services	\$ 238,847	243,260
Operating grants and contributions	7,614,582	12,726,590
Capital grants and contributions	94,296	6,820
General revenues:		
Foundation program	27,440,247	26,765,426
Borough direct appropriation	10,905,600	10,651,976
Federal impact aid	2,333,830	1,826,726
Other	3,816,069	3,229,648
Total revenues	<u>52,443,471</u>	<u>55,450,446</u>
Expenses:		
Instruction	16,349,092	21,746,838
Special education instruction	3,578,656	4,582,336
Special education support services – students	1,540,116	2,007,362
Support services - students	1,565,690	1,981,635
Support services - instruction	6,037,036	5,456,591
School administration	1,108,087	1,594,186
School administration – support services	1,455,255	1,329,178
District administration	1,015,167	1,628,167
District administration support services	2,841,960	2,530,264
Operations and maintenance of plant	5,658,236	6,292,171
Student activities	869,283	928,599
Pupil transportation	1,728,568	1,711,014
Food service	1,227,640	1,444,618
Food service	6,276	7,664.00
Total expenses	<u>44,981,062</u>	<u>53,240,623</u>
Change in net position	7,462,409	2,209,823
Net position, beginning of year, as previously stated	7,485,028	5,275,205
Cummulative effect of a change in accounting principle	<u>(20,636,213)</u>	<u>-</u>
Net position, beginning of year, as restated	<u>(13,151,185)</u>	<u>5,275,205</u>
Net position, end of year	\$ <u><u>(5,688,776)</u></u>	<u><u>7,485,028</u></u>

Financial Analysis of the District as a Whole.

The District implemented GASB Statement No. 68 this year. With the new reporting change, the District is allocated its proportionate share of the State of Alaska net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$20,636,213. Decisions regarding the allocations are made by the administrators of the pension plan, not by the District's management.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

(A Component Unit of the Kodiak Island Borough)

Management Discussion and Analysis, Continued

The significant change in net position, excluding activity related to the implementation of GASB 68, for fiscal year ending June 30, 2015 compared to fiscal year ending June 30, 2014 can be summarized as follows:

- June 30, 2015: The District received considerably more revenue from the State of Alaska in the form of Foundation funding, the Senate Bill 278 and payments from the U.S. Department of Education under Impact Aid military funding.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of the District's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Did the District generate enough revenue to pay for current obligations? What is available for spending at the end of the year?

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$10,273,586 an increase of \$2,827,311 in comparison with the prior year. A portion of that balance in the amount of \$599,202 related to inventory is non-spendable, indicating that it will never convert to cash because of its form.

There is also a committed portion for pupil transportation fund balance in the amount of \$1,104,946 and federal impact aid funding in the amount of \$2,130,324.

The \$6,439,114 remainder of fund balance is assigned and unassigned; \$536,281 is assigned for compensated absences and \$2,375,000 is assigned for District's self-insurance. The remainder of \$3,527,833 is unassigned and is available for spending at the District's discretion.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance was \$9,097,533, non-spendable fund balance was \$425,037, committed fund balance was \$2,059,217, assigned fund balance was \$2,911,281, and unassigned fund balance was \$3,701,998. This was a \$4,119 decrease in unassigned fund balance from the prior year.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

(A Component Unit of the Kodiak Island Borough)

Management Discussion and Analysis, Continued

General Fund Budgetary Highlights

Significant differences between the final amended budget and actual can be summarized as follows:

- Actual enrollment figures in FY15 were close to the projected ADM. The state's foundation formula adjustment brought a decrease of \$69,260 from what was anticipated.
- Revenue from Impact Aid Military was budgeted conservatively based on the previous years' experience. However, the district had received the full allotment this fiscal year, thus ended up booking revenue in excess of budget in the amount of \$532,432.
- E-rate reimbursement and revenue recognition is higher by \$483,295 due to increase of bandwidth throughout the district
- On-behalf contribution amounts are recognized in the fund financial statements as both revenue and expenditures. Because on-behalf relief provided by the Alaska Retirement Management Board came \$30,586,267 higher than anticipated as the result of the State one-time contribution to the PERS and TRS plans, employee benefits expenditures for the year were \$28,068,410 higher than originally budgeted.
- Energy costs for the year were significantly lower than originally budgeted because of a large decrease in fuel price during the year. As the result, energy expenditures were \$767,354 below the budget amounts.

Capital Assets and Debt Administration

Capital assets – The District's investment in capital assets for its governmental activities as of June 30, 2015 amounts to \$974,104 (net of accumulated depreciation). The investment in capital assets includes furniture and equipment.

Debt administration – Debt related to general obligation bonds for school construction is the responsibility of the Kodiak Island Borough. The District has no obligation for repayment of general obligation bonds. Noncurrent liabilities of the District, those not due and payable in the current period and therefore not reported in the funds include lease payable of \$96,404, compensated absences of \$536,281 and insurance rebates to employees of \$186,176.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

(A Component Unit of the Kodiak Island Borough)

Management Discussion and Analysis, Continued

Economic Factors and the Next Year's Budget

In setting the budgets for FY16, the District considered a number of issues with government-wide impact, among them:

- **Revenue - Local Sources:** The Local Sources section of the revenue presentation has been increased the category of designated fund balance. The addition of \$500,000 of designated fund balance is noted and will be made available only if the district's self-insured health insurance plan ends the year with an excess of district paid premiums over total claims. These funds will be earmarked for the replacement of instructional funding equipment and technology. Expenditures for full replacement cycles will only be made if the funds become available.

Kodiak Island Borough has committed local funding a minimum amount of \$10,905,600. This is the same dollar amount as FY15. This amount is \$800,221 below the projected allowable maximum local contribution for FY15. It also reflects a decrease in mill rate to fund KIB's contribution. As of June 3, 2014 KIB has determined the 2014 local certified assessed value to be \$1,612,480,900.

- **State Sources:** The final FY15 budget is calculated based on the DEED estimated ADM (student count derivative) of 2,341.61. Regular State Aid reflects an increase of \$50 to the Base Student Allocation over FY14.
- **Federal Sources:** The Impact Aid for FY15 is presented based on impact aid reports. No indication of sequestration has been received by the district, thus the full amount of anticipated federal support is used in these scenarios.

Expenditure consideration for FY16 included the following:

- Regular movement and contractual obligations of FY15 certified staffing levels as adjusted by known attrition issues, as well as considering the increase of 8.5 FTE and based on the salary schedule for KBEA (certified staff) have been factored in this final presentation. Classified staff considerations include regular movement and contractual obligations of FY15 classified staffing levels as adjusted by known attrition issues, as well as consider the increase of 4.5 FTE and is based on the FY15 salary schedule for KIESA and EXEMPT (classified staff). The current KIESA and EXEMPT contract expires 6/30/2017. KAA staff will be discussing their respective employment arrangements which expire 6/30/2016.
- Health insurance rates will increase by 5.7%. This adjustment contributed to an estimated increase of \$408,000 to district health care costs in FY16.
- Energy costs are expected to increase slightly the next year. Anticipated increase in utilization after the district occupies the new high school Tower is also a consideration for increased utility and energy expense.
- Transfer of \$180,000 is budgeted to offset the costs of the school lunch program.
- The district has budgeted \$500,000 for equipment replacement which is directly offset by fund balance generated by a refund from the district's health insurance plan. This refund is not a certainty and such an expense would only be incurred should the refund materialize.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

(A Component Unit of the Kodiak Island Borough)

Management Discussion and Analysis, Continued

- A salary contingency of 1% is built into the FY16 budget at its inception.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finance. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

Rodger Studley
Chief Business Officer
Kodiak Island Borough School District
722 Mill Bay Road
Kodiak, Alaska 99615
Phone (907) 481-6105
Fax (907) 481-6108

BASIC FINANCIAL STATEMENTS

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Statement of Net Position

June 30, 2015

	<u>Governmental Activities</u>
Assets and Deferred Outflows of Resources	
Assets:	
Current:	
Cash	\$ 34,819
Due from:	
Kodiak Island Borough	11,238,882
Student groups	51,182
Receivables	2,907,006
Inventories	599,202
Total current	<u>14,831,091</u>
Non-current -	
Capital assets, net	<u>974,104</u>
Deferred outflows of resources -	
Pension deferrals	<u>1,041,395</u>
Total assets and deferred outflows of resources	<u>16,846,590</u>
Liabilities, Deferred Inflows of Resources, and Net Position	
Liabilities:	
Current:	
Accounts payable	1,158,189
Accrued payroll	1,623,777
Accrued payroll liabilities	473,447
Accrued employee benefits	1,228,011
Unearned revenues	74,081
Total current	<u>4,557,505</u>
Noncurrent liabilities:	
Due within one year	753,044
Lease payable, due in more than one year	65,817
Net pension liability	15,345,742
Total noncurrent liabilities	<u>16,164,603</u>
Deferred inflows of resources - pension deferrals	<u>1,813,258</u>
Total liabilities and deferred inflows of resources	<u>22,535,366</u>
Net position:	
Net investment in capital assets	877,700
Unrestricted	<u>(6,566,476)</u>
Total net position	<u>\$ (5,688,776)</u>

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

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Statement of Activities

YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
Instruction	\$ 16,349,092	48,463	2,339,578	-	(13,961,051)
Special education instruction	3,578,656	-	755,737	-	(2,822,919)
Special education support services – students	1,540,116	-	54,983	-	(1,485,133)
Support services - students	1,565,690	-	408,339	-	(1,157,351)
Support services - instruction	6,037,036	-	487,355	-	(5,549,681)
School administration	1,108,087	-	120,573	-	(987,514)
School administration support services	1,455,255	-	177,681	-	(1,277,574)
District administration	1,015,167	-	51,129	-	(964,038)
District administration support services	2,841,960	-	219,763	-	(2,622,197)
Operations and maintenance of plant	5,658,236	-	56,891	94,296	(5,507,049)
Student activities	869,283	-	24,638	-	(844,645)
Pupil transportation	1,728,568	-	2,034,859	-	306,291
Food service	1,227,640	190,384	883,056	-	(154,200)
Unallocated interest	6,276	-	-	-	(6,276)
Total governmental activities	\$ 44,981,062	238,847	7,614,582	94,296	(37,033,337)
General revenues:					
Foundation				\$ 27,440,247	
Quality schools				85,667	
House bill 278				913,815	
E-rate				2,678,395	
Federal impact aid				2,333,830	
Department of Defense				92,606	
Appropriation from Kodiak Island Borough				10,905,600	
Service contract				14,989	
Other				41,203	
Gain (loss) on disposal of assets				(10,606)	
Total general revenues				44,495,746	
Change in net position					7,462,409
Net position, beginning of year, as previously stated					7,485,028
Cumulative effect of a change in accounting principle					(20,636,213)
Net position, beginning of year, as restated					(13,151,185)
Net position, end of year					\$ (5,688,776)

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

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

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

June 30, 2015

Amounts reported as fund balances on the governmental fund balance sheet		\$ 10,273,586
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities, are not financial resources and therefore, are not reported in the funds.		974,104
Long-term liabilities, including compensated absences are not due and payable in the current period and therefore are not reported in the funds:		
Lease payable	(96,404)	
Compensated absences	(536,281)	
Employee insurance premium refund	<u>(186,176)</u>	(818,861)
Proportionate share of the collective net pension liability:		
PERS	(6,382,720)	
TRS	<u>(8,963,022)</u>	(15,345,742)
Deferred inflows and outflows of resources are the results of timing differences in the actuarial report.		
Pension related assets in the current fiscal year are presented as deferred outflows of resources:		
PERS	413,351	
TRS	<u>628,044</u>	1,041,395
Pension related liabilities in the current fiscal year are presented as deferred inflows of resources:		
PERS	(626,830)	
TRS	<u>(1,186,428)</u>	<u>(1,813,258)</u>
Net position of governmental activities		\$ <u><u>(5,688,776)</u></u>

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

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

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

YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Local sources:			
Kodiak Island Borough:			
Appropriations	\$ 10,174,298	-	10,174,298
In-kind services	731,302	-	731,302
E-rate reimbursement	2,678,395	-	2,678,395
Charges for services:			
Rentals	48,463	-	48,463
Lunch sales	-	190,384	190,384
Other	71,802	16,289	88,091
Intergovernmental:			
State of Alaska	68,777,225	2,683,662	71,460,887
Federal sources	2,434,515	3,268,497	5,703,012
Total revenues	<u>84,916,000</u>	<u>6,158,832</u>	<u>91,074,832</u>
Expenditures:			
Current:			
Instruction	40,692,854	1,352,812	42,045,666
Special education instruction	7,285,596	577,749	7,863,345
Special education support services - students	2,981,951	886	2,982,837
Support services - students	3,424,492	321,176	3,745,668
Support services - instruction	8,502,323	362,227	8,864,550
School administration	4,651,866	3,895	4,655,761
School administration support services	1,257,600	152,530	1,410,130
District administration	1,876,049	12,315	1,888,364
District administration support services	3,575,177	172,647	3,747,824
Operations and maintenance of plant	6,494,479	-	6,494,479
Student activities	1,534,656	-	1,534,656
Pupil transportation	-	1,728,568	1,728,568
Food service	-	1,228,653	1,228,653
Debt service:			
Principal	29,131	-	29,131
Interest	6,276	-	6,276
Capital outlay	-	23,189	23,189
Total expenditures	<u>82,312,450</u>	<u>5,936,647</u>	<u>88,249,097</u>
Excess of revenues over expenditures	<u>2,603,550</u>	<u>222,185</u>	<u>2,825,735</u>
Other financing sources (uses):			
Proceeds from sale of capital assets	1,576	-	1,576
Transfers in	-	155,213	155,213
Transfers out	(155,213)	-	(155,213)
Net other financing sources (uses)	<u>(153,637)</u>	<u>155,213</u>	<u>1,576</u>
Net change in fund balances	2,449,913	377,398	2,827,311
Fund balances, beginning of year	<u>6,647,620</u>	<u>798,655</u>	<u>7,446,275</u>
Fund balances, end of year	\$ <u>9,097,533</u>	<u>1,176,053</u>	<u>10,273,586</u>

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

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

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

YEAR ENDED JUNE 30, 2015

Net change in fund balances – total governmental funds \$ 2,827,311

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

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

Net change in the unfunded pension liability:

PERS	885,234	
TRS	<u>2,138,665</u>	3,023,899

Amortization of deferred inflows of resources:

PERS	156,707	
TRS	<u>296,607</u>	453,314

Changes in deferred inflow and outflow of resources are the results of timing differences in the actuarial report.

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

PERS	413,351	
TRS	<u>628,044</u>	1,041,395

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense:

Depreciation expense	(197,453)	
Equipment purchases	<u>439,304</u>	241,851

The statement of activities reports gain or losses arising from the trade-in of existing capital assets to acquire new capital assets or the disposal of undepreciated assets. Conversely, governmental funds do not report any gain or loss for disposal of capital assets, only proceeds from the sale of capital assets. This is the amount of loss in excess of the proceeds from capital assets.

