



Southeast Island School District

Basic Financial Statements, Required
Supplementary Information, Additional
Supplementary Information, and Single
Audit Reports

Year Ended June 30, 2015

(With Independent Auditor's Report Thereon)

Southeast Island School District

Basic Financial Statements, Required Supplementary Information,
Additional Supplementary Information, and Single Audit Reports
Year Ended June 30, 2015

(With Independent Auditor's Report Thereon)

Southeast Island School District

Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION		
Independent Auditor's Report		1-3
Basic Financial Statements		
Government-Wide Financial Statements:		
Statement of Net Position	A-1	6
Statement of Activities	A-2	7
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	B-1	8
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	B-2	9
Statement of Revenues, Expenditures and Changes in Fund Balances	B-3	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	B-4	11
Thorne Bay Restaurant Enterprise Fund		
Statement of Net Position	C-1	12
Statement of Revenues, Expenses and Changes in Net Position	C-2	13
Statement of Cash Flows	C-3	14
Student Activities Agency Fund - Statement of Fiduciary Assets and Liabilities	D-1	15
Notes to Basic Financial Statements		16-34
Required Supplementary Information		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - School Operating Fund	E-1	36
Public Employees Retirement System		
Schedule of the District's Information on the Net Pension Liability	F-1	37
Schedule of District Contributions	F-2	38
Teachers Retirement System		
Schedule of the District's Information on the Net Pension Liability	F-3	39
Schedule of District Contributions	F-4	40
Notes to Required Supplementary Information		41

Southeast Island School District

Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION, continued		
Additional Supplementary Information		
Combining and Individual Fund Financial Statements and Schedules:		
School Operating Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	G-1	44-48
Nonmajor Governmental Funds:		
Combining Balance Sheet	H-1	49-50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	H-2	51-53
Special Revenue Funds -		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:		
Student Transportation	I-1	54
Early Literacy	I-2	55
Staff Development	I-3	56
Teacher Retention Moore Settlement	I-4	57
Targeted Resources Grant - Moore Settlement	I-5	58
Food Service	I-6	59
Fresh Fruit & Vegetables	I-7	60
NSLP Equipment Assistance	I-8	61
Nutritional Alaskan Foods	I-9	62
Title I-A Basic	I-10	63
Title I-C Migrant Education	I-11	64
Migrant Education Books	I-12	65
Teacher and Principal Training and Recruitment	I-13	66
Title VI-B IDEA	I-14	67
Title VI-B Preschool Disabled	I-15	68
Carl Perkins	I-16	69
AKISS - ANEP	I-17	70
PEP Grant	I-18	71
U.S. Forest Service	I-19	72
CARE Grant	I-20	73
Indian Education	I-21	74
Crossett Grant	I-22	75
Teacher Housing	I-23	76
Kasaan Greenhouse	I-24	77
Capital Projects Fund:		
Combining Balance Sheet	J-1	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	J-2	79

Southeast Island School District

Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION, continued		
Additional Supplementary Information, continued		
Combining and Individual Fund Financial Statements and Schedules, continued:		
Capital Projects Fund, continued:		
Statement/Schedule of Revenues, Expenditures and Changes in Fund Balance:		
District Wide	J-3	80
Coffman Housing	J-4	81
Schedule of Compliance - AS 14.17.505	K-1	82
Schedule of Expenditures of Federal Awards	L-1	83-84
Schedule of State Financial Assistance	M-1	85
SINGLE AUDIT SECTION		
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		88-89
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133		90-91
Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>		92-93
Schedule of Findings and Questioned Costs		94-95
Summary Schedule of Prior Audit Findings		96
Corrective Action Plan		97



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Independent Auditor's Report

Members of the School Board
Southeast Island School District
Thorne Bay, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Southeast Island School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School 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 the 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, business-type activities, each major fund, and the aggregate remaining fund information of the Southeast Island School District, as of June 30, 2015, and the respective changes in financial position 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 15 to the financial statements, in 2015 the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions*. 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, budgetary comparison information on page 36, and the Schedules of Net Pension Liability, and Pension Contributions on pages 37 through 41, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the 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. Our opinion on the basic financial statements is not affected by this missing information.

Additional Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Southeast Island School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, the Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and the

Schedule of State Financial Assistance are required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, respectively.

The accompanying Schedule of Expenditures of Federal Awards, the Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2016 on our consideration of the Southeast Island 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 Southeast Island School District's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
February 11, 2016

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Basic Financial Statements

Southeast Island School District

Statement of Net Position

<i>June 30, 2015</i>	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows			
Assets			
Cash	\$ 752,502	\$ 57,363	\$ 809,865
Accounts receivable	333,713	-	333,713
Inventory	99,834	-	99,834
Due from student activities fund	40,970	-	40,970
Internal balances	65,802	(65,802)	-
Capital assets:			
Not being depreciated	889,140	-	889,140
Depreciable	32,005,165	63,784	32,068,949
Accumulated depreciation	(14,370,199)	-	(14,370,199)
Total Assets	19,816,927	55,345	19,872,272
Deferred Outflows - pension related	179,123	-	179,123
Total Assets and Deferred Outflows	\$ 19,996,050	\$ 55,345	\$ 20,051,395
Liabilities, Deferred Inflows and Net Position			
Liabilities			
Accounts payable	\$ 8,959	\$ 6,561	\$ 15,520
Unearned revenue	276,166	-	276,166
Noncurrent liabilities:			
Due within one year - accrued leave	23,576	-	23,576
Due in more than one year - net pension liability	1,663,988	-	1,663,988
Total Liabilities	1,972,689	6,561	1,979,250
Deferred Inflows - pension related	167,395	-	167,395
Net Position			
Investment in capital assets	18,524,106	63,784	18,587,890
Unrestricted (deficit)	(668,140)	(15,000)	(683,140)
Total Net Position	17,855,966	48,784	17,904,750
Total Liabilities, Deferred Inflows and Net Position	\$ 19,996,050	\$ 55,345	\$ 20,051,395

See accompanying notes to basic financial statements.

Southeast Island School District

Statement of Activities

Year Ended June 30, 2015	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Total
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	
Governmental Activities							
Instruction	\$ 4,204,305	\$ -	\$ 1,302,612	\$ -	\$ (2,901,693)	\$ -	\$ (2,901,693)
Special education instruction	675,674	-	246,135	-	(429,539)	-	(429,539)
Special education support services - students	4,900	-	-	-	(4,900)	-	(4,900)
Support services - students	133,399	-	127,574	-	(5,825)	-	(5,825)
Support services - instruction	1,114,709	-	88,445	-	(1,026,264)	-	(1,026,264)
School administration	495,902	-	162,778	-	(333,124)	-	(333,124)
School administration support services	35,824	-	1,866	-	(33,958)	-	(33,958)
District administration	653,693	-	63,044	-	(590,649)	-	(590,649)
District administration support services	515,954	-	69,766	-	(446,188)	-	(446,188)
Operations and maintenance of plant	1,738,462	80,499	21,048	-	(1,636,915)	-	(1,636,915)
Student activities	188,561	-	29,857	-	(158,704)	-	(158,704)
Student transportation	206,314	9,293	238,489	-	41,468	-	41,468
Community services	19,812	-	18,173	-	(1,639)	-	(1,639)
Food services	218,061	1,334	151,532	-	(65,195)	-	(65,195)
Construction and facilities acquisition	401,574	-	41,050	287,309	(73,215)	-	(73,215)
Total Governmental Activities	\$ 10,607,144	\$ 91,126	\$ 2,562,369	\$ 287,309	(7,666,340)	-	(7,666,340)
Business-type Activities							
Thorne Bay Restaurant	186,501	58,178	-	-	-	(128,323)	(128,323)
Total	\$ 10,793,645	\$ 149,304	\$ 2,562,369	\$ 287,309	(7,666,340)	(128,323)	(7,794,663)
General Revenues							
Grants and entitlements not restricted to specific programs					6,456,961	-	6,456,961
E-rate					635,546	-	635,546
Other					196,874	-	196,874
Transfers					(177,107)	177,107	-
Total General Revenues					7,112,274	177,107	7,289,381
Change in Net Position					(554,066)	48,784	(505,282)
Net Position, beginning of year as restated (Note 5)					18,410,032	-	18,410,032
Net Position, end of year					\$ 17,855,966	\$ 48,784	\$ 17,904,750

