

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

Letter to the Governing Board

Year Ended June 30, 2025

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Year Ended June 30, 2025

November 25, 2025

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 (the District), a component unit of the Kodiak Island Borough, for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 24, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Policies and Transactions

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Kodiak Island Borough School District are described in Note I to the financial statements. In 2025, as discussed in Note IV.D. to the financial statements, the District changed accounting policies related to the recognition, measurement, and financial reporting for compensated absences as required by GASB Statement No. 101. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

All Opinion Units:

Management's estimate of the collectability of accounts receivable is based on historical collections. We evaluated the key factors and assumptions used to develop the collectability of accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of health and medical insurance expenditures and expenses and the liability at year end is based on claims paid for the year and historical trend information to estimate the year end insurance liability. We evaluated the key factors and assumptions used to develop the health and medical liability and estimate of expenditures and expenses in determining that it is reasonable in relation to the financial statements taken as a whole.

Governmental Activities Opinion Unit:

Management's estimate of the useful lives and depreciation is based upon the expected life of an asset. We evaluated the key factors and assumptions used to develop the useful lives and depreciation expense in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimates of the District's proportionate share of the collective net pension and OPEB assets and liabilities and related deferred outflows and inflows of resources are based on information furnished by the State of Alaska and actuarial reports generated during the audit of the Public Employees' Retirement System and Teachers' Retirement System. The amortization of these deferrals is based on guidance provided by the Governmental Accounting Standards Board. We evaluated the key factors and assumptions used to develop the estimates of the District's proportionate share of the collective net pension and OPEB liabilities and deferred outflows and inflows of resources and related amortization in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimate of the compensated absences balance, which includes accrued leave, sick leave, and related benefits, is based upon historical payroll data. We evaluated the methods, assumptions, and the data used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosure

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of contingencies in Note IV.C. to the financial statements. Federal and State award money is subject to compliance in accordance with the grant agreement. Expenditures may be disallowed by the granting agencies at any time which would have an impact on the financial statements.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. During the course of the audit, we noted no misstatements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 25, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Internal Control Matters

See the June 30, 2025 financial statements, compliance section for definition and descriptions of deficiencies, significant deficiencies, material weaknesses and any reported findings.

Accounting Assistance

As part of our engagement we drafted the basic financial statements of the District from the District’s accounting records; however, management of the District was involved in the drafting process and retains responsibility for the basic financial statements.

Supplementary Information Accompanying the Financial Statements

We applied certain limited procedures to the Budgetary Comparison Schedule, Schedules of the District’s Proportionate Share of Net Position and OPEB Liabilities (Assets) and Contributions for the Public Employees’ Retirement System, and the Teachers’ Retirement System, and the Notes to the Required Supplementary Information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the “Supplementary Information”, which includes Major Governmental Funds: Comparative Balance Sheets – General Fund; Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual; 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 and Capital Project Fund; Schedule of Compliance – AS 14.17.505; the Schedule of Expenditures of Federal Awards and accompanying notes; and the Schedule of State Financial Assistance and accompanying notes, which accompany the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our response were not a condition to our retention.

Restriction on Use

This information is intended solely for the use of the School Board and management of Kodiak Island Borough School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Altman, Rogers & Co.

Anchorage, Alaska