Cost of assets sold	(28,820)	
Accumulated depreciation of assets sold	<u>16,638</u>	(12,182)

The issuance of long-term debt (e.g., bonds, leases and notes) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. These amounts represent the net effect of the issuance and payments of principal on long-term debt:

Repayment of principal	29,131	
Compensated absences	(56,660)	
Employee paid insurance premium refund	<u>(85,650)</u>	(113,179)

Change in net position of governmental activities		\$ <u><u>7,462,409</u></u>
---	--	----------------------------

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

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

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

YEAR ENDED JUNE 30, 2015

	General Fund			Variance with Final Budget – Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Local sources:				
Kodiak Island Borough:				
Appropriations	\$ 10,090,250	10,090,250	10,174,298	84,048
In-kind services	815,350	815,350	731,302	(84,048)
E-rate reimbursements	2,195,100	2,195,100	2,678,395	483,295
Charges for services - rentals	82,000	57,000	48,463	(8,537)
Other	-	-	71,802	71,802
Intergovernmental:				
State of Alaska	35,299,455	38,239,572	68,777,225	30,537,653
Federal sources	1,834,947	1,836,947	2,434,515	597,568
Total revenues	<u>50,317,102</u>	<u>53,234,219</u>	<u>84,916,000</u>	<u>31,681,781</u>
Expenditures:				
Current:				
Instruction	22,252,351	24,902,490	40,692,854	(15,790,364)
Special education instruction	4,571,140	4,565,648	7,285,596	(2,719,948)
Special education support services - students	2,356,782	2,246,848	2,981,951	(735,103)
Support services - students	1,805,733	1,728,290	3,424,492	(1,696,202)
Support services - instruction	3,821,338	4,872,307	8,502,323	(3,630,016)
School administration	1,922,839	2,008,189	4,651,866	(2,643,677)
School administration support services	1,343,934	1,447,405	1,257,600	189,805
District administration	2,339,302	1,464,279	1,876,049	(411,770)
District administration support services	3,055,532	3,434,888	3,575,177	(140,289)
Operations and maintenance of plant	6,742,311	7,569,293	6,494,479	1,074,814
Student activities	605,840	889,176	1,534,656	(645,480)
Debt service:				
Principal	-	-	29,131	(29,131)
Interest	-	-	6,276	(6,276)
Total expenditures	<u>50,817,102</u>	<u>55,128,813</u>	<u>82,312,450</u>	<u>(27,183,637)</u>
Excess (deficiency) of revenues over (under) expenditures	(500,000)	(1,894,594)	2,603,550	4,498,144
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	1,576	1,576
Transfers out - Cafeteria Special Revenue Fund	(180,000)	(180,000)	(155,213)	24,787
Total other financing sources (uses)	<u>(180,000)</u>	<u>(180,000)</u>	<u>(153,637)</u>	<u>26,363</u>
Net change in fund balance	\$ <u>(680,000)</u>	<u>(2,074,594)</u>	2,449,913	<u>4,524,507</u>
Fund balance, beginning of year			<u>6,647,620</u>	
Fund balance, end of year			\$ <u>9,097,533</u>	

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

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
 (A Component Unit of the Kodiak Island Borough)

Statement of Fiduciary Assets and Liabilities - Student Activity Agency Fund

June 30, 2015

<u>Assets</u>	
Cash	\$ <u><u>514,139</u></u>
<u>Liabilities</u>	
Accounts payable	33,182
Due to other funds	51,182
Due to student organizations	<u>429,775</u>
Total liabilities	\$ <u><u>514,139</u></u>

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

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements

June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Kodiak Island Borough School District (School District) operates a public school system under an elected school board, as permitted by Alaska State Statutes 14.14.060 and 29.35.160. The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The Kodiak Island Borough (Borough) is required by Alaska Statute, Title 29, Section 33.050, to establish, maintain, and operate a system of public schools on an area-wide basis. The Borough Assembly has delegated the administrative responsibility to the Kodiak Island Borough School Board but has retained budgetary approval powers and ownership of all buildings and property. Accordingly, the School District is a discretely presented component unit of the Kodiak Island Borough.

B. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

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

The Government-Wide Financial Statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis, 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.

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

Interest earnings associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available if received within 60 days of year end

The District reports the following major governmental fund:

The *General Fund* is the District's primary operating fund. Major revenue sources include the local government's contribution to education, the State of Alaska Public School Foundation Program and other state and federal revenues. Expenditures are authorized in the annual budget and are made for such activities as student instruction, support services, administration, operations and maintenance of plant, and student activities.

Additionally the District reports the following fund type:

The *Student Activity Agency Fund* is a fiduciary fund. This fund is custodial in nature (assets equal liabilities) and does not involve measurement or results of operations. This agency fund accounts for pupil activities for the assets held by the School District as an agent for various student and school related organizations.

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

As a general rule the effect of inter-fund activity has been eliminated from the Governmental-Wide Financial Statements.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

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

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

Intergovernmental Revenue – State of Alaska foundation, tuition, transportation, and federal aid for the school lunch program are all recorded in the year to which they relate, including accrual at year end of final payments due within approximately two months after year end. Borough appropriations are recorded as local source revenue in accordance with the Uniform Chart of Accounts for School Districts.

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

Federal Impact Aid funds are recorded in the year to which the entitlement is received, including accrual at year end of final payments due within approximately two months after year end.

The United States Department of Agriculture provides commodities and supplies to the School District. These commodities are recorded as revenue and expenditures as utilized.

Local Revenue – Borough appropriations are recorded on the accrual basis in the amount approved by the Kodiak Island Borough Assembly. The School District records payments of certain expenditures by the Borough at the cost incurred by the Borough. Proceeds from the sale of lunches and other miscellaneous revenues are recognized in the year received.

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

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

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position – Fund Balance

1. *Due from Kodiak Island Borough, Cash and Cash Equivalents and Investments*

Substantially all cash funds of the School District are maintained in the Borough Central Treasury to maximize investment income while minimizing risks of loss of capital and as such are recognized as a receivable from the Borough.

Cash and cash equivalents include cash on hand and demand deposits. The School District requires all deposits to be insured or collateralized. The District holds no investments and as such has no investment policy. There are no statutory limitations on the type of investments allowed.

2. *Short-term Interfund Receivables and Payables*

In the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” on the balance sheet of the fund financial statements and are eliminated in the preparation of the Government-Wide Financial Statements.

Receivables are comprised of amounts due from the federal government, State of Alaska, and other local sources.

No receivables are deemed uncollectible and no allowance for uncollectible accounts has been established.

3. *Inventories and Prepaid Items*

The consumption method is used to account for the inventories of teaching and maintenance supplies as well as food inventories. These inventories are valued at the lower of cost or market, which approximates fair value, using the first-in first-out (FIFO) method. Fuel is accounted for by the purchases method and valued at the lower of cost or market using the FIFO method. Reported inventories are equally offset by a portion of fund balance classified as nonspendable in the fund financial statements, which indicates that they do not constitute “available spendable resources” even though they are a component of net current position.

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

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

4. Capital Assets

The Borough has title to and accounts for all land, school buildings, and improvements, which are provided to the School District without charge. Capital assets, which consist of equipment and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost when the original cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. The School District uses the straight-line depreciation method over the following estimated useful lives:

Furniture and equipment, including computers	5-15 years
Vehicles	8-15 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

5. Life Insurance

The School District provides life insurance as a benefit to permanent employees working 15 or more hours per week. The face value of the insurance policy is \$85,000, and the employees are immediately 100% vested. The School District incurred \$69,309 during the year ended June 30, 2015, for insurance premiums.

6. Deferred Inflows and Deferred Outflows

Deferred inflows of resources are the acquisition of fund balance / net position by the District that are applicable to a future reporting period. Deferred outflows of resources are the consumption of fund balance / net position by the District that are applicable to a future reporting period.

7. Unearned Revenues

Unearned revenues arise when resources are received before the School District has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when there is a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

8. *Compensated Absences*

It is the School District's policy to permit employees to accumulate earned but unused personal annual leave. Personal/annual leave is subject to certain restrictions and maximum accumulations. All employees are paid for any accumulated personal/annual leave upon use or at termination. Sick leave, which may accumulate indefinitely, is charged to expenditures when used. Upon resignation, outstanding sick leave is generally lost except for its use as an increase in service credit for those employees who are members of the Alaska Teachers' Retirement System. All personal/annual leave is reported when incurred in the Government-Wide Financial Statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

9. *Long-Term Obligations*

In the Government-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities. In the Fund Financial Statements the face amount of the debt issued is reported as other financing sources and an expenditure of the fund incurring the debt. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Debt incurred for construction of school facilities is the obligation of the Borough; therefore it is not included in the School District's Government-Wide Statement of net position.

10. *Pensions*

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

11. *Net Position*

Government-wide net position is divided into three components:

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

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

- Restricted net position – consists of assets that are restricted by the District’s creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position is reported in this category.

12. Fund Balance

In the Fund Financial Statements, fund balance includes five classifications as follows:

Nonspendable Fund Balance – amounts that are legally or contractually required to be maintained intact (such as the corpus of an endowment fund) or amounts that are not in a spendable form (such as inventory, prepaid expenses, supplies, long-term receivables). Such constraint is binding until the legal or contractual requirement is repealed or the amounts become spendable.

Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation. Such constraint is binding unless modified or rescinded by external body, laws, or regulation.

Committed Fund Balance – amounts that can be used only for the specific purposes determined by a formal action of the School District Board. Commitments may be changed or lifted by the Board taking the same formal action that imposed the constraint originally.

Assigned Fund Balance – amounts intended to be used by the School District for specific purposes: intent can be expressed by the Board or by the Superintendent or designee. Such constraint is binding unless modified or eliminated by the Board or Superintendent. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed.

Unassigned Fund Balance – amounts not contained in the other classifications and available for any purpose. Positive unassigned amounts will be reported only in the General Fund. If another governmental fund, other than the General Fund, has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund.

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

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

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

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

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

Annual budgets are adopted by the School Board for all revenues, expenditures, and interfund transfers of the General Fund. Budgets are prepared and presented on the modified accrual basis of accounting. Pursuant to Alaska Statutes, the adopted General Fund budget is submitted to the Borough Assembly for review and approval. The approved budget is also submitted to the State of Alaska, Department of Education and Early Development, for review to determine compliance with Alaska Statutes and Department regulations.

The School Board retains line item authority once the annual appropriation for the General Fund is approved by the Borough Assembly. While appropriations lapse at the end of the fiscal year, the succeeding year's budget specifically provides for the reappropriation of year-end encumbrances which have been approved in the fiscal year to which they relate.

Budgets for the various Special Revenue Funds are prepared on a modified accrual basis of accounting in connection with the application for the special program's funding and are reviewed and approved by the School Board. Expenditure authority for Special Revenue Fund programs is limited to actual combined revenues and transfers from other funds. Unexpended balances of grants from State and federal governments for Special Revenue Funds lapse at June 30 with the exception of certain federal programs which lapse at various month ends of July, August, and September.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Project budgets are adopted for the various Capital Project Funds based on the lives of the construction projects. Because an annual budget for these funds is not adopted, the Capital Project Funds do not have a presentation of budget to actual expenditures. Expenditure authority is limited to the actual combined revenues, transfers from other funds, and available fund balance in the project.

B. Expenditures in Excess of Appropriations

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

	Budgeted Amounts	Actual Amounts	(Negative)
Instruction	\$ 24,902,490	40,692,854	(15,790,364)
Special education instruction	4,565,648	7,285,596	(2,719,948)
Special education support services – students	2,246,848	2,981,951	(735,103)
Support services – students	1,728,290	3,424,492	(1,696,202)
Support services – instruction	4,872,307	8,502,323	(3,630,016)
School administration	2,008,189	4,651,866	(2,643,677)
District administration	1,464,279	1,876,049	(411,770)
District administration support services	3,434,888	3,575,177	(140,289)
Student activities	889,176	1,534,656	(645,480)

The following Special Revenue Fund had expenditures over appropriations:

	Amounts	Amounts	(Negative)
Pupil transportation	\$ 1,443,751	1,728,568	(284,817)

Excess of expenditures over appropriations in both the General Fund and Special Revenue Funds were funded through available fund balances or transfers from other funds.

III. DETAILED NOTES ON ALL FUNDS

A. Capital Assets

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

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

The following is a summary of changes in capital assets for the year ended June 30, 2015:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated:				
Vehicles	\$ 413,174	203,846	(28,820)	588,200
Equipment	923,388	235,458	-	1,158,846
Total capital assets being depreciated	<u>1,336,562</u>	<u>439,304</u>	<u>(28,820)</u>	<u>1,747,046</u>
Less accumulated depreciation for:				
Vehicles	197,860	67,381	(16,638)	248,603
Equipment	394,267	130,072	-	524,339
	<u>592,127</u>	<u>197,453</u>	<u>(16,638)</u>	<u>772,942</u>
Total net governmental activities capital assets	<u>\$ 744,435</u>	<u>241,851</u>	<u>(12,182)</u>	<u>974,104</u>

Depreciation expense was charged to the governmental activities as follows:

Instruction	\$ 33,271
Special education instruction	1,219
Support services – instruction	1,184
School administration support services	39,072
District administration support services	45,150
Operations and maintenance of plant	76,147
Student activities	759
Food service	651
Total depreciation expense per function – governmental	<u>\$ 197,453</u>

B. Capital Leases

Capital Leases

The District entered into a lease agreement as the lessee in order to finance the acquisition of several copiers. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The final lease payment is due in 2017.

Future minimum lease payments are approximately as follows:

Fiscal year ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 30,587	4,820	35,407
2017	32,117	3,290	35,407
2018	<u>33,700</u>	<u>1,707</u>	<u>35,407</u>
Total	<u>\$ 96,404</u>	<u>9,817</u>	<u>106,221</u>

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Balance June 30, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2015</u>	Due within <u>One year</u>
Lease payable	\$ 125,535	-	(29,131)	96,404	30,587

C. Long-Term Debt

The Borough issues general obligation bonds to provide funds for the acquisition and construction of major capital school facilities. The general obligation bonds are secured by the full faith, credit, and resources of the Borough. The School District is not responsible for payment of this debt. At June 30, 2015, the outstanding balance of general obligation bonds issued for school construction was approximately \$66,495,000. During the fiscal year ended June 30, 2015 debt service expenditures (principal, interest, and fiscal agent fees) incurred by the Borough for school construction general obligation bonds were \$5,759,885.

A summary of general obligation school construction bonds at June 30, 2015, follows:

Interest		Issue Date	Final Maturity Date	Bonds			
Rate	Date		Date	Authorized	Issued	Retired	Outstanding
3.00-5.00%	5/1-11/1	12/1/2004	11/1/2014	11,050,000	11,050,000	11,050,000	-
4.00-5.0%	4/1-10/1	11/1/2008	4/1/2028	8,000,000	8,000,000	2,030,000	5,970,000
1.53-5.20%	3/1-9/1	3/1/2011	3/1/2031	8,000,000	8,000,000	1,160,000	6,840,000
4.0-5.0%	3/1-9/1	5/24/2012	9/1/2024	5,230,000	5,230,000	35,000	5,195,000
2.0-5.0%	3/1-9/1	5/24/2012	9/1/2024	6,385,000	6,385,000	45,000	6,340,000
2.0-5.0%	2/1-8/1	3/12/2013	2/1/2033	21,595,000	21,595,000	1,365,000	20,230,000
2.0-5.0%	3/1-9/1	2/6/2014	3/1/2031	22,660,000	22,660,000	740,000	21,920,000
				\$ 82,920,000	82,920,000	16,425,000	66,495,000

During the year ended June 30, 2015, the following changes occurred in long-term liabilities for governmental activities.

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Governmental activities:					
Compensated absences	\$ 479,621	1,219,642	(1,162,982)	536,281	536,281
Employee paid insurance premium refund	100,526	186,176	(100,526)	186,176	186,176
Total governmental activities	\$ 580,147	1,405,818	(1,263,508)	722,457	722,457

D. Kodiak Island Borough – Annual Appropriation and Central Treasury

An annual appropriation is made by the Borough to the School District in order to provide the School District's General Fund with total resources in a fiscal year equal in amount to the budgeted expenditures, and transfers of the General Fund.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

In addition to the annual appropriation of \$10,174,298 for fiscal year 2015, the Borough provides the School District with general liability and property insurance, the annual independent audit, mental health services, grounds maintenance, building improvements, and data processing services without charge. The cost to the Borough for these services provided to the School District for the year ended June 30, 2015 was \$731,302. The School District accounts for these services as local in-kind service revenue and as general support services and operation and maintenance of plant costs.

All cash received for School District operations is initially received in the Borough's central treasury account and subsequently remitted to the School District on an imprest basis. Earnings on cash investments of the Borough's central treasury account are retained by the Borough. At June 30, 2015, the School District's equity in the Borough's central treasury account totaled \$11,238,882. Refer to the Comprehensive Annual Financial Report of the Borough for further information regarding deposits, investments, and related collateralization.

The School District bank balances are insured by federal depository insurance (FDIC) to a maximum of \$250,000, with following exceptions:

Any amount in excess of FDIC limits is collateralized with securities held by the School District's agent in the District's name.