See accompanying notes to basic financial statements.

Southeast Island School District
Governmental Funds
Balance Sheet

	Major Funds		Nonmajor Govern- mental Funds	Total Govern- mental Funds
	School Operating Fund	Capital Projects Fund		
<i>June 30, 2015</i>				
Assets				
Cash	\$ 63,203	\$ 419,010	\$ 270,289	\$ 752,502
Accounts receivable	-	81,384	252,329	333,713
Inventory	69,501	-	30,333	99,834
Due from student activities fund	40,970	-	-	40,970
Due from other funds	398,652	-	-	398,652
Total Assets	\$ 572,326	\$ 500,394	\$ 552,951	\$ 1,625,671
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 8,959	\$ 8,959
Unearned revenue	101,470	159,505	15,191	276,166
Due to other funds	-	81,384	251,466	332,850
Total Liabilities	101,470	240,889	275,616	617,975
Fund Balances				
Nonspendable	69,501	-	30,333	99,834
Committed	-	248,945	-	248,945
Assigned	-	10,560	247,002	257,562
Unassigned	401,355	-	-	401,355
Total Fund Balances	470,856	259,505	277,335	1,007,696
Total Liabilities and Fund Balances	\$ 572,326	\$ 500,394	\$ 552,951	\$ 1,625,671

See accompanying notes to basic financial statements.

Southeast Island School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2015

Total fund balances for governmental funds	\$	1,007,696
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	\$	862,811
Construction in progress		26,329
Buildings		29,540,312
Machinery and equipment		1,800,480
Vehicles		664,373
Accumulated depreciation		<u>(14,370,199)</u>
Total capital assets, net		18,524,106
Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. Long-term liabilities reported in these statements consist of:		
Accrued leave		(23,576)
Net pension liability		<u>(1,663,988)</u>
		(1,687,564)
Certain changes in net pension liabilities are deferred rather than recognized immediately. These are amortized over time.		
Deferred outflows related to pensions		179,123
Deferred inflows related to pensions		<u>(167,395)</u>
Total deferred pension items		<u>11,728</u>
Total Net Position of Governmental Activities	\$	<u>17,855,966</u>

See accompanying notes to basic financial statements.

Southeast Island School District

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

	Major Funds		Nonmajor Govern- mental Funds	Totals
	School Operating Fund	Capital Projects Fund		
<i>Year Ended June 30, 2015</i>				
Revenues				
Local sources	\$ 832,420	\$ -	\$ 125,758	\$ 958,178
State sources	12,323,707	287,309	323,306	12,934,322
Federal sources:				
Direct	30	-	157,312	157,342
Through the State of Alaska	389,405	-	323,337	712,742
Other	-	-	30,318	30,318
Total Revenues	13,545,562	287,309	960,031	14,792,902
Expenditures				
Instruction	6,686,353	-	181,226	6,867,579
Special education instruction	1,159,250	-	46,368	1,205,618
Special education support services - students	4,900	-	-	4,900
Support services - students	-	-	127,574	127,574
Support services - instruction	1,347,887	-	-	1,347,887
School administration	906,480	-	-	906,480
School administration support services	38,765	-	-	38,765
District administration	811,271	-	-	811,271
District administration support services	460,417	-	64,493	524,910
Operations and maintenance of plant	1,295,676	70,204	66,682	1,432,562
Student activities	271,138	-	-	271,138
Student transportation	-	-	197,027	197,027
Community services	-	-	19,812	19,812
Food services	-	-	268,955	268,955
Construction and facilities acquisition	610	359,914	41,050	401,574
Total Expenditures	12,982,747	430,118	1,013,187	14,426,052
Excess (Deficiency) of Revenues Over Expenditures	562,815	(142,809)	(53,156)	366,850
Other Financing Sources (Uses)				
Transfers in	-	142,809	117,728	260,537
Transfers out	(437,644)	-	-	(437,644)
Net Other Financing Sources (Uses)	(437,644)	142,809	117,728	(177,107)
Net Change in Fund Balances	125,171	-	64,572	189,743
Fund Balances, beginning	345,685	259,505	212,763	817,953
Fund Balances, ending	\$ 470,856	\$ 259,505	\$ 277,335	\$ 1,007,696

See accompanying notes to basic financial statements.

Southeast Island School District
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2015

Net change in fund balances - total governmental funds \$ 189,743

The change in net position reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures.

However, on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. Capital outlays of \$90,937 were less than depreciation of \$831,660 by this amount: (740,723)

Changes in net pension liability and related accounts can increase or decrease net position. This is the net decrease in equity due to changes in net pension liability and the related deferred outflows and inflows. (7,122)

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 the governmental funds. This is the decrease in accrued leave. 4,036

Change in Net Position of Governmental Activities \$ (554,066)

See accompanying notes to basic financial statements.

Southeast Island School District
Thorne Bay Restaurant Enterprise Fund
Statement of Net Position

June 30, 2015

Assets

Current Assets

Cash and investments	\$	57,363
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Non-current Assets

Building		63,784
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Total Assets	\$	121,147
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Liabilities and Net Position

Liabilities

Current Liabilities

Accounts payable	\$	6,561
Due to other funds		65,802

Total Liabilities		72,363
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Net Position

Investment in capital assets		63,784
Unrestricted (deficit)		(15,000)

Total Net Position		48,784
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Total Liabilities and Net Position	\$	121,147
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Southeast Island School District
Thorne Bay Restaurant Enterprise Fund
Statement of Revenues, Expenses and Changes
in Net Position

Year Ended June 30, 2015

Revenues	
Other local revenues	\$ 58,178
Expenditures	
Operations and maintenance of plant:	
Non-certificated salaries	7,308
Employee benefits	3,726
Utility services	1,726
Energy	5,917
Other purchased services	7,910
Supplies, materials, and media	6,139
Other expenditures	30
Total operations and maintenance of plant	32,756
Student activities:	
Non-certificated salaries	27,037
Employee benefits	2,139
Professional and technical services	38,650
Utility services	1,350
Other purchased services	600
Insurance and bond premiums	37
Supplies, materials, and media	1,204
Other expenditures	71,220
Equipment	11,508
Total student activities	153,745
Total Expenditures	186,501
Deficiency of Revenues Under Expenditures	(128,323)
Other Financing Sources	
Transfers in	177,107
Change in Net Position	48,784
Net Position, beginning of year	-
Net Position, end of year	\$ 48,784

Southeast Island School District
Thorne Bay Restaurant Enterprise Fund
Statement of Cash Flows

Year Ended June 30, 2015

Cash Flows from Operating Activities	
Receipts from customers and users	\$ 58,178
Transfer from school operating fund	177,107
Payments to suppliers	(73,928)
Payments to employees	(40,210)
Net cash flows from operating activities	121,147
Cash Flows from Investing Activities - capital expenditures	(63,784)
Net increase in cash	57,363
Cash and Investments, beginning	-
Cash and Investments, ending	\$ 57,363
Reconciliation of Income from Operations to	
Net Cash From Operating Activities	
Change in net position	\$ 48,784
Adjustments to reconcile change in net position	
to net cash flows from operating activities:	
Increase in liabilities:	
Accounts payable	6,561
Due to other funds	65,802
Net Cash Flows from Operating Activities	\$ 121,147

Southeast Island School District
Statement of Fiduciary Assets and Liabilities
Student Activities Agency Fund

June 30, 2015

Assets

Cash and cash equivalents	\$ 87,742
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Liabilities

Due to student activities	46,772
Due to school operating fund	40,970

Total Liabilities	\$ 87,742
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See accompanying notes to basic financial statements.

Southeast Island School District

Notes to Basic Financial Statements June 30, 2015

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

On July 1, 1976 the Legislature of the State of Alaska established Southeast Island School District (hereafter referred to as the District). At that time assets were turned over to the District by the State of Alaska through direct transfer and use permits. The District has 8 attendance centers. The District is operated under the exclusive oversight management and control of a locally elected five-member School Board. The School Board, pursuant to Alaska Statute Title 29.43.030, has the responsibility of establishing, maintaining and operating a system of public schools for any community within its boundaries that is not provided for by any other public school district. Therefore, the District constitutes an independent local government reporting entity and has no oversight over any other component unit.

B. Basis of Presentation

The basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements include the financial information of Southeast Island School District as a whole. These statements include all financial activities of the District. The District does not have any activities that are considered business-type activities.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District.

The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

The fund financial statements include activities relating to certain functions or activities segregated in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. The major funds are presented in separate columns. Nonmajor funds are aggregated and presented in a single column.

Southeast Island School District

Notes to Basic Financial Statements

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

Government-wide financial statements - The government-wide financial statements are prepared using the *economic resources measurement focus* and the *accrual basis* of accounting. All assets and all liabilities associated with the operation of the District are included on the statement of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flow. 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. Current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

The District uses funds to maintain its financial records during the fiscal year. A fund is a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures. There are three categories of funds: governmental, proprietary and fiduciary. Of these three, the District maintains governmental funds and a fiduciary fund.

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

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

The *Capital Projects Fund* accounts for all revenue received and expenditures made for the structural repairs for the Thorne Bay K-12 school, the wood and wood fired boiler, school vehicles, teacher housing, and other major repairs and renovations. Revenue is derived primarily from the state.

The other governmental funds of the District are considered nonmajor and are as follows:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

A Proprietary Fund is used to account for Thorn Bay Restaurant on a for-profit basis.

Additionally, the District reports the following fund type:

The *Student Activities Agency Fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

Southeast Island School District

Notes to Basic Financial Statements

The School District follows the *Uniform Chart of Accounts for School Districts, 2012 Edition* as required by the State of Alaska, Department of Education and Early Development.

D. Budgets

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for most governmental funds. Capital Project Funds adopt project-length budgets. All annual appropriations lapse at fiscal year end. Unexpended balances of grants from the state and federal governments for the Special Revenue Funds lapse at June 30 with the exception of certain federal programs which lapse at various month ends of July, August, and September.

District policy in establishing budgetary data reflected in the financial statements are as follows:

Annual budgets for operations are adopted by the School Board for all operating revenues, expenditures, and interfund transfers. Budgets are prepared and presented on the modified accrual basis of accounting.

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

The School Board authorizes formal budget revisions periodically each year to adjust the revenues and expenditures to available resources and program needs. Expenditure authority for the School Operating Fund is limited to the total approved budget. There are no specific line item or category limitations.

The appropriated budget is prepared by fund, function and object. The District's department heads may make transfers of appropriations within a department or fund. Transfers of appropriations between funds require the approval of the School Board. The legal level of budgetary control is the fund level. Annual budgets of the various special revenue funds are prepared in connection with the application for the special programs' award and approved by the School Board. Expenditure authority for Special Revenue Fund programs is limited to the actual combined revenues, transfers from other funds and available fund balance within the program.

Project budgets are adopted for the Capital Project Funds based on the lives of the construction project.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the School Operating Fund and Special Revenue Funds. Encumbrances, if any, outstanding at year end are reported as appropriate constraints of fund balance if they meet the fund balance allocation criteria described later in these footnotes.

Southeast Island School District

Notes to Basic Financial Statements

F. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition or time certificates of deposit. There are no statutory limitations on the type of investment allowed.

G. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements.

H. Inventories and Prepaids

Teaching and maintenance supplies are recorded as expenditures when purchased rather than as consumed. Accounting for inventory of heating fuel is on the consumption method. The consumption method records the expenditure when consumed rather than purchased. Inventories are valued at cost using the first-in, first-out (FIFO) method.

Payments made to vendors for services that are applicable to future accounting periods are recorded as prepaid items.

I. Capital Assets

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

All purchased capital assets are valued at cost. Donated capital assets are valued at their estimated fair market value on the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure.

All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed on the straight line method over the estimated useful life of the assets, generally 5 to 30 years for equipment and vehicles and 15 to 30 years for buildings. Maintenance and repairs of a routine nature that do not add to the value of the asset are charged as expenditures as incurred and are not capitalized.

J. Unearned Revenue

Amounts received from grantor agencies, which are restricted as to use and have not been expended for the intended use, are shown on the balance sheet as unearned revenue.

Southeast Island School District

Notes to Basic Financial Statements

K. Compensated Absences - Accrued Leave

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Unused vacation leave is accrued utilizing current salary cost as earned by the employee and recorded as a liability in the government-wide financial statement of net position. No accrued leave liability is recorded in the fund financial statements.

L. Fund Balances

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

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

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

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

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

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

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

Southeast Island School District

Notes to Basic Financial Statements

M. 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 Systems (TRS) and additions to/from PERS/TRS fiduciary net position have been determined on the same basis as they are reported by PERS/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.

N. Net Position

Net position represents the difference between assets and liabilities in government-wide financial statements. Investment in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

O. Management Estimates and Assumptions

The preparation of 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, liabilities, fund balances, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

The District's cash resources for general operations are maintained in a central treasury. In addition, the District maintains accounts for specific purposes such as the Student Activity accounts. Negative cash balances have been reclassified to "due to other funds."

All of the District's cash is held in the form of demand accounts including checking and savings held by commercial banks.

3. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At year end, the District's bank balances totaled \$1,286,005. Deposits in each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2015, the District's uninsured bank balances consisted of \$1,036,005.

4. Accounts Receivable

All accounts receivable are considered collectible; therefore, no allowance for uncollectible accounts has been provided.