Custodial Credit Risk – Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits will not be returned to the School District. The School District manages its custodial credit risk by its deposit and investment policy that requires all deposits to be fully insured or collateralized. At June 30, 2015, the District's deposits were fully insured and collateralized, which represents the lowest category of risk.

E. Receivables

Receivables as of year end for the General Fund and other governmental funds are as follows:

		General Fund	Other Governmental Funds	Total
Grants	\$	150	2,142,335	2,142,485
Miscellaneous		764,521	-	764,521
Total	\$	764,671	2,142,335	2,907,006

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

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

F. Interfund Payables and Receivables

At June 30, 2015, the interfund status of payables and receivables (all current) of the various funds of the School District are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other governmental funds	\$ 2,138,142
Other governmental funds	General fund	1,246,771
		\$ 3,384,913

These balances resulted from the time lag between the dates that payments between funds are made. All balances are expected to be settled within the next fiscal year.

G. Interfund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 155,213
		155,213

The General Fund transferred \$155,123 to the Cafeteria Special Revenue Fund within other governmental funds to alleviate the current year deficiency of revenues under expenditures.

IV. OTHER INFORMATION

A. Contingent Liabilities

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

The School District, from time to time, may be a participant in legal proceedings related to the conduct of 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 School District will not be materially affected by any current legal proceedings, commitments or contingent liabilities.

The District treats the on-behalf funding, created by AS 39.35.280 and AS 14.25.085, as a special funding situation. AS 39.35.255 established the uniform contribution rate for PERS employers at 22%, with the State of Alaska contributing the difference between the total PERS actuarial required contributions and the amount employers contribute at 22% of covered payroll. AS 14.25.070 established the TRS employer contributions rate at 12.56%, with the State of Alaska contributing the difference between total TRS actuarial required contribution and the amount employers contribute at 12.56% of covered payroll.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

Per GASB 68, a special funding situation is created when a non-employer entity is legally responsible for making contributions directly to the pension plan that is used to provide pensions to the employees of another entity. Under GASB 68, “legal responsible” is determined by State statute. The State of Alaska created AS 39.35.80 and AS 14.25.085, which established the required contributions for the Employer and the State.

The determination of whether the on-behalf payments should be considered a special funding situation is still being debated. If through litigation a decision is made by the courts that the on-behalf payment is not considered a special funding situation, the District’s net pension liability for PERS and TRS would increase by \$6,068,164 and \$48,372,336, respectively, as of June 30, 2015.

B. Risk Management

The School District faces a considerable number of risks of loss, including: (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) workers’ compensations; i.e., employee injuries, and (f) medical insurance costs for employees. Commercial policies, transferring the risk of loss, except for relatively small deductible amounts, are purchased for damage to and loss of property and contents, general liability, errors and omissions, and student accidents. Worker’s compensation is also purchased as required by statute. The School District has no coverage for potential losses from environmental damages. Coverage limits and the deductibles on the commercial policies have stayed relatively constant for the last several years. No settlements in excess of insurance coverage have been realized over the past three years.

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

The School District maintains an employee group health plan. The School District has retained a major portion of the risk for this plan and, accordingly, is liable for any employee health claims that are approved for payment. Stop-loss coverage limits were \$100,000 for individual claims and \$1,000,000 for aggregate claims. Medical, pharmaceutical, dental, and vision claims for the year were \$4,674,596 Total health insurance expense for the year ending June 30, 2015 was \$5,587,916, and consisted of paid claims, stop-loss premium, and administrative fees.

Accruals were made based upon estimates of the health claims at year end including claims incurred but not reported (IBNR). Such accruals were accounted for in the General (School Operating) Fund and are included in “Accrued employee benefits.” Total estimated liability at June 30, 2015 amounted to \$1,228,011. Changes in the claims liability amount for the previous two years were:

<u>Fiscal Year</u>		<u>Beginning IBNR</u>	<u>Ending IBNR</u>	<u>Change in IBNR</u>
2014	\$	1,213,210	1,232,214	19,004
2015	\$	1,232,214	1,228,011	(4,203)

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

C. Employee Retirement Systems and Plans

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

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

The system is governed by the Alaska Retirement Management Board. The benefit and contribution provision are established by State of law and may be amended only by the State legislature.

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

PERS and TRS acts as the common investment and administrative agency for the following multiple-employer plans:

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

Other Postemployment Benefit Plans (OPBP)

Occupational Death and Disability Plan (DB)

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

Alaska Retiree Healthcare Trust Plan (DB)

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

Healthcare Reimbursement Arrangement Plan (DC)

The Healthcare Reimbursement Arrangement Plan was established to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants.

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

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

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

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

Currently there are 159 employers participating in PERS, including the State of Alaska and 158 political subdivisions and public organizations.

Retirement benefits are calculated by multiplying the average monthly compensation (AMC) times credited PERS service times the percentage multiplier. The AMC is determined by averaging the salaries earned during the five highest (three highest for Police/Fire members or members hired prior to July 1, 1996) consecutive payroll years. Members must earn at least 115 days of credit in the last year worked to include it in the AMC calculation. The PERS pays a minimum benefit of \$25 per month for each year of service when the calculated benefit is less.

The percentage multipliers for police/fire personnel are 2% for the first ten years of service and 2.5% for all service over 10 years. The percentage multipliers for all other participants are 2% for the first ten years, 2.25% for the next ten years, and 2.5% for all remaining service earned on or after July 1, 1986. All service before that date is calculated at 2%.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

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

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

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

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

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

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

Termination Costs. If School District decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular School District function, all affected employees in that department, group or other classification of members become immediately vested in the plan. The School District must pay to have a termination study completed. The purpose of the study is to calculate the District's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The School District must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS Administrator. For fiscal year 2015 the past service rate is 20.90%.

Employee Contribution Rate. The School District PERS active members are required to contribute 6.75% (3.85% pension costs and 2.90% OPEB) and non-teacher school district employees required to contribute 9.60% (5.47% pension and 4.13% OPEB) of their annual covered salary.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

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

Employer Effective Rate: This is the actual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% (12.54 pension costs and 9.46% OPEB) of eligible wages, subject to the salary floor, and other termination costs as described above. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined contribution plan.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. This rate is 44.03% (25.09% pension and 18.94% OPEB). Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This will result in lower ARM Board Rates in future years.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment as mandated under current statute. Under state law, subject to annual appropriation, the state will contribute an on-behalf payment into the plan in an amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. Note that in 2015, the State legislature appropriated a one-time contribution to the plan in the amount of \$1 billion. As a result, the On-behalf Contribution Rate for 2015 is 42.41% (100% pension costs), which significantly exceeds the statutory amount. On-behalf contribution amounts have been recognized in these financial statements as both revenue and expenditures.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes. Certain actuarial methods and assumptions for this rate calculation are mandated by the *Governmental Accounting Standards Board (GASB)*. Medicare Part D subsidies are not reflected in this rate. The rate uses an 8% pension discount rate and a 4.90% healthcare discount rate. The current rate is 88.12% (33.05% pension and 55.07% OPEB).

Employer contributions for the years ended June 30, 2015, 2014 and 2013 are as follows:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
2015	\$ 413,351	311,826	725,177
2014	362,685	387,227	749,912
2013	362,300	461,961	824,261

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2015 the State of Alaska contributed \$2,990,854 or 42.41% (pension cost) on behalf of the District, which has been recorded in the fund financial statement under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date June 30, 2014 to a total of \$261,841, to represent the on-behalf contribution made by the State under the full accrual basis of accounting.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2015, the District reported a liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	6,382,720
State's proportionate share of the net pension liability		<u>6,068,164</u>
Total	\$	<u>12,450,884</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2014, the District's proportion of liability was 0.1368%, which is a decrease of 0.0016% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$684,264. At June 30, 2015, the District 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
Differences between expected and actual experience	\$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(589,938)
Changes in proportion and differences between District contributions and proportionate share of contributions	-	(36,892)
District contributions subsequent to the measurement date	<u>413,351</u>	-
Total	<u>\$ 413,351</u>	<u>(626,830)</u>

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

\$413,351 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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 Ended June 30,	
2016	\$ (156,707)
2017	(156,707)
2018	(156,708)
2019	<u>(156,708)</u>
Total	<u>\$ (626,830)</u>

For the year ended June 30, 2015, the District recognized \$156,707 of amortization of the deferred inflows of resources.

Actuarial Assumptions: The total pension liability in the June 30, 2014 (latest available) actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement. The actuarial assumptions were based upon the results of an actuarial experience study performed as of June 30, 2013.

Investment return / discount rate	8% per year (geometric), compounded annually, net of expenses
Salary scale	Inflation – 3.12% per year Productivity – 0.50% per year
Payroll growth	3.62% per year (inflation + productivity)
Total inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers from Anchorage is assumed to increase 3.12% annually.
Mortality (Pre-termination)	Based upon 2010-2013 actual mortality experience. 60% of male rates and 65% of female rates of post termination mortality rates. Deaths are assumed to be occupational 70% of the time for peace officers, and firefighters, 50% of the time for others.
Mortality (Post-termination)	96% of all rates of the RP-2000 combined mortality table, 2000 base year projected to 2018.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

Total turnover	Based upon the 2010-2013 actual withdrawal experience.
Disability	Incidence rates based on 2010-2013 actual experience. Post-disability mortality in accordance with the RP-2000 Disabled Retiree Mortality Table. Disabilities are assumed to be occupational 70% of the time for peace officers / firefighters, 50% of the time for others.
Retirement	Retirement rates based upon the 2010-2013 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date for others. For peace officers/firefighters, Tier 1 deferred vested members are assumed to retire at age 55 and Tiers 2 and 3 deferred vested members are assumed to retire at age 60.
Marriage and age difference	Wives are assumed to be three years younger than husbands. For others, 75% of male members and 70% of female members are assumed to be married. For peace officers/firefighters, 85% of male members and 60% female members are assumed to be married.

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	6.77%
International Equity	7.50%
Private Equity	10.86%
Fixed Income	2.05%
Real Estate	3.63%
Absolute Return	4.80%

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

Discount Rate: The discount rate is used to measure the total pension liability was 8%. The projection of the 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 pension 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 net pension liability of the System calculated using the discount rate of 8%, as well as what the Systems' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7%)	Current Rate (8%)	1% Increase (9%)
Net pension liability	\$ 8,368,973	6,382,720	4,710,111

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

Plan Description and Funding Requirements. School Districts and Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. Plan members make mandatory contributions of 8% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 1.66% for the retiree medical plan (DB), 0.22% for occupational and death and disability benefits (DB) and 3% of employers average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is 22%. Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

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

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

Plan provisions and contribution requirements and amendments are established by the Alaska Retirement Management Board (ARMB). Total contributions for the year ended June 30, 2015 are as follows:

	Employer	Employee
Defined contribution – pension (DC)	\$ 161,735	258,776
Other post-employment benefits (DB):		
Retiree medical plan	53,695	-
Occupational death and disability benefits	7,116	-
Other post-employment benefits (DC) –		
Health reimbursement agreement (HRA)	182,898	-
Defined benefit unfunded liability (DBUL)	306,190	-
	\$ 711,634	258,776

Actual contributions were equal to the annual required contributions. The Defined Benefit Unfunded Liability (DBUL) is computed as the difference between the statutory employer contribution rate less employer contributions for the defined contribution, major medical, occupational death and disability and the health reimbursement arrangement. The DBUL calculation is allocated 57% pension and 43% OPEB.

Employer contributions for the years ended June 30, 2015, 2014 and 2013 are as follows:

		Pensions	Other Post-Employment Benefits	Total
2015	\$	336,263	375,371	711,634
2014		230,367	271,911	502,278
2013		250,544	256,046	506,590

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

Plan Description. Kodiak Island Borough School District participates in the Teachers' Retirement System (TRS), a cost sharing multiple-employer defined benefit plan. Currently, there are 58 employers participating in TRS, including 53 school districts. TRS provides retirement benefits, disability and death benefits, and post-employment healthcare to plan members and beneficiaries. The system is governed by the Alaska Retirement Board. The benefit and contribution provisions are established by State law and may be amended only by the State legislature. The Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for TRS. This report may be obtained from the system at Pouch C, Juneau, Alaska 99811 or online at <http://doa.alaska.gov/drb.trs>

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

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

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

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

Termination Costs. If the District decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular District function, all affected employees in that department, group or other classification of members become immediately vested in the plan. The District must pay to have a termination study completed. The purpose of the study is to calculate the District's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The District must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the TRS Administrator. For fiscal year 2015 the past service rate is 20.90%.

Employee Contribution Rate. The District's active TRS members are required to contribute 8.65% (5.02% pension costs and 3.63% OPEB) and non-teacher school district employees are required to contribute 9.60% (5.47% pension and 4.13% OPEB) of their annual covered salary.

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

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

Employer Effective Rate: This is the actual employer pay-in rate. Under current legislation, this rate is statutorily capped at 12.56% (7.22% pension costs and 5.34% OPEB) of eligible wages, subject to the salary floor, and other termination costs as described above. This 22% rate is calculated on all TRS participating wages, including those wages attributable to employees in the defined contribution plan.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. This rate is 70.75% (41.04% pension and 29.71% OPEB). Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This will result in lower ARM Board Rates in future years.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment as mandated under current statute. Under state law, subject to annual appropriation, the state will contribute on on-behalf payment into the plan in an amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. Note that in 2015, the State legislature appropriated a one-time contribution to the plan in the amount of \$2 billion. As a result, the On-behalf Contribution Rate for 2015 of 255.29% (212.24% pension costs and 43.05% OPEB), which significantly exceeds the statutory amount. On-behalf contribution amounts have been recognized in these financial statements as both revenue and expenditures.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes. Certain actuarial methods and assumptions for this rate calculation are mandated by the *Governmental Accounting Standards Board* (GASB). Medicare Part D subsidies are not reflected in this rate. The rate uses an 8% pension discount rate and a 4.90% healthcare discount rate. The current rate is 129.25% (59.21% pension and 70.04% OPEB).

Employer contributions for the years ended June 30, 2015, 2014 and 2013 are as follows:

		Pensions	Other Post-Employment Benefits – Health Care Costs	Total
2015	\$	628,044	464,509	1,092,553
2014		672,928	596,137	1,269,065
2013		738,603	697,443	1,436,046

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2015 the State of Alaska contributed \$37,328,218 or 255.29% (212.24% pension cost and 43.05% OPEB) on behalf of the District, which has been recorded in the fund financial statement under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date June 30, 2014 to a total of \$1,436,476, to represent the on-behalf contribution made by the State under the full accrual basis of accounting.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2015, the District reported a liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 8,963,022
State's proportionate share of the net pension liability	<u>48,372,336</u>
Total	<u>\$ 57,335,358</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2014, the District's proportion was .2989%, which is a decrease of 0.0364% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$1,517,420. At June 30, 2015, the District 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
Differences between expected and actual experience	\$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(640,142)
Changes in proportion and differences between District contributions and proportionate share of contributions	-	(546,286)
District contribution subsequent to the measurement date	<u>628,044</u>	<u>-</u>
Total	<u>\$ 628,044</u>	<u>(1,186,428)</u>

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

\$628,044 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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 Ended June 30,	
2016	\$ (296,607)
2017	(296,607)
2018	(296,607)
2019	<u>(296,607)</u>
Total	<u>\$ (1,186,428)</u>

For the year ended June 30, 2015, the District recognized \$296,607 of amortization of the deferred inflows of resources.

Actuarial Assumptions: The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement. The actuarial assumptions were based upon the results of an actuarial experience study performed as of June 30, 2013.

Investment return / discount rate	8% per year (geometric), compounded annually, net of expenses
Salary scale	Inflation – 3.12% per year Productivity – 0.50% per year
Payroll growth	3.62% per year (inflation + productivity)
Total inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers from Anchorage is assumed to increase 3.12% annually.
Mortality (Pre-termination)	Based upon 2010-2013 actual mortality experience. 60% of male rates and 65% of female rates of post termination mortality rates. Deaths are assumed to result from non-occupational 85% of the time.
Mortality (Post-termination)	96% of all rates of the RP-2000 combined mortality table, 2000 base year projected to 2018.
Total turnover	Based upon the 2010-2013 actual withdrawal experience.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

Disability	Incidence rates based on 2010-2013 actual experience. Post-disability mortality in accordance with the RP-2000 Disabled Retiree Mortality Table.
Retirement	Retirement rates based upon the 2010-2013 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date.
Marriage and age difference	Wives are assumed to be three years younger than husbands. 85% of male members and 75% of female members are assumed to be married.

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	6.77%
International Equity	7.50%
Private Equity	10.86%
Fixed Income	2.05%
Real Estate	3.63%
Absolute Return	4.80%

Discount Rate: The discount rate is used to measure the total pension liability was 8%. The projection of the cash flows used to determine the discount rate assumed that employer and non-employer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net pension 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.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the System calculated using the discount rate of 8%, as well as what the Systems' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

		<u>1% Decrease (7%)</u>		<u>Current Rate (8%)</u>		<u>1% Increase (9%)</u>
Net pension liability	\$	11,287,922		8,963,022		7,011,764

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

Plan Description and Funding Requirements. School Districts and Public Employers in the State of Alaska have a defined contribution retirement plan for new hires first enrolled on or after July 1, 2006. Plan members make mandatory contributions of 8% of gross eligible compensation. State statutes require the employer to contribute 7% of employees' eligible compensation. Additionally, employers are required to contribute to other post-employment benefits (DB): 2.04% for the retiree medical plan, 0% for occupational death and disability, and 3% of employers average annual employee compensation to the health reimbursement arrangement (HRA DC). The employer effective contribution rate is 12.56%. Plan members are 100% vested with their contributions. Members become vested in employers' contributions as follows:

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

Plan provisions and contribution requirements and amendments are established by the Alaska Retirement Management Board (ARMB). Total contributions for the year ended June 30, 2015 are as follows:

		<u>Employer</u>		<u>Employee</u>
Defined contribution (DC):	\$	392,597		448,682
Other post-employment benefits (DB):				
Retiree medical plan		114,415		-
Other post-employment benefits (DC)				
Health reimbursement agreement (HRA DC)		169,938		-
Defined benefit unfunded liability (DBUL)		27,482		-
	\$	<u>704,432</u>		<u>448,682</u>

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

Actual contributions were equal to the annual required contributions. The Defined Benefit Unfunded Liability (DBUL) is computed as the difference between statutory employer contribution rate less employer contributions for the defined contribution, major medical, occupational death and disability and the health reimbursement arrangement. The DBUL calculation is allocated 57% pension and 43%.

Employer contribution between pension and other post-employment benefits for the years ended June 30, 2015, 2014 and 2013 are as follows:

		Pensions	Other Post-Employment Benefits	Total
2015	\$	408,262	296,170	704,432
2014		359,552	193,601	553,153
2013		348,477	194,292	542,769

D. Change in Accounting Principle

As discussed in Note IV. C. to the financial statements, the District participates in the Alaska Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS). In 2015, the District adopted the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, which, among other accounting and reporting criteria, requires the District to recognize its proportional share of the Net Pension Liability (and related deferred inflow/outflow accounts), as of the beginning of the District's fiscal year. As a result of the implementation of this statement, the District has recorded an opening balance adjustment to increase liabilities and to decrease opening net position as follows:

Governmental Activities:

Opening net position, as originally presented	\$	7,485,028
Change in accounting principle adjustment		<u>(20,636,213)</u>
Opening net position, as restated	\$	<u>(13,151,185)</u>

E. Subsequent Accounting Pronouncements

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

- GASB 72 – *Fair Value Measurement and Application*. Effective for periods beginning after June 15, 2015.
- GASB 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68*. Effective for fiscal years beginning after June 15, 2015.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Notes to Basic Financial Statements, Continued

- GASB 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Effective for fiscal years beginning after June 15, 2016.
- GASB 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Effective for fiscal years beginning after June 15, 2017.
- GASB 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Effective for fiscal years beginning after June 15, 2015.
- GASB 77 – *Tax Abatement Disclosures*. Effective for fiscal years beginning after December 15, 2015.

Statements 73, 76 and 77 are not expected to have any significant impact on the financial statements of the City.

GASB Statement No. 72, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosure related to all fair value measurements.

GASB Statements No. 74 and 75, the objective of these Statements is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. For defined benefit OPEB plans that are administered through trusts that meet the specified criteria, this Statement requires two financial statements—a statement of fiduciary net position and a statement of changes in fiduciary net position. Note disclosures and required supplemental information are addressed in these statements. GASB Statement 75 establishes standards for measuring liabilities, deferred inflow and outflows of resources, expenses/expenditures.

**REQUIRED SUPPLEMENTARY
INFORMATION**

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

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

Public Employees' Retirement System

June 30, 2015

District's proportion of the net pension liability		0.1368%
District's proportionate share of net pension liability	\$	6,382,720
State's proportionate share of the net pension liability associated with the District		6,068,164
Total		12,450,884
District's covered employee payroll	\$	3,408,691
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		187%
Plan fiduciary net position as a percentage of the total pension liability		62.37%

Notes to schedule

1. Information presented for 2015 is based upon Plan measurement date June 30, 2014.
2. This schedule is intended to present 10 years of information. Additional years will be included as it becomes available.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

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

Teachers' Retirement System

June 30, 2015

District's proportion of the net pension liability		0.2989%
District's proportionate share of net pension liability	\$	8,963,022
State's proportionate share of the net pension liability associated with the District		<u>48,372,336</u>
Total		<u>57,335,358</u>
District's covered employee payroll	\$	10,104,018
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		89%
Plan fiduciary net position as a percentage of the total pension liability		55.70%

Notes to schedule

1. Information presented for 2015 is based upon Plan measurement date June 30, 2014.
2. This schedule is intended to present 10 years of information. Additional years will be included as it becomes available.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of District's Contributions

Public Employees' Retirement System

June 30, 2015

Contractually required contribution	\$ 725,177
Contributions in relation to the contractually required contribution	<u>(725,177)</u>
Contribution deficiency (excess)	<u>-</u>
District's covered-employee payroll	\$ 3,296,259
Contributions as a percentage of covered employee payroll	22.00%

Notes to schedule

1. Valuation date: June 30, 2013
 2. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.
- Methods and assumptions used to determine contribution rates:
3. Actuarial cost method: Entry Age Normal.
 4. Amortization method: Level dollar, closed.
 5. Amortization period: 25 years, layered.
 6. Equivalent single amortization period: 17 years.
 7. Asset valuation method: Actuarial value that smoothes investment gains and losses over 5 years, constrained to a range of 80% - 120% of fair value.
 8. Inflation: 3.12% per annum.
 9. Salary increases: Ranges from 6.36% to 4.12% based on service for Peace Officer/Firefighter. Ranges from 9.60% to 3.62% based on age and service for All Others.
 10. Investment rate of return: 8%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
 11. Retirement age: An age-related assumption is used for participants not yet receiving payments.
 12. Mortality: 1994 Group Annuity Mortality (GAM) Table, sex distinct, 1994 Base Year without margin projected to 2013 using projection Scale AA, 80% of the male table for males and 60% of the female table for females for pre-termination mortality for Peace Officer/Firefighter, 1994 Base Year without margin projected to 2013 using Projection Scale AA, 75% of the male table for males and 55% of the female table for females for pre-termination mortality for All Others and the 1994 GAM Table, sex-distinct, 1994 Base Year without margin projected to 2013 using Projection Scale AA for males and with a 1-year set-forward for females for post-termination mortality.
 13. This schedule is intended to present 10 years of information. Additional years will be included as it becomes available.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of District's Contributions

Teachers' Retirement System

June 30, 2015

Contractually required contribution	\$ 1,092,553
Contributions in relation to the contractually required contribution	<u>(1,092,553)</u>
Contribution deficiency (excess)	<u>-</u>
District's covered-employee payroll	\$ 8,698,670
Contributions as a percentage of covered employee payroll	12.56%

Notes to schedule

1. Valuation date: June 30, 2013
 2. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.
- Methods and assumptions used to determine contribution rates:
3. Actuarial cost method: Level dollar, closed.
 4. Amortization period: 25 years, layered.
 5. Equivalent single amortization period: 17 years.
 6. Asset valuation method: Actuarial value that smooths investment gains and losses over 5 years, constrained to a range of 80% - 120% of fair value.
 7. Inflation: 3.12% per annum.
 8. Salary increases: Ranges from 6.11% to 3.62% based on service.
 9. Investment rate of return: 8%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
 10. Retirement age: An age-related assumption is used for participants not yet receiving payments.
 11. Mortality: 1994 Group Annuity Mortality (GAM) Sex-distinct Table 1994 Base Year without margin projected to 2013 using Projection Scale AA, adjusted 55% for females and 45% for males for pre-termination mortality and the 1994 GAM Sex-distinct Table 1994 Base Year without margin projected to 2013 using Projection Scale AA, with a 3-year setback for females and 4-year setback for males for post-termination mortality.
 12. This schedule is intended to present 10 years of information. Additional years will be included as it becomes available.

**ADDITIONAL SUPPLEMENTARY
INFORMATION**

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Comparative Balance Sheets – General Fund

June 30, 2015

(with comparative figures for 2014)

Assets	2015	2014
Assets:		
Cash	\$ 24,815	28,483
Due from:		
Kodiak Island Borough central treasury	11,238,882	8,708,251
Other funds	2,138,142	981,743
Student groups	51,182	36,466
Receivables:		
State of Alaska	150	20,533
Other	764,521	2,078,487
Prepays	-	2,440
Inventories:		
Central stores	186,096	162,496
Custodial supplies	81,313	54,219
Fuel	157,628	180,765
Other assets	-	500
Total assets	<u>\$ 14,642,729</u>	<u>12,254,383</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	1,045,753	1,037,260
Accrued payroll	1,543,735	1,487,236
Accrued payroll liabilities	473,447	809,348
Accrued employee benefits	1,228,011	1,378,759
Due to other funds	1,246,771	862,216
Unearned revenue	7,479	31,944
Total liabilities	<u>5,545,196</u>	<u>5,606,763</u>
Fund balance:		
Nonspendable:		
Inventory	425,037	397,480
Prepays	-	2,440
Committed - Impact Aid	2,059,217	1,833,546
Assigned:		
Encumbrances	-	228,416
Compensated absences	536,281	479,621
Self-insurance	2,375,000	-
Unassigned	3,701,998	3,706,117
Total fund balance	<u>9,097,533</u>	<u>6,647,620</u>
Total liabilities and fund balance	<u>\$ 14,642,729</u>	<u>12,254,383</u>

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

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

YEAR ENDED JUNE 30, 2015
(with comparative figures for 2014)

	2015		Variance with Final Budget – Positive (Negative)	2014
	Budget	Actual		Actual
Revenues:				
Local sources:				
Kodiak Island Borough:				
Appropriations	\$ 10,090,250	10,174,298	84,048	9,881,230
In-kind services	815,350	731,302	(84,048)	770,746
E-rate reimbursement	2,195,100	2,678,395	483,295	1,939,319
Charges for services - rentals	57,000	48,463	(8,537)	42,161
Grants	-	30,599	30,599	-
Other	-	41,203	41,203	110,541
Total local sources	<u>13,157,700</u>	<u>13,704,260</u>	<u>546,560</u>	<u>12,743,997</u>
Intergovernmental:				
State of Alaska:				
Foundation	27,509,507	27,440,247	(69,260)	26,765,426
Quality schools	83,445	85,667	2,222	84,877
TRS on-behalf	8,381,534	37,328,218	28,946,684	6,029,689
PERS on-behalf	1,351,271	2,990,854	1,639,583	881,968
House bill 278	913,815	913,815	-	-
Grants:				
New visions	-	2,154	2,154	2,846
Artists in schools	-	900	900	4,000
Farm to school	-	381	381	2,950
Staff development contract	-	14,989	14,989	14,001
Other State revenue	-	-	-	984,642
Total State of Alaska	<u>38,239,572</u>	<u>68,777,225</u>	<u>30,537,653</u>	<u>34,770,399</u>
Federal sources passed through the State of Alaska:				
Impact aid military	1,734,947	2,267,379	532,432	1,772,157
Impact aid military – special education	18,000	33,679	15,679	24,538
Department of Defense	82,000	92,606	10,606	81,778
Total federal sources passed through the State of Alaska	<u>1,834,947</u>	<u>2,393,664</u>	<u>558,717</u>	<u>1,878,473</u>
Federal sources passed through intermediary agencies:				
UAF - Future teachers contract	-	-	-	2,957
New visions grant	-	2,154	2,154	2,846
Artists in schools grant	-	5,925	5,925	4,000
Total federal sources passed through intermediary agencies	<u>-</u>	<u>8,079</u>	<u>8,079</u>	<u>9,803</u>
Federal direct sources:				
Impact aid	2,000	32,772	30,772	30,031
Total revenues	<u>53,234,219</u>	<u>84,916,000</u>	<u>31,681,781</u>	<u>49,432,703</u>
Expenditures:				
Instruction:				
Certificated salaries	9,965,408	8,933,255	1,032,153	9,429,575
Non-certificated salaries	1,558,943	1,070,854	488,089	1,031,272
Employee benefits	10,452,831	27,972,932	(17,520,101)	8,345,350
Housing allowance	34,384	78,208	(43,824)	61,910
Transportation allowance	21,604	29,236	(7,632)	25,084
Professional and technical services	189,377	41,569	147,808	37,556
Staff travel	8,792	14,207	(5,415)	12,652
Student travel	21,565	24,951	(3,386)	10,225
Utility services	5,571	9,160	(3,589)	7,855
Other purchased services	251,724	196,063	55,661	289,618
Supplies, materials and media	659,869	846,299	(186,430)	466,900
Other	25,334	17,785	7,549	27,079
Equipment	1,707,088	1,458,335	248,753	1,447,885
Total instruction	<u>24,902,490</u>	<u>40,692,854</u>	<u>(15,790,364)</u>	<u>21,192,961</u>

(continued)

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

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

	2015		Variance with Final Budget – Positive (Negative)	2014
	Budget	Actual		Actual
Expenditures, continued:				
Special education instruction:				
Certificated salaries	\$ 1,428,324	1,312,648	115,676	1,322,328
Non-certificated salaries	787,935	907,456	(119,521)	786,515
Employee benefits	2,301,857	4,942,452	(2,640,595)	1,685,891
Housing allowance	10,000	-	10,000	4,825
Transportation allowance	3,604	2,133	1,471	1,156
Professional and technical services	2,000	40,853	(38,853)	62,861
Staff travel	22,000	25,403	(3,403)	29,320
Utility services	40	150	(110)	-
Supplies, materials and media	9,888	43,119	(33,231)	53,215
Other	-	11,382	(11,382)	10,263
Total special education instruction	<u>4,565,648</u>	<u>7,285,596</u>	<u>(2,719,948)</u>	<u>3,956,374</u>
Special education support services – students:				
Certificated salaries	646,504	524,148	122,356	765,185
Non-certificated salaries	48,096	50,824	(2,728)	49,006
Employee benefits	808,647	1,591,507	(782,860)	642,086
Transportation allowance	-	1,743	(1,743)	2,281
Professional and technical services	611,275	411,678	199,597	138,282
Staff travel	40,500	2,135	38,365	11,711
Student travel	1,000	-	1,000	-
Utility services	250	-	250	-
Other purchased services	10,037	5,201	4,836	4,351
Supplies, materials and media	74,339	12,575	61,764	12,735
Other	500	790	(290)	239
Equipment	5,700	-	5,700	3,100
In-kind services provided by Kodiak Island Borough - mental health services	-	381,350	(381,350)	381,350
Total special education support services – students	<u>2,246,848</u>	<u>2,981,951</u>	<u>(735,103)</u>	<u>2,010,326</u>

(continued)