Southeast Island School District

Notes to Basic Financial Statements

5. Interfund Receivables, Payables, and Transfers

A schedule of interfund balances and transfers for the year ended June 30, 2015, follows:

Due to Other Funds

Due to the *School Operating Fund* from:

Nonmajor funds for short-term operating advances	\$ 251,466
<i>Capital Projects Fund</i> for short-term capital advances	81,384
<i>Thorn Bay Restaurant Enterprise Fund</i> for short-term operating advances	65,802

Total Amount Due To Other Funds	\$ 398,652
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Transfers

From the *School Operating Fund* to:

Nonmajor governmental funds to cover operating costs	\$ 117,728
<i>Capital Projects Fund</i> to cover capital costs	142,809
<i>Thorn Bay Restaurant Enterprise Fund</i> to operating costs	177,107

Total Transfers	\$ 437,644
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6. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

<i>Governmental Activities</i>	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Assets not being depreciated:				
Land	\$ 862,811	\$ -	\$ -	\$ 862,811
Construction in progress	1,654,816	-	(1,628,487)	26,329
Total assets not being depreciated	2,517,627	-	(1,628,487)	889,140
Assets being depreciated:				
Buildings	28,707,482	832,830	-	29,540,312
Machinery and equipment	943,659	856,821	-	1,800,480
Vehicles	634,600	29,773	-	664,373
Total assets being depreciated	30,285,741	1,719,424	-	32,005,165
Accumulated depreciation	(13,538,539)	(831,660)	-	(14,370,199)
Total assets being depreciated, net	16,747,202	887,764	-	17,634,966
Total Governmental Capital Assets				
Net Of Accumulated Depreciation	\$ 19,264,829	\$ 887,764	\$ (1,628,487)	\$ 18,524,106

Southeast Island School District

Notes to Basic Financial Statements

<i>Business-type Activities</i>	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Assets being depreciated - buildings	\$ -	\$ 63,784	\$ -	\$ 63,784
Accumulated depreciation	-	-	-	-
Total Business-type Capital Assets Net Of Accumulated Depreciation	\$ -	\$ 63,784	\$ -	\$ 63,784

Depreciation expense was charged to governmental functions as follows for the year ended June 30, 2015:

Governmental Activities

Instruction	\$ 274,399
Special education instruction	17,313
Special education support services - students	5,825
Support services - instruction	26,482
School administration	14,400
School administration support services	5,744
District administration	14,563
District administration support services	15,690
Operations and maintenance of plant	441,279
Student activities	4,294
Student transportation	6,865
Food services	4,808
Total Depreciation - Governmental Activities	\$ 831,660

7. Long-Term Obligations

Accrued leave of governmental activities are also accounted for by the School District. Leave is generally liquidated by the General Fund. Changes in these obligations for the year ended June 30, 2015 are as follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due within One Year
Accrued Leave	\$ 27,612	\$ 26,827	\$ (30,863)	\$ 23,576	\$ 23,576

Southeast Island School District

Notes to Basic Financial Statements

8. Fund Balances

Fund balances, reported for the major funds and nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints:

	School Operating Fund	Capital Projects Fund	Nonmajor Funds	Totals
Nonspendable - inventory	\$ 69,501	\$ -	\$ 30,333	\$ 99,834
Committed - maintenance of buildings	-	248,945	-	248,945
Assigned:				
Food service	-	-	26,589	26,589
Student transportation	-	-	117,290	117,290
Teacher housing	-	-	99,812	99,812
Maintenance of buildings	-	10,560	-	10,560
Other	-	-	3,311	3,311
Total assigned	-	10,560	247,002	257,562
Unassigned	401,355	-	-	401,355
Total Fund Balances	\$ 470,856	\$ 259,505	\$ 277,335	\$ 1,007,696

9. Defined Benefit (DB) Pension Plans

The District participates in two defined benefit pension plans. The Teachers' Retirement System (TRS) is a cost-sharing multiple employer plan which covers teachers and other eligible participants. The Public Employees' Retirement System (PERS) is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. Both Plans were established and are administered by the State of Alaska to provide pension, postemployment healthcare, death, and disability benefits. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

Both Plans are included in comprehensive annual financial reports that include financial statements and other required supplemental information. Those reports are available via the internet at <http://doa.alaska.gov/drj>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

Both Plans provide for retirement, death and disability, and post-employment health care benefits. There are three tiers of employees, based on entry date. For all tiers within the DB pension plans, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. The tiers within the Plans establish differing criteria regarding normal retirement age, early retirement age, and the

Southeast Island School District

Notes to Basic Financial Statements

criteria for calculation of AMS, COLA adjustments, and other OPEB benefits. A complete benefit comparison chart is available at the website noted above.

Both PERS and TRS DB Plans were closed to new entrants on July 1, 2006. New employees hired after that date participate in the PERS/TRS Defined Contribution (DC) Plans described later in these notes.

Historical Context and Special Funding Situation

Historically, the TRS plan has been a cost-sharing plan, while originally, PERS was an agent-multiple-employer plan. In April 2008, the Alaska Legislature passed legislation converting the PERS agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate for both plans, established a state funded "on-behalf" contribution (subject to funding availability), and required that employer contributions be calculated against *all* PERS/TRS eligible wages, including wages paid to participants of the PERS/TRS defined contribution plans described later in these notes.

Although current statutes call for the State of Alaska to contribute to the Plans, the Alaska Department of Law has determined that the statutes do not create a legal obligation to assume the liabilities of the Plans; rather it establishes a contribution mechanism to provide employer relief against the rising contribution rates. This relief payment is subject to funding availability, and therefore not legally mandated. As a result, the State has determined that the Plans are *not* in a special funding situation.

Management of the District disagrees with the State's position and believes that AS 39.35.255 and AS 14.25.085 do constitute a special funding situation under GASB 68 rules and has recorded all pension related liabilities, deferred inflows/outflows, and disclosures on this basis, pending a final legal determination, as may be required to settle the matter.

The District records the on-behalf contributions as revenue and expenditures in the fund financial statements. However, current year expenditures are adjusted to deferred outflows in the government-wide financial statements. Prior year expenditures and on-behalf contributions (and other adjustments) reflect expenses at the government-wide level.

Employee Contribution Rates

Non-Teacher School District employees are required to contribute 9.6% of their annual covered salary for PERS. Teachers and other certificated employees are required to contribute 8.65% of annual covered salary for TRS.

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 contractual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages for PERS and 12.56% of eligible wages for TRS, subject to a wage floor, and other termination events. These rates are applied to *all* PERS/TRS participating wages, respectively, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employees are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

Southeast Island School District

Notes to Basic Financial Statements

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

On-behalf Contribution Rate: This is the rate normally paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. However, in 2015, the State Legislature appropriated a one-time contribution to the Plans in the amount of \$1 billion for PERS and \$2 billion for TRS. As a result, the On-behalf Contribution Rates for 2015 significantly exceed the statutory amounts. As noted earlier, the on-behalf contributions are recognized in the fund financial statements as revenues and expenditures in the year they are appropriated by the State. In the government-wide financial statements, such on-behalf contributions are included in revenue but are recorded as deferred outflows, rather than pension expense.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. Additionally, the GASB rate disregards all future Medicare Part D payments. For FY15, the GASB rate uses an 8.00% pension discount rate and a 4.90% healthcare discount rate for both PERS and TRS. The GASB Rate and the ARM Board Adopted Rate differ significantly as a direct result of variances in the actuarial methods and assumptions used.