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

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

	2015			2014
	Budget	Actual	Variance with Final Budget – Positive (Negative)	Actual
Expenditures, continued:				
Support services – students:				
Certificated salaries	\$ 496,928	588,599	(91,671)	503,588
Non-certificated salaries	338,006	392,866	(54,860)	364,277
Employee benefits	877,902	2,429,924	(1,552,022)	712,807
Transportation allowance	934	-	934	-
Staff travel	1,200	1,386	(186)	7,776
Student travel	800	361	439	2,133
Supplies, materials and media	11,795	11,356	439	8,990
Equipment	725	-	725	-
Total support services – students	<u>1,728,290</u>	<u>3,424,492</u>	<u>(1,696,202)</u>	<u>1,599,571</u>
Support services – instruction:				
Certificated salaries	218,100	824,708	(606,608)	473,902
Non-certificated salaries	192,543	251,889	(59,346)	222,339
Employee benefits	644,276	3,050,745	(2,406,469)	645,860
Professional and technical services	494,568	271,894	222,674	71,121
Staff travel	43,664	154,818	(111,154)	93,248
Student travel	-	27,029	(27,029)	-
Utility services	2,822,221	3,149,668	(327,447)	2,337,551
Other purchased services	53,150	59,633	(6,483)	40,843
Supplies, materials and media	396,485	674,330	(277,845)	930,151
Other	2,300	3,995	(1,695)	2,705
Equipment	5,000	33,614	(28,614)	4,298
Total support services – instruction	<u>4,872,307</u>	<u>8,502,323</u>	<u>(3,630,016)</u>	<u>4,822,018</u>
School administration:				
Certificated salaries	1,089,448	1,172,987	(83,539)	875,605
Employee benefits	837,199	3,416,428	(2,579,229)	674,501
Housing allowance	14,000	8,500	5,500	-
Transportation allowance	12,446	18,000	(5,554)	10,800
Professional and technical services	2,000	200	1,800	-
Staff travel	35,416	18,060	17,356	26,798
Utility services	200	371	(171)	58
Other purchased services	2,030	47	1,983	1,080
Supplies, materials and media	4,950	9,126	(4,176)	3,210
Other	8,000	6,436	1,564	5,671
Equipment	2,500	1,711	789	2,755
Total school administration	<u>2,008,189</u>	<u>4,651,866</u>	<u>(2,643,677)</u>	<u>1,600,478</u>

(continued)

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

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

	2015		Variance with Final Budget – Positive (Negative)	2014
	Budget	Actual		Actual
Expenditures, continued:				
School administration support services:				
Non-certificated salaries	\$ 577,861	566,262	11,599	563,868
Employee benefits	830,247	621,978	208,269	465,567
Transportation allowance	-	503	(503)	551
Staff travel	-	17,032	(17,032)	3,897
Utility services	4,108	1,540	2,568	1,610
Other purchased services	17,784	8,471	9,313	27,761
Supplies, materials and media	14,668	25,205	(10,537)	20,181
Other	80	1,815	(1,735)	1,715
Equipment	2,657	14,794	(12,137)	199,286
Total school administration support services	<u>1,447,405</u>	<u>1,257,600</u>	<u>189,805</u>	<u>1,284,436</u>
District administration:				
Certificated salaries	379,331	270,213	109,118	401,758
Non-certificated salaries	233,599	237,324	(3,725)	227,502
Employee benefits	572,929	1,015,136	(442,207)	478,679
Transportation allowance	6,271	8,100	(1,829)	7,200
Professional and technical services	57,600	138,796	(81,196)	122,828
Staff travel	82,770	84,255	(1,485)	77,860
Student travel	-	10,449	(10,449)	4,610
Utility services	1,250	574	676	328
Other purchased services	61,000	55,823	5,177	83,395
Supplies, materials and media	30,670	25,917	4,753	21,536
Other	30,859	27,302	3,557	29,956
Equipment	8,000	2,160	5,840	6,423
Total district administration	<u>1,464,279</u>	<u>1,876,049</u>	<u>(411,770)</u>	<u>1,462,075</u>

(continued)

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

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

	2015		Variance with Final Budget – Positive (Negative)	2014
	Budget	Actual		Actual
Expenditures, continued:				
District administration support services:				
Non-certificated salaries	\$ 1,175,474	1,176,988	(1,514)	1,108,778
Employee benefits	1,234,293	1,272,518	(38,225)	787,208
Transportation allowance	729	1,063	(334)	1,200
Professional and technical services	106,406	141,202	(34,796)	109,290
Staff travel	51,790	69,133	(17,343)	53,046
Utility services	47,800	24,489	23,311	55,323
Other purchased services	157,700	391,189	(233,489)	147,729
Insurance and bond premiums	200,000	247,008	(47,008)	131,365
Supplies, materials and media	49,996	154,595	(104,599)	46,067
Other	201,000	19,553	181,447	1,685
Equipment	319,700	199,834	119,866	73,567
Less recovery of indirect costs	(110,000)	(122,395)	12,395	(106,669)
Total district administration support services	<u>3,434,888</u>	<u>3,575,177</u>	<u>(140,289)</u>	<u>2,408,589</u>
Operations and maintenance of plant:				
Non-certificated salaries	1,559,515	1,543,939	15,576	1,476,210
Employee benefits	1,857,703	1,718,451	139,252	1,299,433
Transportation allowance	729	60	669	639
Professional and technical services	6,000	4,613	1,387	1,050
Staff travel	46,478	5,461	41,017	22,220
Utility services	400,997	311,455	89,542	300,792
Energy	2,675,719	1,908,365	767,354	2,032,624
Other purchased services	358,464	473,158	(114,694)	323,453
Insurance and bond premiums	150,000	25,783	124,217	162,040
Supplies, materials and media	354,480	398,999	(44,519)	366,711
Other	56,531	-	56,531	8,131
Building improvement	50,000	27,546	22,454	103,411
Equipment	52,677	76,649	(23,972)	164,903
Total operations and maintenance of plant	<u>7,569,293</u>	<u>6,494,479</u>	<u>1,074,814</u>	<u>6,261,617</u>

(continued)

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

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

	2015		Variance with Final Budget – Positive (Negative)	2014
	Budget	Actual		Actual
Expenditures:				
Student activities:				
Certificated salaries	\$ 259,694	247,687	12,007	271,441
Noncertificated salaries	86,965	116,461	(29,496)	104,080
Employee benefits	187,130	641,353	(454,223)	166,930
Transportation allowance	-	467	(467)	426
Professional and technical services	21,753	21,589	164	18,178
Staff travel	3,696	6,486	(2,790)	5,138
Student travel	294,577	440,330	(145,753)	330,532
Other purchased services	148	-	148	-
Insurance and bond premiums	3,405	-	3,405	-
Supplies, materials and media	9,364	30,677	(21,313)	13,466
Other	12,731	14,904	(2,173)	-
Equipment	9,713	14,702	(4,989)	14,761
Total student activities	<u>889,176</u>	<u>1,534,656</u>	<u>(645,480)</u>	<u>924,952</u>
Debt service:				
Principal	-	29,131	(29,131)	27,743
Interest	-	6,276	(6,276)	7,664
Total debt service	<u>-</u>	<u>35,407</u>	<u>(35,407)</u>	<u>35,407</u>
Total expenditures	<u>55,128,813</u>	<u>82,312,450</u>	<u>(27,183,637)</u>	<u>47,558,804</u>
Excess (deficiency) of revenues over (under) expenditures	(1,894,594)	2,603,550	4,498,144	1,873,899
Other financing sources (uses):				
Proceeds from sale of capital assets	-	1,576	1,576	153,278
Transfers out - Cafeteria Special Revenue Fund	(180,000)	(155,213)	24,787	(236,307)
Total other financing sources (uses)	<u>(180,000)</u>	<u>(153,637)</u>	<u>26,363</u>	<u>(83,029)</u>
Net change in fund balance	\$ <u>(2,074,594)</u>	2,449,913	<u>4,524,507</u>	1,790,870
Fund balance, beginning of year		6,647,620		4,850,555
Increase in reserve for inventories		-		6,195
Fund balance, end of year		\$ <u>9,097,533</u>		<u>6,647,620</u>

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
 (A Component Unit of the Kodiak Island Borough)

Combining Balance Sheet – Other Governmental Funds

JUNE 30, 2015

		Special Revenue Funds						
Assets	Pupil Transportation	Carl Perkins Non-Traditional CTE	Career Technical Education Grant	Digital Teaching Initiative	Compass Alaska	Alaska Art Education Planning	Cafeteria	Alaskan Grown
Cash	\$ -	-	-	-	-	-	10,004	-
Due from other funds	1,105,242	-	-	-	-	3,465	-	54,586
Receivables	-	2,594	12,862	351,714	30,196	-	9,249	-
Inventory	-	-	-	-	-	-	174,165	-
Total assets	<u>1,105,242</u>	<u>2,594</u>	<u>12,862</u>	<u>351,714</u>	<u>30,196</u>	<u>3,465</u>	<u>193,418</u>	<u>54,586</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	296	-	-	76,831	-	625	2,288	-
Accrued payroll	-	-	7,578	-	15,794	-	1,740	-
Due to other funds	-	2,594	5,284	274,883	14,402	-	189,390	-
Unearned revenue	-	-	-	-	-	2,840	-	54,586
Total liabilities	<u>296</u>	<u>2,594</u>	<u>12,862</u>	<u>351,714</u>	<u>30,196</u>	<u>3,465</u>	<u>193,418</u>	<u>54,586</u>
Fund balances:								
Nonspendable:								
Inventory	-	-	-	-	-	-	174,165	-
Committed:								
Pupil Transportation	1,104,946	-	-	-	-	-	-	-
Impact Aid Construction	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(174,165)	-
Total fund balances	<u>1,104,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,105,242</u>	<u>2,594</u>	<u>12,862</u>	<u>351,714</u>	<u>30,196</u>	<u>3,465</u>	<u>193,418</u>	<u>54,586</u>

(continued)

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
 (A Component Unit of the Kodiak Island Borough)

Combining Balance Sheet – Other Governmental Funds, Continued

		Special Revenue Funds						
Assets		Early Literacy K-3	Preschool Disabled	Title VI-B	Carl Perkins Secondary	Title III Immigrant Program	Migrant Education Book Program	Youth Risk Behavior
Cash	\$	-	-	-	-	-	-	-
Due from other funds		5,999	-	-	-	-	-	2,200
Receivables		-	14,245	610,855	25,339	15,000	9,069	-
Inventory		-	-	-	-	-	-	-
Total assets		<u>5,999</u>	<u>14,245</u>	<u>610,855</u>	<u>25,339</u>	<u>15,000</u>	<u>9,069</u>	<u>2,200</u>
 Liabilities and Fund Balances								
Liabilities:								
Accounts payable		-	-	-		81	6,001	-
Accrued payroll		-	-	-	-	3,338	-	-
Due to other funds		-	14,245	610,855	25,339	11,581	3,068	-
Unearned revenue		5,999	-	-	-	-	-	2,200
Total liabilities		<u>5,999</u>	<u>14,245</u>	<u>610,855</u>	<u>25,339</u>	<u>15,000</u>	<u>9,069</u>	<u>2,200</u>
Fund balances:								
Nonspendable:								
Inventory		-	-	-	-	-	-	-
Committed:								
Pupil Transportation		-	-	-	-	-	-	-
Impact Aid Construction		-	-	-	-	-	-	-
Unassigned		-	-	-	-	-	-	-
Total fund balances		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	\$	<u>5,999</u>	<u>14,245</u>	<u>610,855</u>	<u>25,339</u>	<u>15,000</u>	<u>9,069</u>	<u>2,200</u>

(continued)

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
 (A Component Unit of the Kodiak Island Borough)

Combining Balance Sheet – Other Governmental Funds, Continued

Assets	NCLB Title I-A Basic	NCLB Title I-C Migrant Education	NCLB Title II-A Teacher Training	NCLB Title III-A ELA	NCLB Title I-A 1% Parent Involvement	Carl Perkins Post Secondary	Indian Education
Cash	\$ -	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Receivables	420,088	191,683	82,128	17,465	1,162	14,888	90,794
Inventory	-	-	-	-	-	-	-
Total assets	<u>420,088</u>	<u>191,683</u>	<u>82,128</u>	<u>17,465</u>	<u>1,162</u>	<u>14,888</u>	<u>90,794</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	-	9,969	3,769	-	-	-	-
Accrued payroll	25,876	626	-	-	-	-	-
Due to other funds	394,212	181,088	78,359	17,465	1,162	14,888	90,794
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>420,088</u>	<u>191,683</u>	<u>82,128</u>	<u>17,465</u>	<u>1,162</u>	<u>14,888</u>	<u>90,794</u>
Fund balances:							
Nonspendable:							
Inventory	-	-	-	-	-	-	-
Committed:							
Pupil Transportation	-	-	-	-	-	-	-
Impact Aid Construction	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 420,088</u>	<u>191,683</u>	<u>82,128</u>	<u>17,465</u>	<u>1,162</u>	<u>14,888</u>	<u>90,794</u>

(continued)

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Combining Balance Sheet – Other Governmental Funds, Continued

Assets	Special Revenue Funds					Total Special Revenue Funds	Impact Aid Construction Capital Project Fund	Total Other Governmental Funds
	ENLIVEN	Obesity Prevention and Control	School Garden Grant	School Garden Grant - Ouzinkie	Rural Music			
Cash	\$ -	-	-	-	-	10,004	-	10,004
Due from other funds	-	-	15	540	422	1,172,469	74,302	1,246,771
Receivables	195,832	47,172	-	-	-	2,142,335	-	2,142,335
Inventory	-	-	-	-	-	174,165	-	174,165
Total assets	195,832	47,172	15	540	422	3,498,973	74,302	3,573,275
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	7,269	2,112	-	-	-	109,241	3,195	112,436
Accrued payroll	25,090	-	-	-	-	80,042	-	80,042
Due to other funds	163,473	45,060	-	-	-	2,138,142	-	2,138,142
Unearned revenues	-	-	15	540	422	66,602	-	66,602
Total liabilities	195,832	47,172	15	540	422	2,394,027	3,195	2,397,222
Fund balances:								
Nonspendable:								
Inventory	-	-	-	-	-	174,165	-	174,165
Committed:								
Pupil Transportation	-	-	-	-	-	1,104,946	-	1,104,946
Impact Aid Construction	-	-	-	-	-	-	71,107	71,107
Unassigned	-	-	-	-	-	(174,165)	-	(174,165)
Total fund balances	-	-	-	-	-	1,104,946	71,107	1,176,053
Total liabilities and fund balances	\$ 195,832	47,172	15	540	422	3,498,973	74,302	3,573,275

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Other Governmental Funds

YEAR ENDED JUNE 30, 2015

	Special Revenue Funds						
	Pupil Transportation	Recreational Shellfish Beach Monitoring	Carl Perkins Non-Traditional CTE	Career Technical Education Grant	Digital Teaching Initiative	Compass Alaska	Alaska Art Education Planning
Revenues:							
Local sources:							
Charges for services - lunch sales	\$ -	-	-	-	-	-	-
Other	-	-	-	-	-	-	16,223
Intergovernmental:							
State of Alaska	2,034,859	12,434	-	42,862	351,714	43,855	-
Federal sources	-	-	9,020	-	-	-	-
Total revenues	<u>2,034,859</u>	<u>12,434</u>	<u>9,020</u>	<u>42,862</u>	<u>351,714</u>	<u>43,855</u>	<u>16,223</u>
Expenditures:							
Current:							
Instruction	-	-	8,591	42,862	347,460	-	-
Special education instruction	-	-	-	-	-	-	-
Special education support services - students	-	-	-	-	-	-	-
Support services - students	-	12,434	-	-	-	43,855	-
Support services - instruction	-	-	-	-	-	-	16,223
School administration	-	-	-	-	-	-	-
School administration support services	-	-	-	-	-	-	-
District administration	-	-	-	-	-	-	-
District administration support services	-	-	429	-	4,254	-	-
Pupil transportation	1,728,568	-	-	-	-	-	-
Food service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>1,728,568</u>	<u>12,434</u>	<u>9,020</u>	<u>42,862</u>	<u>351,714</u>	<u>43,855</u>	<u>16,223</u>
Excess (deficiency) of revenues over (under) expenditures	306,291	-	-	-	-	-	-
Other financing sources - transfers in	-	-	-	-	-	-	-
Net change in fund balances	306,291	-	-	-	-	-	-
Fund balances, beginning of year	<u>798,655</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,104,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Other Governmental Funds, Continued