Contribution rates for the year ended June 30, 2015 were determined in the June 30, 2012 actuarial valuation.

<i>PERS</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	12.54%	25.09%	42.41%	33.05%
Postemployment healthcare (see Note 9)	9.46%	18.94%	- %	55.07%
Total PERS Contribution Rates	22.00%	44.03%	42.41%	88.12%

<i>TRS</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	7.22%	40.33%	212.24%	59.21%
Postemployment healthcare (see Note 9)	5.34%	30.42%	43.05%	70.04%
Total TRS Contribution Rate	12.56%	70.75%	255.29%	129.25%

Southeast Island School District

Notes to Basic Financial Statements

In 2015, the District was credited with the following contributions to the pension plans.

<i>PERS</i>	Measurement Period District FY14	District FY15
Employer contributions (including DBUL)	\$ 58,206	\$ 64,678
Nonemployer contributions (on-behalf)	60,543	370,068
Total Contributions	\$ 118,749	\$ 434,746

In addition, employee contributions to the PERS totaled \$21,512 during the District fiscal year.

<i>TRS</i>	Measurement Period District FY14	District FY15
Employer contributions (including DBUL)	\$ 79,291	\$ 74,904
Nonemployer contributions (on-behalf)	571,182	4,824,374
Total Contributions	\$ 650,473	\$ 4,899,278

In addition, employee contributions to the TRS totaled \$86,818 during the District fiscal year.

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 for its proportionate share of the net pension liability that reflected a reduction for State support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability associated with the District were as follows:

	PERS	TRS
District's proportionate share of NPL	\$ 717,565	\$ 946,423
State's proportionate share of NPL associated with the District	736,222	6,950,421
Total Net Pension Liability	\$ 1,453,787	\$ 7,896,844

The net pension liabilities were measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability for each Plan was determined by an actuarial valuation as of that date. The District's proportion of the net pension liabilities were based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2014, the District's proportion of PERS was 0.01538472 percent, which was an increase of 0.00077163 from its proportion measured as of June 30, 2013. For TRS the District's proportion was 0.031557300 percent, representing an increase of 0.000889210 from the prior year.

Southeast Island School District

Notes to Basic Financial Statements

For the year ended June 30, 2015, the District recognized pension expense of \$129,639 for PERS and \$647,992 for TRS. In addition, the District recognized on-behalf revenue from the State of Alaska in the amounts of \$60,543 and \$571,182 for PERS and TRS, respectively. 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
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	167,395
Changes in proportion and differences between District contributions and proportionate share of contributions	39,541	-
District contributions subsequent to the measurement date	139,582	-
Total Deferred Outflows and Deferred Inflows	\$ 179,123	\$ 167,395

The \$139,582 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 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 Ending June 30,

2016	\$	11,432
2017		32,724
2018		41,849
2019		41,849

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Southeast Island School District

Notes to Basic Financial Statements

Actuarial Assumptions

The total pension liabilities were determined by actuarial valuations as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2014. The actuarial valuations for the year ended June 30, 2014 (latest available) were prepared by Buck Consultants. The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2005 to June 30, 2009, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience. Generally, both PERS and TRS follow the same assumptions, except as noted:

Inflation	3.12%
Salary Increases	Graded by age and service, from 9.6% to 3.62% for PERS Graded by service, from 6.11% to 3.62% for TRS
Investment Return / Discount Rate	8.00% net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and real rate of return over 4.88%.
Mortality	Rates based on the 1994 Group Annuity Mortality Table, sex distinct, 1994 Base year without margin projected to 2013 using Projection Scale AA: PERS - 75% for male and 55% for female for pre-termination for all others; and 100% for males and 1-year set-forward for females for post-termination. TRS - 55% for females and 45% for males for pre-termination mortality. 3-year setback for females and 4-year setback for males for post-termination mortality.

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

<i>Asset Class</i>	Long-Term Expected Real Rate of Return
Domestic equity	6.77%
International equity	7.50%
Private equity	10.86%
Fixed income	2.05%
Real estate	3.63%
Absolute return	4.80%

Southeast Island School District

Notes to Basic Financial Statements

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that Employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following presents the Retirement System's net pension liability and the District's proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

<i>PERS</i>	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
System Net Pension Liability	100.0%	\$ 6,115,581,980	\$ 4,664,148,458	\$ 3,441,888,494
District's proportionate share of the net pension liability	0.01538472%	\$ 940,865	\$ 717,565	\$ 529,525

<i>TRS</i>	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
System Net Pension Liability	100.0%	\$ 3,776,983,113	\$ 2,999,062,314	\$ 2,346,163,638
District's proportionate share of the net pension liability	0.0315573%	\$ 1,191,914	\$ 946,423	\$ 740,386

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the separately issued PERS and TRS financial reports.

Southeast Island School District

Notes to Basic Financial Statements

10. Defined Contribution (DC) Pension Plans

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

Contributions to the DC plans consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the District contribute at 22%. Actual remittances to the TRS system require that the District contribute at 12.56%. After deducting the DC pension plan contributions and related DC OPEB contributions, the remaining remittance (the DBUL) is deposited into the DB plan (pension and/or OPEB) as noted earlier.

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service.

Employee Contribution Rate

Employees are required to contribute 8.0% of their annual covered salary for both PERS and TRS. This amount goes directly to the individual's account.

Employer Contribution Rates

For the year ended June 30, 2015, the District was required to contribute 5% of covered salary into PERS and 7% of covered salary for TRS.

The District and employee contributions to PERS for pensions for the year ended June 30, 2015 were \$24,306 and \$38,889, respectively. The District and employee contributions to TRS for pensions for the year ended June 30, 2015 were \$85,493 and \$97,706, respectively.

District contributions are recognized as pension expense/expenditures.

11. Other Post-Employment Benefit (OPEB) Plans

Defined Benefit OPEB

As part of its participation in the PERS and TRS DB Plans (Tiers I, II, III for PERS and Tiers I and II for TRS), the District participates in the Alaska Retiree Healthcare Trust (ARHCT). The ARHCT is self-funded and provides major medical coverage to retirees of the System. Benefits vary by Tier level. The Plan is administered by the State of Alaska, Department of Administration. Employer contribution rates are established in concert with the Defined Benefit Pension Plan described earlier in these notes.

Southeast Island School District

Notes to Basic Financial Statements

Employer Contribution Rates

The District is required to contribute 9.46% of covered payroll into both the PERS and the TRS OPEB plans. In addition, during 2015, the State on-behalf contribution for OPEB was 43.05% of covered payroll.

Employees do not contribute to the DB OPEB plans.

Annual Postemployment Healthcare Cost

Actual contributions into the Plan for the last three years were as follows.

<i>PERS</i> <i>Year Ended June 30,</i>	Annual OPEB Costs	District Contributions	% of Costs Contributed
2015	\$ 49,032	\$ 49,032	100 %
2014	\$ 57,041	\$ 57,041	100 %
2013	\$ 67,973	\$ 67,973	100 %

On-behalf contributions for PERS OPEB were \$0, \$46,462, and \$47,144 for 2015, 2014, and 2013, respectively. Those amounts are not reflected in the OPEB costs in the table above.