	Special Revenue Funds						
	Cafeteria	Fresh Fruits and Vegetables	Alaska Grown	Early Learning Literacy K-3	Preschool Disabled	Title VI-B	Carl Perkins Secondary
Revenues:							
Local sources:							
Charges for services - lunch sales	\$ 190,384	-	-	-	-	-	-
Other	66	-	-	-	-	-	-
Intergovernmental:							
State of Alaska	-	-	56,430	5,202	-	-	-
Federal sources	763,935	62,625	-	-	14,245	610,855	45,176
Total revenues	<u>954,385</u>	<u>62,625</u>	<u>56,430</u>	<u>5,202</u>	<u>14,245</u>	<u>610,855</u>	<u>45,176</u>
Expenditures:							
Current:							
Instruction	-	-	-	-	-	-	44,179
Special education instruction	-	-	-	-	13,186	564,563	-
Special education support services - students	-	-	-	-	-	886	-
Support services - students	-	-	-	5,202	-	-	-
Support services - instruction	-	-	-	-	-	-	-
School administration	-	-	-	-	-	-	-
School administration support services	-	-	-	-	-	-	-
District administration	-	-	-	-	-	-	-
District administration support services	-	-	-	-	1,059	45,406	997
Pupil transportation	-	-	-	-	-	-	-
Food service	1,109,598	62,625	56,430	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>1,109,598</u>	<u>62,625</u>	<u>56,430</u>	<u>5,202</u>	<u>14,245</u>	<u>610,855</u>	<u>45,176</u>
Excess (deficiency) of revenues over (under) expenditures	(155,213)	-	-	-	-	-	-
Other financing sources - transfers in	155,213	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Other Governmental Funds, Continued

	Special Revenue Funds						
	Title III Immigrant Program	Migrant Education Book Program	NCLB Title I-A Basic	NCLB Title I-C Migrant Education	NCLB Title II-A Teacher Training	NCLB Title III-A ELA	NCLB Title I-A 1% Parent Involvement
Revenues:							
Local sources:							
Charges for services - lunch sales	\$ -	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Intergovernmental:							
State of Alaska	-	-	-	-	-	-	-
Federal sources	15,000	9,069	592,029	238,530	160,856	17,548	1,223
Total revenues	<u>15,000</u>	<u>9,069</u>	<u>592,029</u>	<u>238,530</u>	<u>160,856</u>	<u>17,548</u>	<u>1,223</u>
Expenditures:							
Current:							
Instruction	-	9,069	517,307	132,355	-	-	1,211
Special education instruction	-	-	-	-	-	-	-
Special education support services - students	-	-	-	-	-	-	-
Support services - students	14,706	-	978	-	-	-	-
Support services - instruction	-	-	6,542	-	146,939	17,546	-
School administration	-	-	-	-	3,895	-	-
School administration support services	-	-	477	72,417	-	-	-
District administration	-	-	-	64	-	-	-
District administration support services	294	-	66,725	33,694	10,022	2	12
Pupil transportation	-	-	-	-	-	-	-
Food service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>15,000</u>	<u>9,069</u>	<u>592,029</u>	<u>238,530</u>	<u>160,856</u>	<u>17,548</u>	<u>1,223</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	-
Other financing sources - transfers in	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Other Governmental Funds, Continued

	<u>Special Revenue Funds</u>						
	<u>Carl Perkins Post Secondary</u>	<u>Indian Education</u>	<u>ENLIVEN</u>	<u>Obesity Prevention and Control</u>	<u>Total Special Revenue Funds</u>	<u>Impact Aid Construction Capital Project Fund</u>	<u>Total Other Governmental Funds</u>
Revenues:							
Local sources:							
Charges for services - lunch sales	\$ -	-	-	-	190,384	-	190,384
Other	-	-	-	-	16,289	-	16,289
Intergovernmental:							
State of Alaska	-	-	-	136,306	2,683,662	-	2,683,662
Federal sources	69,948	170,341	393,801	-	3,174,201	94,296	3,268,497
Total revenues	<u>69,948</u>	<u>170,341</u>	<u>393,801</u>	<u>136,306</u>	<u>6,064,536</u>	<u>94,296</u>	<u>6,158,832</u>
Expenditures:							
Current:							
Instruction	68,618	170,341	10,819	-	1,352,812	-	1,352,812
Special education instruction	-	-	-	-	577,749	-	577,749
Special education support services - students	-	-	-	-	886	-	886
Support services - students	-	-	244,001	-	321,176	-	321,176
Support services - instruction	-	-	85,624	89,353	362,227	-	362,227
School administration	-	-	-	-	3,895	-	3,895
School administration support services	-	-	41,106	38,530	152,530	-	152,530
District administration	-	-	12,251	-	12,315	-	12,315
District administration support services	1,330	-	-	8,423	172,647	-	172,647
Pupil transportation	-	-	-	-	1,728,568	-	1,728,568
Food service	-	-	-	-	1,228,653	-	1,228,653
Capital outlay	-	-	-	-	-	23,189	23,189
Total expenditures	<u>69,948</u>	<u>170,341</u>	<u>393,801</u>	<u>136,306</u>	<u>5,913,458</u>	<u>23,189</u>	<u>5,936,647</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	151,078	71,107	222,185
Other financing sources - transfers in	-	-	-	-	155,213	-	155,213
Net change in fund balances	-	-	-	-	306,291	71,107	377,398
Fund balances, beginning of year	-	-	-	-	798,655	-	798,655
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,104,946</u>	<u>71,107</u>	<u>1,176,053</u>

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – Special Revenue Fund –
PUPIL TRANSPORTATION

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - State of Alaska	\$ <u>2,058,531</u>	<u>2,034,859</u>	<u>(23,672)</u>
Expenditures:			
Pupil transportation:			
Student travel	-	13,963	(13,963)
Other purchased services	1,338,406	1,649,584	(311,178)
Supplies, materials and media	<u>105,345</u>	<u>65,021</u>	<u>40,324</u>
Total expenditures	<u>1,443,751</u>	<u>1,728,568</u>	<u>(284,817)</u>
Excess of revenues over expenditures	\$ <u><u>614,780</u></u>	306,291	<u><u>(308,489)</u></u>
Fund balance, beginning of year		<u>798,655</u>	
Fund balance, end of year		\$ <u><u>1,104,946</u></u>	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – Special Revenue Fund –
RECREATIONAL SHELLFISH BEACH MONITORING - AR-48700-15

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive Negative
	<u> </u>	<u> </u>	<u> </u>
Revenues - Intergovernmental - State of Alaska	\$ 17,390	12,434	(4,956)
Expenditures:			
Support services - students:			
Professional and technical services	12,137	10,403	1,734
Supplies, materials and media	3,381	1,880	1,501
Other	1,872	151	1,721
Total expenditures	<u>17,390</u>	<u>12,434</u>	<u>4,956</u>
Excess of revenues over expenditures	\$ <u> -</u>	-	<u> -</u>
Fund balance, beginning of year		<u> -</u>	
Fund balance, end of year		\$ <u> -</u>	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
 (A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
 in Fund Balance – Budget and Actual – Special Revenue Fund –
 CARL PERKINS NON-TRADITIONAL CTE
 NT 15.028.01

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental -			
Federal sources passed through the State of Alaska	\$ 10,000	9,020	(980)
Expenditures:			
Instruction:			
Professional and technical services	501	501	-
Staff travel	1,685	1,685	-
Other purchased services	500	-	500
Supplies, materials and media	6,500	6,165	335
Other	338	240	98
Total instruction	<u>9,524</u>	<u>8,591</u>	<u>933</u>
District administration support services -			
Indirect costs	<u>476</u>	<u>429</u>	<u>47</u>
Total expenditures	<u>10,000</u>	<u>9,020</u>	<u>980</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	-	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – Special Revenue Fund –
CAREER AND TECHNICAL EDUCATION GRANT
EN 756332

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - State of Alaska	\$ 56,300	42,862	(13,438)
Expenditures:			
Instruction:			
Certificated salaries	14,400	11,407	2,993
Employee benefits	-	1,455	(1,455)
Staff travel	11,900	-	11,900
Supplies, materials and media	30,000	5,424	24,576
Equipment	-	24,576	(24,576)
Total Instruction	<u>56,300</u>	<u>42,862</u>	<u>13,438</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – Special Revenue Fund –
DIGITAL TEACHING INITIATIVE
DT 15.028.01

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - State of Alaska	\$ 385,100	351,714	(33,386)
Expenditures:			
Instruction:			
Transportation allowance	10,000	23,630	(13,630)
Professional and technical services	56,000	89,454	(33,454)
Staff travel	22,000	22,213	(213)
Student travel	30,000	150	29,850
Other purchased services	85,000	52,532	32,468
Supplies, materials and media	111,300	136,913	(25,613)
Tuitons and stipends	70,800	-	70,800
Equipment	-	22,568	(22,568)
Total instruction	<u>385,100</u>	<u>347,460</u>	<u>37,640</u>
District administration support services - Indirect costs	-	4,254	(4,254)
Total expenditures	<u>385,100</u>	<u>351,714</u>	<u>33,386</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
 (A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
 in Fund Balance – Budget and Actual – Special Revenue Fund –
 COMPASS ALASKA - EN756362

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive Negative
Revenues - Intergovernmental - State of Alaska	\$ 75,000	43,855	(31,145)
Support services - students:			
Non-certificated salaries	67,042	40,465	26,577
Employee benefits	6,268	3,390	2,878
Staff travel	1,690	-	1,690
Total support services - students	<u>75,000</u>	<u>43,855</u>	<u>31,145</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – Special Revenue Fund –
ALASKA ARTS EDUCATION PLANNING - 15-AAEP-01

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive Negative
Revenues - local sources - other	\$ 18,500	16,223	(2,277)
Support services - instruction:			
Professional and technical services	18,500	15,000	3,500
Staff travel	-	535	(535)
Supplies, materials and media	-	688	(688)
Total support services - instruction	<u>18,500</u>	<u>16,223</u>	<u>2,277</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – Special Revenue Fund –
CAFETERIA

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Charges for services - lunch sales	\$ 230,000	190,384	(39,616)
Earnings on investments	-	21	21
Other local revenues	500	45	(455)
Total local sources	<u>230,500</u>	<u>190,450</u>	<u>(40,050)</u>
Intergovernmental:			
Federal sources passed through the State of Alaska:			
Type A reimbursement	858,850	736,073	(122,777)
USDA commodities	55,000	27,862	(27,138)
Total federal sources passed through the State of Alaska	<u>913,850</u>	<u>763,935</u>	<u>(149,915)</u>
Total revenues	<u>1,144,350</u>	<u>954,385</u>	<u>(189,965)</u>
Expenditures:			
Food service:			
Non-certificated salaries	240,500	229,062	11,438
Employee benefits	262,000	224,071	37,929
Professional and technical services	-	1,653	(1,653)
Staff travel	5,500	4,404	1,096
Utility services	3,000	-	3,000
Other purchased services	2,000	3,033	(1,033)
Supplies, materials and media	784,350	623,745	160,605
Other	22,500	21,334	1,166
Equipment	4,500	2,296	2,204
Total expenditures	<u>1,324,350</u>	<u>1,109,598</u>	<u>214,752</u>
Excess (deficiency) of revenues over (under) expenditures	(180,000)	(155,213)	24,787
Other financing sources - transfers in - General Fund	<u>180,000</u>	<u>155,213</u>	<u>(24,787)</u>
Net change in fund balance	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – Special Revenue Fund –
FRESH FRUITS AND VEGETABLES - FF15.028.01/FF15.028.02

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental -			
Federal sources passed through the State of Alaska	\$ 62,625	62,625	-
Expenditures:			
Food service:			
Non-certificated salaries	5,239	4,309	930
Employee benefits	1,643	5,904	(4,261)
Supplies, materials and media	54,455	52,412	2,043
Other	1,288	-	1,288
Total expenditures	62,625	62,625	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
 (A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
 in Fund Balance – Budget and Actual – Special Revenue Fund –
 ALASKA GROWN

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues - Intergovernmental - State of Alaska	\$ <u>196,714</u>	<u>56,430</u>	<u>(140,284)</u>
Expenditures:			
Food service:			
Supplies, materials and media	<u>196,714</u>	<u>56,430</u>	<u>140,284</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	<u>-</u>	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
 (A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
 in Fund Balance – Budget and Actual – Special Revenue Fund –
 EARLY LITERACY K-3 - LE 15.028.01

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - State of Alaska	\$ 5,999	5,202	(797)
Expenditures:			
Support services - students - Other purchased services	5,999	5,202	797
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – Special Revenue Fund –
PRESCHOOL DISABLED - SE15.028.01

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental -			
Federal sources passed through the State of Alaska	\$ 14,245	14,245	-
Expenditures:			
Special education instruction:			
Non-certificated salaries	9,795	9,795	-
Employee benefits	3,391	3,391	-
Total special education instruction	<u>13,186</u>	<u>13,186</u>	<u>-</u>
District administration support services -			
Indirect costs	<u>1,059</u>	<u>1,059</u>	<u>-</u>
Total expenditures	<u>14,245</u>	<u>14,245</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – Special Revenue Fund –
TITLE VI-B - SE15.028.01

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental -			
Federal sources passed through the State of Alaska	\$ 638,282	610,855	(27,427)
Expenditures:			
Special education instruction:			
Non-certificated salaries	372,941	372,941	-
Employee benefits	183,205	183,205	-
Transportation allowance	4,000	-	4,000
Professional and technical services	12,561	3,955	8,606
Staff travel	500	-	500
Student travel	4,462	4,462	-
Supplies, materials and media	13,169	-	13,169
Total special education instruction	<u>590,838</u>	<u>564,563</u>	<u>26,275</u>
Special education support services - students:			
Non-certificated salaries	-	810	(810)
Employee benefits	-	76	(76)
Total special education support services - students	<u>-</u>	<u>886</u>	<u>(886)</u>
District administration support services -			
Indirect costs	<u>47,444</u>	<u>45,406</u>	<u>2,038</u>
Total expenditures	<u>638,282</u>	<u>610,855</u>	<u>27,427</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – Special Revenue Fund –
CARL PERKINS SECONDARY - EK15.028.01

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental -			
Federal sources passed through the State of Alaska	\$ 46,361	45,176	(1,185)
Expenditures:			
Instruction:			
Professional and technical services	2,500	-	2,500
Staff travel	12,000	10,327	1,673
Student travel	2,900	3,190	(290)
Supplies, materials and media	18,563	24,518	(5,955)
Other	-	1,550	(1,550)
Equipment	8,600	4,594	4,006
Total instruction	<u>44,563</u>	<u>44,179</u>	<u>384</u>
District administration support services -			
Indirect costs	<u>1,798</u>	<u>997</u>	<u>801</u>
Total expenditures	<u>46,361</u>	<u>45,176</u>	<u>1,185</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	-	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – Special Revenue Fund –
TITLE III IMMIGRANT PROGRAM - LA 15.028.01

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental -			
Federal sources passed through the State of Alaska	\$ 15,000	15,000	-
Expenditures:			
Support services - student:			
Certificated salaries	-	3,235	(3,235)
Non-certificated salaries	4,560	8,307	(3,747)
Employee benefits	1,429	3,083	(1,654)
Supplies, materials and media	7,054	81	6,973
Total support services - student	13,043	14,706	(1,663)
District administration support services -			
Indirect costs	1,957	294	1,663
Total expenditures	15,000	15,000	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
 (A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
 in Fund Balance – Budget and Actual – Special Revenue Fund –
 MIGRANT EDUCATION BOOK PROGRAM - MB15.028.01

YEAR ENDED JUNE 30, 2015

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental -			
Federal sources passed through the State of Alaska	\$ <u>12,480</u>	<u>9,069</u>	<u>(3,411)</u>
Expenditures:			
Instruction -			
Supplies, materials and media	<u>12,480</u>	<u>9,069</u>	<u>3,411</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	-	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – Special Revenue Fund –
NCLB TITLE I-A BASIC - IP15.028.01

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental -			
Federal sources passed through the State of Alaska	\$ 700,016	592,029	(107,987)
Expenditures:			
Instruction:			
Certificated salaries	316,933	271,871	45,062
Non-certificated salaries	2,916	1,204	1,712
Employee benefits	223,558	105,627	117,931
Professional and technical services	-	35,000	(35,000)
Supplies, materials and media	60,735	92,251	(31,516)
Equipment	-	11,354	(11,354)
Total instruction	<u>604,142</u>	<u>517,307</u>	<u>86,835</u>
Support services - students:			
Non-certificated salaries	-	900	(900)
Employee benefits	-	78	(78)
Total support services - students	<u>-</u>	<u>978</u>	<u>(978)</u>
Support services - instruction:			
Certificated salaries	-	1,850	(1,850)
Employee benefits	956	247	709
Staff travel	12,445	4,445	8,000
Total support services - instruction	<u>13,401</u>	<u>6,542</u>	<u>6,859</u>
School administration support services -			
Supplies, materials and media	<u>-</u>	<u>477</u>	<u>(477)</u>
District administration support services -			
Non-certificated salaries	22,916	19,118	3,798
Employee benefits	7,524	6,011	1,513
Indirect costs	52,033	41,596	10,437
Total district administration support services	<u>82,473</u>	<u>66,725</u>	<u>15,748</u>
Total expenditures	<u>700,016</u>	<u>592,029</u>	<u>107,987</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – Special Revenue Fund –
NCLB TITLE I-C MIGRANT EDUCATION - IP15.028.01

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental -			
Federal sources passed through the State of Alaska	\$ 255,890	238,530	(17,360)
Expenditures:			
Instruction:			
Certificated salaries	38,240	32,366	5,874
Non-certificated salaries	74,416	40,371	34,045
Employee benefits	25,310	32,435	(7,125)
Supplies, materials and media	58,082	26,958	31,124
Other	-	225	(225)
Total instruction	<u>196,048</u>	<u>132,355</u>	<u>63,693</u>
Support services - instruction -			
Professional and technical services	<u>1,200</u>	-	<u>1,200</u>
School administration support services:			
Non-certificated salaries	3,000	39,758	(36,758)
Employee benefits	281	32,659	(32,378)
Staff travel	<u>8,000</u>	-	<u>8,000</u>
Total school administration support services	<u>11,281</u>	<u>72,417</u>	<u>(61,136)</u>
District administration - supplies, materials and media	<u>-</u>	<u>64</u>	<u>(64)</u>
District administration support services:			
Non-certificated salaries	24,000	19,118	4,882
Employee benefits	7,525	6,005	1,520
Indirect costs	<u>15,836</u>	<u>8,571</u>	<u>7,265</u>
Total district administration support services	<u>47,361</u>	<u>33,694</u>	<u>13,667</u>
Total expenditures	<u>255,890</u>	<u>238,530</u>	<u>17,360</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, year end		\$ <u>-</u>	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – Special Revenue Fund –
NCLB TITLE II-A TEACHER TRAINING - IP15.028.01

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues - Intergovernmental -			
Federal sources passed through the State of Alaska	\$ 192,203	160,856	(31,347)
Expenditures:			
Support services - instruction:			
Certificated salaries	53,030	61,969	(8,939)
Employee benefits	8,209	7,990	219
Professional and technical services	84,514	55,752	28,762
Staff travel	17,500	19,801	(2,301)
Supplies, materials and media	14,671	-	14,671
Other	-	1,427	(1,427)
Total support services - instruction	<u>177,924</u>	<u>146,939</u>	<u>30,985</u>
School Administration -			
Staff travel	<u>-</u>	<u>3,895</u>	<u>(3,895)</u>
District administration support services -			
Indirect costs	<u>14,279</u>	<u>10,022</u>	<u>4,257</u>
Total expenditures	<u>192,203</u>	<u>160,856</u>	<u>31,347</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
 (A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
 in Fund Balance – Budget and Actual – Special Revenue Fund –
 NCLB TITLE III-A, ENGLISH LANGUAGE ACQUISITION (ELA) - IP15.028.01

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental -			
Federal sources passed through the State of Alaska	\$ 38,647	17,548	(21,099)
Expenditures:			
Support services - instruction:			
Non-certificated salaries	15,000	13,225	1,775
Employee benefits	4,703	4,240	463
Supplies, materials and media	18,171	81	18,090
Total support services - instruction	37,874	17,546	20,328
District administration support services -			
Indirect costs	773	2	771
Total expenditures	38,647	17,548	21,099
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
 (A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
 in Fund Balance – Budget and Actual – Special Revenue Fund –
 NCLB TITLE I-A 1% PARENT INVOLVEMENT - IP15.028.01

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental -			
Federal sources passed through the State of Alaska	\$ 7,000	1,223	(5,777)
Expenditures:			
Instruction -			
Supplies, materials and media	6,480	1,211	5,269
District administration support services -			
Indirect costs	520	12	508
Total expenditures	7,000	1,223	5,777
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – Special Revenue Fund –
CARL PERKINS POST SECONDARY - EB15.028.01

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental -			
Federal sources passed through the State of Alaska	\$ 69,948	69,948	-
Expenditures:			
Instruction:			
Supplies, materials and media	25,400	26,601	(1,201)
Equipment	44,548	42,017	2,531
Total instruction	69,948	68,618	1,330
District administration support services -			
Indirect costs	-	1,330	(1,330)
Total expenditures	69,948	69,948	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – Special Revenue Fund –
INDIAN EDUCATION

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal direct sources	\$ 207,181	170,341	(36,840)
Expenditures:			
Instruction:			
Certificated salaries	131,580	120,212	11,368
Employee benefits	58,407	49,985	8,422
Other purchased services	15,875	144	15,731
Supplies, materials and media	1,319	-	1,319
Total expenditures	<u>207,181</u>	<u>170,341</u>	<u>36,840</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – Special Revenue Fund –
ENGAGING NATIVE LEARNERS IN VIRTUAL EDUCATION NOW (ENLIVEN)

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental -			
Federal direct sources	\$ 433,224	393,801	(39,423)
Expenditures:			
Instruction:			
Certificated salaries	-	9,453	(9,453)
Employee benefits	-	1,366	(1,366)
Total instruction	-	10,819	(10,819)
Support services - students:			
Certificated salaries	122,769	122,768	1
Non-certificated salaries	-	297	(297)
Employee benefits	28,780	28,575	205
Professional and technical services	21,617	85,721	(64,104)
Staff travel	-	770	(770)
Student travel	8,000	3,117	4,883
Supplies, materials and media	102,254	2,753	99,501
Equipment	6,000	-	6,000
Total support services - students	289,420	244,001	45,419
Support services - instruction:			
Certificated salaries	23,000	38,959	(15,959)
Employee benefits	3,382	4,712	(1,330)
Professional and technical services	-	9,465	(9,465)
Staff travel	74,703	10,176	64,527
Student travel	-	3,475	(3,475)
Utility services	1,000	1,163	(163)
Other purchased services	500	6,363	(5,863)
Supplies, materials and media	-	10,912	(10,912)
Other	-	399	(399)
Total support services - instruction	102,585	85,624	16,961
School administration support services:			
Non-certificated salaries	31,248	26,379	4,869
Employee benefits	9,971	8,561	1,410
Equipment	-	6,166	(6,166)
Total school administration support services	41,219	41,106	113
District administration:			
Certificated salaries	-	8,396	(8,396)
Employee benefits	-	3,855	(3,855)
Total district administration	-	12,251	(12,251)
Total expenditures	433,224	393,801	39,423
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures and Changes
in Fund Balance – Budget and Actual – Special Revenue Fund –
OBESITY PREVENTION AND CONTROL - 601-296-1503

YEAR ENDED JUNE 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - State of Alaska	\$ 150,000	136,306	(13,694)
Expenditures:			
Support services - instruction:			
Certificated salaries	3,487	3,460	27
Non-certificated salaries	9,278	1,479	7,799
Employee benefits	3,422	772	2,650
Staff travel	10,420	7,419	3,001
Supplies, materials and media	31,727	34,820	(3,093)
Other	-	41	(41)
Equipment	40,040	41,362	(1,322)
Total support services - instruction	<u>98,374</u>	<u>89,353</u>	<u>9,021</u>
School administration support services:			
Non-certificated salaries	29,823	28,046	1,777
Employee benefits	9,758	10,484	(726)
Total school administration support services	<u>39,581</u>	<u>38,530</u>	<u>1,051</u>
District administration support services - Indirect costs	<u>12,045</u>	<u>8,423</u>	<u>3,622</u>
Total expenditures	<u>150,000</u>	<u>136,306</u>	<u>13,694</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
 (A Component Unit of the Kodiak Island Borough)

Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Capital Projects Fund -
 IMPACT AID CONSTRUCTION

YEAR ENDED JUNE 30, 2015

Revenues - Intergovernmental - Federal sources passed through the State of Alaska - Impact aid - construction payments	\$ <u>94,296</u>
Expenditures:	
Construction and facility acquisition -	
Other purchased services	5,000
Supplies, materials, and media	14,994
Equipment	<u>3,195</u>
Total expenditures	<u>23,189</u>
Excess of revenues over expenditures	71,107
Fund balance, beginning of year	<u>-</u>
Fund balance, end of year	<u>\$ 71,107</u>

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of Changes in Amounts Due Student Organizations – Student Activity Agency Fund

YEAR ENDED JUNE 30, 2015

	Balance at June 30, 2014	Increases	Decreases	Balance at June 30, 2015
High school:				
Student council	\$ 6,412	13,592	14,624	5,380
Athletics	38,015	408,960	394,161	52,814
Music	7,026	9,443	10,200	6,269
Publications	(133)	26,584	28,507	(2,056)
Classes	12,884	11,289	15,136	9,037
Clubs	123,776	140,779	181,882	82,673
Scholarships	1,084	285	284	1,085
Miscellaneous	12,119	6,138	9,994	8,263
Total high school	<u>201,183</u>	<u>617,070</u>	<u>654,788</u>	<u>163,465</u>
Middle school and other:				
Auditorium services	9	-	-	9
Area – wide school	19,994	9,903	1,010	28,887
Learning center	1,501	42	-	1,543
Middle school	79,061	48,388	48,325	79,124
Total middle school and other	<u>100,565</u>	<u>58,333</u>	<u>49,335</u>	<u>109,563</u>
Elementary schools:				
East Elementary School	34,640	14,178	22,339	26,479
Main Elementary School	25,067	36,445	33,076	28,436
North Star Elementary School	22,006	9,072	9,384	21,694
Peterson Elementary School	34,743	23,370	18,498	39,615
Village Schools	38,398	27,993	26,093	40,298
Total elementary schools	<u>154,854</u>	<u>111,058</u>	<u>109,390</u>	<u>156,522</u>
School Board Sunshine and Academic Enrichment:				
Interest income – unallocated	225	-	-	225
	<u>\$ 456,827</u>	<u>786,461</u>	<u>813,513</u>	<u>429,775</u>

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
 (A Component Unit of the Kodiak Island Borough)

Schedule of Expenditures of Federal Awards

YEAR ENDED JUNE 30, 2015

Federal Grantor	Federal CFDA Number	Federal Grantor/ Pass Through Number	Grant Amount	Current Year Expenditures
U.S. Department of Education:				
Direct Programs:				
Indian Education	84.060	S060A140673	\$ 207,181	170,341
Engaging Native Learners in Virtual Education Now	84.356	S356A110039-13	433,224	393,801
Total direct programs			<u>640,405</u>	<u>564,142</u>
Passed through the State of Alaska, Department of Education and Early Development:				
Impact Aid Cluster:				
Impact Aid FY10	84.041	11-AK-2010-0201	12,527	12,527
Impact Aid FY11	84.041	11-AK-2011-0201	36,590	36,590
Impact Aid FY12	84.041	11-AK-2012-0201	251,775	251,775
Impact Aid FY13	84.041	11-AK-2013-0201	15,965	15,965
Impact Aid FY14	84.041	11-AK-2014-0201	52,052	52,052
Impact Aid FY15	84.041	11-AK-2015-0201	2,059,217	2,059,217
Department of Defense	84.041	None	92,606	92,606
Total Impact Aid Cluster			<u>2,520,732</u>	<u>2,520,732</u>
Special Education Cluster:				
Preschool Disabled	84.173	SE15.028.01	14,245	14,245
Title VI-B	84.027	SE15.028.01	638,282	610,855
Total Special Education Cluster			<u>652,527</u>	<u>625,100</u>
Carl Perkins - Non-traditional CTE	84.048	NT15.028.01	10,000	9,020
Carl Perkins Secondary	84.048	EK15.028.01	46,361	45,176
Carl Perkins Post Secondary	84.048	EB15.028.01	69,948	69,948
			<u>126,309</u>	<u>124,144</u>
NCLB, Title I-C Migrant Education	84.011	IP15.028.01	255,890	238,530
Migrant Education Book Program	84.011	MB15.028.01	12,480	9,069
			<u>268,370</u>	<u>247,599</u>
Title I, Part A Cluster:				
NCLB, Title I-A Part A Basic	84.010	IP15.028.01	700,016	592,029
NCLB, Title I-A 1% Parent Involvement	84.010	IP15.028.01	7,000	1,223
Total Title I, Part A			<u>707,016</u>	<u>593,252</u>

(Continued)

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
 (A Component Unit of the Kodiak Island Borough)

Schedule of Expenditures of Federal Awards, Continued

Federal Grantor	Federal CFDA Number	Federal Grantor/ Pass Through Number	Grant Amount	Current Year Expenditures
U.S. Department of Education, continued:				
Passed through the State of Alaska, Department of Education and Early Development:				
NCLB, Title II-A Teacher Training	84.367	IP15.028.01	192,203	160,856
NCLB, Title III-A English Language Acquisition Immigrant	84.365	LA15.028.01	15,000	15,000
NCLB, Title III-A English Language Acquisition	84.365	IP15.028.01	38,647	17,548
			<u>53,647</u>	<u>32,548</u>
Total U.S. Department of Education			<u>5,161,209</u>	<u>4,868,373</u>
National Endowment for the Arts:				
Direct:				
Artist in Schools	45.025	FY15AIS0012	5,925	5,925
New Vision FY14	45.025	FY14NV002	3,750	904
New Vision FY15	45.025	FY15NV004	1,250	1,250
Total National Endowment for the Arts:			<u>10,925</u>	<u>8,079</u>
U.S. Department of Agriculture:				
Passed through the State of Alaska, Department of Education and Early Development:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	None	675,000	586,850
National School Breakfast Program	10.553	None	156,850	130,217
National Summer Lunch Program	10.559	None	27,000	19,006
Total Child Nutrition Cluster			<u>858,850</u>	<u>736,073</u>
Commodities	10.565	None	55,000	27,862
Fresh Fruits and Vegetables	10.582	FF15.028.01	15,030	15,030
Fresh Fruits and Vegetables	10.582	FF15.028.02	47,595	47,595
			<u>62,625</u>	<u>62,625</u>
Total Department of Agriculture			<u>976,475</u>	<u>826,560</u>
Total federal financial assistance			<u>\$ 6,148,609</u>	<u>5,703,012</u>

Notes to Schedule

1. This schedule was prepared on the modified accrual basis of accounting.
2. No federal funds were passed through to subrecipients.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Schedule of State Financial Assistance