<i>TRS</i> <i>Year Ended June 30,</i>	Annual OPEB Costs	District Contributions	% of Costs Contributed
2015	\$ 55,007	\$ 55,007	100 %
2014	\$ 64,724	\$ 64,724	100 %
2013	\$ 67,855	\$ 67,855	100 %

On-behalf contributions for TRS OPEB were \$978,685, \$295,192, and \$250,098 for 2015, 2014, and 2013, respectively. Those amounts are not reflected in the OPEB costs in the table above.

Defined Contribution OPEB

Defined Contribution Pension Plan participants (PERS Tier IV, and TRS Tier III) participate in the Occupational Death and Disability Plan (ODD), and the Retiree Medical Plan. Information on these plans is included in the comprehensive annual financial report for the PERS and TRS plan noted above. These plans provide for death, disability, and post-employment health care benefits.

Employer Contribution Rates

Employees do not contribute to the DC OPEB plans. Employer contribution rates were as follows for the year ended June 30, 2015:

	PERS Tier IV	TRS Tier III
Retiree medical plan	1.66%	2.04%
Occupational death and disability benefits	0.22%	-%
Total Contribution Rates	1.88%	2.04%

Southeast Island School District

Notes to Basic Financial Statements

In addition, PERS and TRS defined contribution members also participate in the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of *all employees of all employers* in the plan”. As of July 1, 2014, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates \$1,961 per year for each full-time employee, and \$1.26 per hour for part-time employees for both PERS and TRS.

Annual Postemployment Healthcare Cost

In 2015, the District contributed \$37,948 in DC OPEB costs to PERS and \$63,703 in DC OPEB costs to TRS. These amounts have been recognized as expense/expenditures.

12. Contingencies - Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, would become a liability of the School Operating Fund.

The District receives a substantial portion of its revenue from state and federal grants. Significant changes in these revenue sources could have a material effect on the operations of the District.

13. Risk Management

The District faces a considerable number of risks of loss including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability, i.e., errors and omissions, (d) environmental damage, (e) workers' compensation: i.e., employee injuries, and (f) medical insurance costs of employees. Workers' compensation is also purchased as required by statute. The District has no coverage for potential losses from environmental damages. Insurance claims in FY14 did not exceed commercial coverage limits.

14. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, but believes that GASB Statement 75 will result in the biggest reporting change. However, actual impacts have not yet been determined:

GASB 72 - Fair Value Measurement and Application - Effective for year-end June 30, 2016 - This statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This statement is expected to primarily affect investment disclosures.

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 Statements 67 and 68 - This statement contains certain clarifications and amendments to GASB 67 and 68 as well as establishing requirements for both defined benefit and defined contribution pensions not within the scope of GASB 68. effective for fiscal year end June 30, 2016—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for year ending June 30, 2017.

Southeast Island School District

Notes to Basic Financial Statements

GASB 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* - Effective for year-end June 30, 2017, with earlier application encouraged - This statement contains reporting financial reporting guidelines for Postemployment Benefit Plans. This is the Plan side requirements applicable to OPEB benefits and generally brings the OPEB reporting rules into alignment with the new GASB 67 Pension rules.

GASB 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - Effective for year-end June 30, 2018, with earlier application encouraged - This statement contains accounting and financial reporting guidelines for OPEB related activities at the participating employer level and generally brings the OPEB reporting rules into alignment with the new GASB 68 Pension rules.

GASB 76 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* - Effective for year-end June 30, 2016, with earlier application encouraged - This statement clarifies the hierarchy of generally accepted accounting principles to be used in the preparation of state and local government financial statements. This statement supersedes the previous hierarchy established in GASB 55.

15. Change in Accounting Principle

As discussed in Note 7 to the financial statements, the District participates in two defined benefit plans; the Alaska Public Employees' Retirement System (PERS) plan and the Teachers' Retirement System (TRS) plan. In 2015, the District adopted the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, 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 reflect opening balance pension liabilities and related accounts and to decrease opening net position as follows:

	Opening Net Position, as Originally Presented	Change in Accounting Principle Adjustment	Opening Net Position, as Restated
Governmental Activities	\$ 20,055,170	\$ (1,645,138)	\$ 18,410,032

Required Supplementary Information

Southeast Island School District

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

Year Ended June 30, 2015	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Local sources:				
Other local revenues	\$ 102,000	\$ 102,000	\$ 196,874	\$ 94,874
E-rate	632,033	1,024,147	635,546	(388,601)
State sources	7,146,205	8,244,699	12,323,707	4,079,008
Federal sources:				
Direct	-	-	30	30
Through the State of Alaska	-	-	389,405	389,405
Total Revenues	7,880,238	9,370,846	13,545,562	4,174,716
Expenditures				
Current:				
Instruction	3,346,126	3,344,691	6,686,353	(3,341,662)
Special education instruction	706,388	659,788	1,159,250	(499,462)
Special education support services - students	23,540	-	4,900	(4,900)
Support services - instruction	1,063,635	1,063,635	1,347,887	(284,252)
School administration	491,915	493,307	906,480	(413,173)
School administration support services	32,524	32,524	38,765	(6,241)
District administration	473,229	507,429	811,271	(303,842)
District administration support services	429,293	450,093	460,417	(10,324)
Operations and maintenance of plant	1,207,357	1,186,457	1,295,676	(109,219)
Student activities	172,909	172,909	271,138	(98,229)
Student activities	-	-	610	(610)
Total Expenditures	7,946,916	7,910,833	12,982,747	(5,071,914)
Excess (Deficiency) of Revenues Over Expenditures	(66,678)	1,460,013	562,815	(897,198)
Other Financing Source (Uses)				
Transfers in	79,671	-	-	-
Transfers out	(12,993)	-	(437,644)	(437,644)
Net Other Financing Sources (Uses)	66,678	-	(437,644)	(437,644)
Net Change in Fund Balance	\$ -	\$ 1,460,013	125,171	\$ (1,334,842)
Fund Balance, beginning			345,685	
Fund Balance, ending			\$ 470,856	

See accompanying notes to Required Supplementary Information.

Southeast Island School District
Public Employees Retirement System
Schedule of the District's Information on the Net Pension Liability
June 30, 2015

District's proportion of the net pension liability		0.01538472%
District's proportionate share of the net pension liability	\$	717,565
State of Alaska proportionate share of the net pension liability		736,222
 Total net pension liability	 \$	 1,453,787
 District's covered-employee payroll	 \$	 387,291
 District's proportionate share of the net pension liability as a percentage of covered-employee payroll		 185%
 Plan fiduciary net position as a percentage of the total pension liability		 62.37%

See accompanying notes to Required Supplementary Information.

Southeast Island School District
Public Employees Retirement System
Schedule of District Contributions
Year Ended June 30, 2015

Contractually required contribution	\$ 64,678
Contributions in relation to the contractually required contribution	<u>\$ 64,678</u>
Contribution deficiency (excess)	\$ -
District's covered-employee payroll	\$ 318,688
Contributions as a percentage of covered-employee payroll	20.295%

See accompanying notes to Required Supplementary Information.

Southeast Island School District
Teachers Retirement System
Schedule of the District's Information on the Net Pension Liability
June 30, 2015

District's proportion of the net pension liability		0.03155730%
District's proportionate share of the net pension liability	\$	946,423
State of Alaska proportionate share of the net pension liability		6,950,421
 Total net pension liability	 \$	 7,896,844
 District's covered-employee payroll	 \$	 990,402
 District's proportionate share of the net pension liability as a percentage of covered-employee payroll		 96%
 Plan fiduciary net position as a percentage of the total pension liability		 55.70%

See accompanying notes to Required Supplementary Information.

Southeast Island School District
Teachers Retirement System
Schedule of District Contributions
 June 30, 2015

Contractually required contribution	\$	74,904
Contributions in relation to the contractually required contribution	\$	<u>74,904</u>
Contribution deficiency (excess)	\$	-
District's covered-employee payroll	\$	100,377
Contributions as a percentage of covered-employee payroll		74.623%

See accompanying notes to Required Supplementary Information.

Southeast Island School District

Notes to Required Supplementary Information

1. Budgetary Comparison Schedules

The budgetary comparison schedules are presented on the modified accrual basis of accounting.

2. Schedule of the District's Information on the Net Pension Liability - PERS

Information in this table is presented based on the Plan measurement date. For June 30, 2015, the Plan measurement date is June 30, 2014.

3. Schedule of District Contributions - Public Employees Retirement System

This table reports the District's pension contributions to PERS during fiscal year 2015. These contributions are reported as a deferred outflow on the June 30, 2015 basic financial statements.

4. Schedule of the District's Information on the Net Pension Liability - TRS

Information in this table is presented based on the Plan measurement date. For June 30, 2015, the Plan measurement date is June 30, 2014.

5. Schedule of District Contributions - Teachers Retirement System

This table reports the District's pension contributions to TRS during fiscal year 2015. These contributions are reported as a deferred outflow on the June 30, 2015 basic financial statements.

All four pension tables are intended to present 10 years of information. Additional year's information will be added to the schedules as it becomes available.

Neither plan is reporting any changes in benefit terms from the prior measurement period.

Neither plan is reporting any changes in assumptions from the prior measurement period.

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Additional Supplementary Information

Southeast Island School District
School Operating Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Final Budget	Actual	Variance With Final Budget
Revenues			
Local revenues:			
E-rate	\$ 1,024,147	\$ 635,546	\$ (388,601)
Other local sources	102,000	196,874	94,874
Total local revenues	1,126,147	832,420	(293,727)
Revenue from state sources:			
Foundation	8,244,699	5,613,011	(2,631,688)
TRS on-behalf	-	5,880,982	5,880,982
PERS on-behalf	-	375,199	375,199
School Broadband Grant	-	290,644	290,644
HB278	-	163,871	163,871
Total state revenue	8,244,699	12,323,707	4,079,008
Revenue from federal sources:			
Direct	-	30	30
Through the State of Alaska	-	389,405	389,405
Total federal revenue	-	389,435	389,435
Total Revenues	9,370,846	13,545,562	4,174,716
Expenditures			
Instruction:			
Certificated salaries	1,390,125	1,442,732	(52,607)
Non-certificated salaries	29,927	63,920	(33,993)
Employee benefits	1,548,166	4,854,777	(3,306,611)
Housing allowance/subsidy	138,200	124,745	13,455
Professional and technical services	1,250	3,655	(2,405)
Staff travel	9,928	19,202	(9,274)
Student travel	34,183	28,151	6,032
Utility services	27,795	25,356	2,439
Other purchased services	50,000	6,294	43,706
Supplies, materials, and media	115,117	109,268	5,849
Other expenditures	-	8,253	(8,253)
Total instruction	3,344,691	6,686,353	(3,341,662)

Southeast Island School District
School Operating Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual, continued

<i>Year Ended June 30, 2015</i>	Final Budget	Actual	Variance With Final Budget
Expenditures, continued			
Special education instruction:			
Certificated salaries	\$ 263,374	\$ 198,690	\$ 64,684
Non-certificated salaries	103,685	156,743	(53,058)
Employee benefits	312,229	770,999	(458,770)
Housing allowance/subsidy	(29,700)	14,542	(44,242)
Professional and technical services	5,400	13,498	(8,098)
Staff travel	2,000	755	1,245
Utility services	2,000	63	1,937
Supplies, materials, and media	800	3,960	(3,160)
Total special education instruction	659,788	1,159,250	(499,462)
Special education support services - students - professional and technical services			
	-	4,900	(4,900)
Support services - instruction:			
Certificated salaries	-	5,697	(5,697)
Non-certificated salaries	24,944	28,404	(3,460)
Employee benefits	14,037	38,010	(23,973)
Professional and technical services	60,000	73,226	(13,226)
Staff travel	4,932	474	4,458
Utility services	770,772	1,069,305	(298,533)
Other purchased services	85,500	6,483	79,017
Supplies, materials, and media	88,500	107,295	(18,795)
Other expenditures	14,950	18,993	(4,043)
Total support services - instruction	1,063,635	1,347,887	(284,252)

Southeast Island School District
School Operating Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual, continued

<i>Year Ended June 30, 2015</i>	Final Budget	Actual	Variance With Final Budget
Expenditures, continued			
School administration:			
Certificated salaries	\$ 234,836	\$ 200,378	\$ 34,458
Employee benefits	224,036	662,038	(438,002)
Housing allowance/subsidy	10,800	8,294	2,506
Professional and technical services	20,000	16,105	3,895
Staff travel	-	9,698	(9,698)
Utility services	1,200	671	529
Other purchased services	-	2,650	(2,650)
Supplies, materials, and media	2,435	4,446	(2,011)
Other expenditures	-	2,200	(2,200)
Total school administration	493,307	906,480	(413,173)
School administration support services:			
Non-certificated salaries	20,813	23,023	(2,210)
Employee benefits	11,711	16,161	(4,450)
Professional and technical services	-	(494)	494
Supplies, materials, and media	-	75	(75)
Total school administration support services	32,524	38,765	(6,241)
District administration:			
Certificated salaries	157,070	139,727	17,343
Non-certificated salaries	65,714	73,336	(7,622)
Employee benefits	174,010	521,808	(347,798)
Housing allowance/subsidy	5,400	5,400	-
Professional and technical services	41,250	16,438	24,812
Staff travel	27,400	19,271	8,129
Student travel	300	63	237
Utility services	2,200	2,267	(67)
Other purchased services	250	522	(272)
Supplies, materials, and media	9,535	13,658	(4,123)
Tuition and stipend	11,000	4,700	6,300
Other expenditures	13,300	14,081	(781)
Total district administration	507,429	811,271	(303,842)

Southeast Island School District
School Operating Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual, continued

<i>Year Ended June 30, 2015</i>	Final Budget	Actual	Variance With Final Budget
Expenditures, continued			
District administration support services:			
Certificated salaries	\$ -	\$ 13,038	\$ (13,038)
Non-certificated salaries	84,796	93,022	(8,226)
Employee benefits	99,374	100,999	(1,625)
Professional and technical services	125,000	142,373	(17,373)
Staff travel	3,500	2,665	835
Utility services	8,000	7,481	519
Other purchased services	650	2,086	(1,436)
Insurance and bond premiums	100,451	105,725	(5,274)
Supplies, materials, and media	32,800	40,154	(7,354)
Other expenditures	10,000	17,366	(7,366)
Indirect costs recovery	(14,478)	(64,492)	50,014
Total district administration support services	450,093	460,417	(10,324)
Operations and maintenance of plant:			
Certificated salaries	-	1,863	(1,863)
Non-certificated salaries	297,612	362,515	(64,903)
Employee benefits	197,368	284,497	(87,129)
Staff travel	4,500	6,874	(2,374)
Utility services	39,580	31,287	8,293
Energy	379,600	282,203	97,397
Other purchased services	71,500	85,279	(13,779)
Insurance and bond premiums	73,447	73,415	32
Supplies, materials, and media	107,850	134,071	(26,221)
Other expenditures	-	2,511	(2,511)
Equipment	15,000	31,161	(16,161)
Total operations and maintenance of plant	1,186,457	1,295,676	(107,356)