YEAR ENDED JUNE 30, 2015

State Grantor	Grant Number	Grant Amount	Current Year Expenditures
Alaska Department of Education and Early Development:			
Direct:			
# Foundation	None	\$ 27,440,247	27,440,247
Quality Schools Initiative	None	85,667	85,667
# Senate Bill 278	None	913,815	913,815
# Pupil Transportation	None	2,034,859	2,034,859
# Digital Teaching Initiative	DT15.028.01	385,100	351,714
Early Literacy K-3	LE15.028.01	5,999	5,202
Total Alaska Department of Education and Early Development		<u>30,865,687</u>	<u>30,831,504</u>
Alaska Department of Commerce, Community and Economic Development:			
Direct:			
Nutritional Alaska Foods in Schools FY13	13-NAF-028	84,990	581
Nutritional Alaska Foods in Schools FY14	None	55,294	55,294
Nutritional Alaska Foods in Schools FY15	15-NAFS-373	55,141	555
Total Alaska Department of Commerce, Community and Economic Development		<u>195,425</u>	<u>56,430</u>
Alaska Department Health and Social Services:			
Direct:			
Obesity Prevention and Control	601-296-1503	150,000	136,306
Alaska Department of Administration:			
Direct:			
# TRS On-behalf	None	37,328,218	37,328,218
# PERS On-behalf	None	2,990,854	2,990,854
Total Alaska Department of Administration		<u>40,319,072</u>	<u>40,319,072</u>
Alaska Department of Labor:			
Direct:			
Career and Technical Education	EN 756332	56,300	42,862
Compass Alaska	EN 756362	75,000	43,855
Total Alaska Department of Labor		<u>131,300</u>	<u>86,717</u>
Alaska State Council on the Arts:			
Direct:			
New Visions FY14	FY14NV002	3,750	904
New Visions FY15	FY15NV004	1,250	1,250
Artists in Schools	FY15AIS0012	900	900
Total Alaska State Council on the Arts		<u>5,900</u>	<u>3,054</u>
Alaska Department of Environmental Conservation:			
Direct:			
Recreational Shellfish Beach Monitoring Pilot Program	AR-48700-15	75,000	12,434
Alaska Department of Natural Resources:			
Direct:			
Farm in schools	ASP 10-13-072-08	3,000	381
Total State financial assistance		<u>\$ 71,745,384</u>	<u>71,445,898</u>
Notes to schedule:			
(1) # These program are considered major state assistance programs.			
(2) This schedule was prepared on the modified accrual basis of accounting.			
(3) State expenditures per above schedule: \$ 71,745,384 71,445,898			
Adjustments:			
This programs is a professional service contract/agreement and as such is not considered to be subject to the State Compliance Supplement:			
Staff Development	None	14,989	14,989
Total state revenues per financial statements		<u>\$ 71,760,373</u>	<u>71,460,887</u>

COMPLIANCE SECTION

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

Independent Auditor's Report

Members of the School Board
Kodiak Island Borough School District
Kodiak, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kodiak Island Borough School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Kodiak Island Borough School District's basic financial statements, and have issued our report thereon dated December 1, 2015.

Internal Control Over Financial Reporting

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

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

Members of the School Board
Kodiak Island Borough School District

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kodiak Island Borough School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Anchorage, Alaska
December 1, 2015

Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance as Required by OMB Circular A-133

Independent Auditor's Report

Members of the School Board
Kodiak Island Borough School District
Kodiak, Alaska

Report on Compliance for Each Major Federal Program

We have audited Kodiak Island Borough School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Kodiak Island Borough School District's major federal programs for the year ended June 30, 2015. Kodiak Island Borough School District's major federal programs are identified in the summary of auditor's results section of the accompanying federal schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Kodiak Island Borough School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Kodiak Island Borough School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Kodiak Island Borough School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying federal schedule of findings and questioned costs as Finding 2015-001. Our opinion on each major federal program is not modified with respect to this matter.

Kodiak Island Borough School District's response to the noncompliance finding identified in our audit is described in the accompanying federal schedule of findings and questioned costs and corrective action plan. Kodiak Island Borough School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Kodiak Island Borough School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Kodiak Island Borough School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Kodiak Island Borough School District's internal control over compliance.

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

Members of the School Board
Kodiak Island Borough School District

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify and deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, as described in the accompanying federal schedule of findings and questioned costs as Finding 2015-001 that we consider to be a significant deficiency.

Kodiak Island Borough School District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Kodiak Island Borough School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Altman, Rogers & Co.

Anchorage, Alaska
December 1, 2015

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Is a going concern emphasis-of-matter paragraph included in the audit report? Yes X No

Internal control over financial reporting:
 Significant deficiency(ies) identified? Yes X No
 Material weakness(es) identified? Yes X No

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:
 Significant deficiency(ies) identified (Section .510 (a)(1))? X Yes No
 Material weakness(es) identified (Section .510 (a)(1))? Yes X No

Any material noncompliance with provisions of laws, regulations, contracts, or grant agreements related to a major program (Section .510 (a)(2))? Yes X No

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) (3) or (4)? Yes X No

Identification of major programs:

<u>CFDA Number(s)/Cluster</u>	<u>Name of Federal Program or Cluster</u>
10.582	Fresh Fruit and Vegetable
84.011	Title I-C Migrant Education
84.041	Impact Aid

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X Yes No

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs, Continued

Section II - Financial Statement Findings

The Kodiak Island Borough School District did not have any findings that related to the financial statements.

Section III - Federal Award Findings and Questioned Costs

Finding 2015-001

Internal Control over Reporting

Title I-C Migrant Education (CFDA #84.011, Award #IP15.028.01 and #MB15.028.01)

**Significant Deficiency/
Non-Compliance**

Condition: The District did not adhere to the quarterly reporting requirements specified in the grant agreement. During our testing we noted that one quarterly report was not submitted within the allowable time period.

Criteria: In accordance with grant provisions specified in the award, the program requires quarterly financial and narrative status reports to be submitted within 30 days of the end of the quarter supported by underlying general ledger activity for the reporting period.

Context: We selected a sample of two required reports for the Title I-C Migrant Education program. We noted that the District did not submit the quarterly report for the quarter ending March 31 which was required to be submitted no later than April 30.

Cause: Lack of internal controls over reporting. The grant coordinator in charge of reporting was a new position responsible for grant reporting under all programs. The grant coordinator was not aware of the reporting requirement under the Migrant Education program.

Question Costs: None.

Effect: Failure to timely submit accurate fiscal reports may result in a reduction in future grant funding.

Recommendation: We recommend that the District adhere to grant reporting requirements specified in the award documents by establishing grant reporting schedule. We recommend that the District establish a review system to ensure that reports are submitted timely and with accurate information, and provide additional training for the grant coordinator in grant reporting.

Management Response: Management concurs with finding. See corrective action plan.

Section IV – Summary of Prior Audit Findings

The Kodiak Island Borough School District did not have any prior year audit findings.

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

Independent Auditor's Report

Members of the School Board
Kodiak Island Borough School District
Kodiak, Alaska

Report on Compliance for Each Major State Program

We have audited Kodiak Island Borough School District's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of Kodiak Island Borough School District's major state programs for the year ended June 30, 2015. Kodiak Island Borough School District's major state programs are identified in the accompanying schedule of state financial assistance.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, Kodiak Island Borough School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs identified in the schedule of state financial assistance for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* which are described in the accompanying state schedule of findings and questioned costs as Findings 2015-002 and 2015-003. Our opinion on each major state program is not modified with respect to these matters.

Kodiak Island Borough School District's response to the noncompliance findings identified in our audit are described in the accompanying state schedule of findings and questioned costs and corrective action plan. Kodiak Island Borough School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

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

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

Members of the School Board
Kodiak Island Borough School District

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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, we identified certain deficiencies in internal control over compliance, as described in the accompanying state schedule of findings and questioned costs as Findings 2015-002 and 2015-003 that we consider to be significant deficiencies.

Kodiak Island Borough School District's response to the internal controls over compliance findings identified in our audit are described in the accompanying state schedule of findings and questioned costs and corrective action plan. Kodiak Island Borough School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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



Anchorage, Alaska
December 1, 2015

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

State Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
Significant deficiency(ies) identified? Yes X No
Material weakness(es) identified? Yes X No

Noncompliance material to financial statements noted? Yes X No

State Awards

Internal control over major programs:
Significant deficiency(ies) identified? X Yes No
Material weakness(es) identified? Yes X No

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

Dollar threshold used to distinguish a state major program: \$ 300,000

Section II – Financial Statement Findings

The Kodiak Island Borough School District did not have any findings that related to the financial statements.

Section III – State Award Findings and Questioned Costs

<u>Finding 2015-002</u>	<u>Internal Control Over Reporting and Reporting Noncompliance</u>
State Agency:	Department of Education and Early Development
Program:	Digital Teaching Initiative
Award Number:	DT15.028.01
Award Year:	2015

**Significant Deficiency/
Non-compliance**

Condition: The School District did not submit their required semi-annual report for the Digital Teaching Initiative program which was due on January 15, 2015.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

State Schedule of Findings and Questioned Costs, Continued

Criteria: Provisions specified in the grant agreement require that the School District submits semi-annual financial and narrative status reports.

Context: We reviewed the grant file for the Digital Teaching Initiative program to determine if the School District complied with the reporting requirement. It was noted that the School District failed to prepare and file the required semi-annual reports.

Cause: Lack of internal controls over grant reporting.

Effect: Noncompliance with grant requirements could result in decreased future funding and the School District may be required to repay State funding received.

Question Costs: None

Recommendation: We recommend that all grant reporting deadlines are monitored throughout the year to ensure compliance with State requirements.

Management Response: Management agrees with the finding. See corrective action plan.

Finding 2015-003

Internal Controls over Activities Allowed or Unallowed and Allowable Costs / Cost Principles

State Agency: Department of Education and Early Development
Program: Digital Teaching Initiative
Award Number: DT 15.028.01
Award Year: 2015

**Significant Deficiency/
Non-compliance**

Condition: During our testing we noted one cash disbursement which was incorrectly recorded in the general ledger because of miscoding. A charge to purchase jackets for another state program was incorrectly recorded under the Digital Teaching Initiative program.

Criteria: Internal control procedures should be in place that ensures all cash disbursements are adequately supported by invoices, approved with accurate account coding, and allowable under the applicable contract or grant.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

State Schedule of Findings and Questioned Costs, Continued

- Context:** During compliance testwork we noted a charge for \$1,453 which was incorrectly recorded into Alaska Digital Teaching program instead of Alaska Teach grant.
- Cause:** Lack of internal controls over cash disbursements.
- Effect:** Lack of internal controls over compliance creates a risk that the School District will expend program funds for expenditures which are not budgeted or not allowable under the program.
- Questioned Costs:** \$1,453
- Recommendation:** The School District should strengthen its internal controls over cash disbursement by ensuring that account coding is present on the supporting documentation and is verified before transactions are posted to the general ledger.
- Management Response:** Management concurs with this finding. See Corrective Action Plan.

Section IV – Status of Prior Year Audit Findings

The Kodiak Island Borough School District did not have any prior year audit findings.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

Corrective Action Plan

Year Ended June 30, 2015

Federal Award Findings

Finding 2015-001

Internal Control over Reporting

Title I-C Migrant Education (CFDA #84.011, Award #IP15.028.01 and #MB15.028.01)

Name of Contact: Roger Studley and Sandy Daws

Corrective Action Plan: Reporting will be done in a timely manner as outlined in the grant award (Monthly/Quarterly). Reports will also be reviewed by the Administrator of the grant before they are submitted for Reimbursement. In addition, expenditures will be closely monitored to ensure expenditures are following the proposed budget and narrative. Finance Department will work closely with Grant Administrator as budgets and narratives need to be updated and resubmitted.

Proposed Completion Date: Corrective action has been implemented.

State Award Findings

Finding 2015-002

Internal Control Over Reporting and Reporting Noncompliance

State Agency:

Department of Education and Early Development

Program:

Digital Teaching Initiative

Award Number:

DT15.028.01

Award Year:

2015

Name of Contact: Roger Studley and Sandy Daws

Corrective Action Plan: Reporting will be done in a timely manner as outlined in the grant award (Monthly/Quarterly). Reports will also be reviewed by the Administrator of the grant before they are submitted for Reimbursement. In addition, expenditures will be closely monitored to ensure expenditures are following the proposed budget and narrative. Finance Department will work closely with Grant Administrator as budgets and narratives need to be updated and resubmitted.

Proposed Completion Date: Corrective action has been implemented.

KODIAK ISLAND BOROUGH SCHOOL DISTRICT

Corrective Action Plan, Continued

Finding 2015-003

Internal Controls over Activities Allowed or Unallowed and Allowable Costs / Cost Principles

State Agency:

Department of Education and Early Development

Program:

Digital Teaching Initiative

Award Number:

DT 15.028.01

Award Year:

2015

Name of Contact:

Roger Studley and Sandy Daws

Corrective Action Plan:

Reporting will be done in a timely manner as outlined in the grant award (Monthly/Quarterly). Reports will also be reviewed by the Administrator of the grant before they are submitted for Reimbursement. In addition, expenditures will be closely monitored to ensure expenditures are following the proposed budget and narrative. Finance Department will work closely with Grant Administrator as budgets and narratives need to be updated and resubmitted.

Proposed Completion Date:

Corrective action has been implemented.

Report on Statement of Compliance with AS 14.14.020 and Other State Requirements

Independent Auditor's Report

Members of the School Board
Kodiak Island Borough School District
Kodiak, Alaska

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Kodiak Island Borough School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 1, 2015.

Report on Statement of Compliance with AS 14.14.020 and Other State Requirements

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation.

In connection with our audit, nothing came to our attention, which caused us to believe that:

- (a) The statements and schedules of revenues and expenditures of the Special Revenue Funds do not present fairly the allowable funds expended within the limits of the project budgets.
- (b) Kodiak Island Borough School District has not complied with the *Uniform Chart of Accounts* for school districts as required by the State of Alaska, Department of Education and Early Development.

Members of the School Board
Kodiak Island Borough School District

- (c) Kodiak Island Borough School District has not complied with the bonding requirements of AS 14.14.020.
- (d) Kodiak Island Borough School District's financial statements do not reflect the minimum accounting and reporting requirements of the Department of Education and Early Development.

However, it should be noted that our audit was not directed primarily toward obtaining knowledge of noncompliance with the foregoing requirements.

Purpose of this Report

This report is intended solely to describe the scope of our testing of compliance with AS 14.14.020 and other State requirements and the results of that testing, and not to provide an opinion on compliance with AS 14.14.020 and other State requirements. Accordingly, this communication is not suitable for any other purpose.

Altman, Rogers & Co.

Anchorage, Alaska
December 1, 2015

Report on Statement of Compliance with AS 14.17.505

Independent Auditor's Report

Members of the School Board
Kodiak Island Borough School District
Kodiak, Alaska

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Kodiak Island Borough School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 1, 2015.

Report on Statement of Compliance with AS 14.17.505

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit in accordance with these standards includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation.

In connection with our audit, as presented in the Statement of Compliance with AS 14.17.505, nothing came to our attention that caused us to believe that the Kodiak Island Borough School District had failed to comply with the accumulated fund balance restriction in AS 14.17.505 as interpreted by the State of Alaska, Department of Education and Early Development. However, it should be noted that our audit was not directed primarily toward obtaining knowledge of noncompliance with such requirements.

Members of the School Board
Kodiak Island Borough School District

Purpose of this Report

This report is intended solely to describe the scope of our testing of compliance with AS 14.17.505 and the results of that testing, and not to provide an opinion on compliance with AS 14.17.505. Accordingly, this communication is not suitable for any other purpose.

Altman, Rogers & Co.

Anchorage, Alaska
December 1, 2015

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
(A Component Unit of the Kodiak Island Borough)

Statement of Compliance AS 14.17.505

YEAR ENDED JUNE 30, 2015

	General Fund		
	Reserved	Unreserved	Total
Reserved:			
Inventory	\$ 425,037	-	425,037
Impact Aid	2,059,217	-	2,059,217
Self-insurance	2,375,000	-	2,375,000
Unreserved:			
Designated for compensated absences	-	536,281	536,281
Undesignated	-	3,701,998	3,701,998
	\$ 4,859,254	4,238,279	9,097,533

Unreserved fund balance as a percentage of
current year expenditures:

$$\frac{\text{Unreserved fund balance}}{\text{Current year expenditures}} = \frac{4,238,279}{82,312,450} = \underline{5.15\%}$$

This Statement of Compliance is prepared in accordance with the regulations specified in AS.14.17.505 which is another basis of accounting other than generally accepted accounting principles.