Southeast Island School District
School Operating Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual, continued

<i>Year Ended June 30, 2015</i>	Final Budget	Actual	Variance With Final Budget
Expenditures, continued			
Student activities:			
Certificated salaries	\$ 1,407	\$ 13,470	\$ (12,063)
Non-certificated salaries	57,603	45,056	12,547
Employee benefits	39,509	69,144	(29,635)
Staff travel	11,000	22,559	(11,559)
Student travel	51,200	74,081	(22,881)
Other purchased services	-	7,931	(7,931)
Supplies, materials, and media	9,690	30,452	(20,762)
Other expenditures	2,500	8,445	(5,945)
Total student activities	172,909	271,138	(98,229)
Construction and facilities acquisition - Supplies, materials, and media	-	610	(610)
Total Expenditures	7,910,833	12,982,747	(5,071,914)
Excess (Deficiency) of Revenues Over Expenditures	1,460,013	562,815	(897,198)
Other Financing Uses			
Transfers out	-	(437,644)	(437,644)
Net Change in Fund Balance	<u>\$ 1,460,013</u>	125,171	<u>\$ (1,334,842)</u>
Fund Balance, beginning		<u>345,685</u>	
Fund Balance, ending		<u>\$ 470,856</u>	

Southeast Island School District
Nonmajor Governmental Funds
Combining Balance Sheet

Year Ended June 30, 2015	Special Revenue Funds													
	Student Transpor- tation	Staff Develop- ment	Artist Promoters and Storytellers Workshop	Teacher Retention Moore Settlement	Targeted Resources Grant Moore Settlement	Quality Schools	Food Service	Nutritional Alaskan Foods	Title I-A Basic	Title I-C Migrant Education	Migrant Education Books	Teacher and Principal Training and Recruitment	Title VI-B IDEA	Title VI-B Preschool Disabled
Assets														
Cash	\$ 117,449	\$ 50	\$ 2,812	\$ -	\$ 1,637	\$ 486	\$ 26,589	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	41,050	-	-	-	3,354	35,651	22,313	152	12,474	6,230	685
Inventory	-	-	-	-	-	-	30,333	-	-	-	-	-	-	-
Total Assets	\$ 117,449	\$ 50	\$ 2,812	\$ 41,050	\$ 1,637	\$ 486	\$ 56,922	\$ 3,354	\$ 35,651	\$ 22,313	\$ 152	\$ 12,474	\$ 6,230	\$ 685
Liabilities and Fund Balances														
-														
Liabilities														
Accounts payable	\$ 159	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	2,812	-	-	486	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	41,050	1,637	-	-	854	35,651	22,313	152	12,474	6,230	685
Total Liabilities	159	-	2,812	41,050	1,637	486	-	3,354	35,651	22,313	152	12,474	6,230	685
Fund Balances														
Nonspendable	-	-	-	-	-	-	30,333	-	-	-	-	-	-	-
Assigned	117,290	50	-	-	-	-	26,589	-	-	-	-	-	-	-
Total Fund Balances	117,290	50	-	-	-	-	56,922	-	-	-	-	-	-	-
Total Liabilities and Fund Balances	\$ 117,449	\$ 50	\$ 2,812	\$ 41,050	\$ 1,637	\$ 486	\$ 56,922	\$ 3,354	\$ 35,651	\$ 22,313	\$ 152	\$ 12,474	\$ 6,230	\$ 685

Southeast Island School District
Nonmajor Governmental Funds
Combining Balance Sheet, continued

Year Ended June 30, 2015	Special Revenue Funds, continued													Total Nonmajor Govern- mental Funds
	Carl Perkins	Title III Timber	AKISS- ANEP	U.S. Forest Service	CARE- ANE Grant	Indian Education	SEARHC Steps	Community Gardens	Crossett Grant	Teacher Housing	CIS CEO	Charlotte Martin	NEA Alaska	
Assets														
Cash	\$ -	\$ 3,261	\$ -	\$ -	\$ -	\$ -	\$ 1,822	\$ 210	\$ 1,541	\$ 106,112	\$ 1,320	\$ 5,000	\$ 2,000	\$ 270,289
Accounts receivable	9,866	-	5,068	12,177	101,418	1,891	-	-	-	-	-	-	-	252,329
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	30,333
Total Assets	\$ 9,866	\$ 3,261	\$ 5,068	\$ 12,177	\$ 101,418	\$ 1,891	\$ 1,822	\$ 210	\$ 1,541	\$ 106,112	\$ 1,320	\$ 5,000	\$ 2,000	\$ 552,951
Liabilities and Fund Balances														
Liabilities														
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,300	\$ -	\$ -	\$ -	\$ 8,959
Unearned revenue	-	-	-	-	-	-	1,822	210	1,541	-	1,320	5,000	2,000	15,191
Due to other funds	9,866	-	5,068	12,177	101,418	1,891	-	-	-	-	-	-	-	251,466
Total Liabilities	9,866	-	5,068	12,177	101,418	1,891	1,822	210	1,541	6,300	1,320	5,000	2,000	275,616
Fund Balances														
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	30,333
Assigned	-	3,261	-	-	-	-	-	-	-	99,812	-	-	-	247,002
Total Fund Balances	-	3,261	-	-	-	-	-	-	-	99,812	-	-	-	277,335
Total Liabilities and Fund Balances	\$ 9,866	\$ 3,261	\$ 5,068	\$ 12,177	\$ 101,418	\$ 1,891	\$ 1,822	\$ 210	\$ 1,541	\$ 106,112	\$ 1,320	\$ 5,000	\$ 2,000	\$ 552,951

Southeast Island School District
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	Special Revenue Funds							
	Student Transportation	Early Literacy	Staff Development	Teacher Retention Moore Settlement	Targeted Resources Grant - Moore Settlement	Food Service	Fresh Fruit & Vegetables	NSLP Equipment Assistance
<i>Year Ended June 30, 2015</i>								
Revenues								
Local revenues	\$ 9,293	\$ -	\$ -	\$ -	\$ -	\$ 1,334	\$ -	\$ -
State sources	238,489	501	6,385	41,050	11,720	-	-	-
Federal sources:								
Direct	-	-	-	-	-	-	-	-
Through the State of Alaska	-	-	-	-	-	102,191	4,180	20,000
Other	-	-	-	-	-	-	-	-
Total Revenues	247,782	501	6,385	41,050	11,720	103,525	4,180	20,000
Expenditures								
Instruction	-	501	6,385	-	11,720	-	-	-
Special education instruction	-	-	-	-	-	-	-	-
Support services - students	-	-	-	-	-	-	-	-
District administration support services	-	-	-	-	-	-	-	-
Operations and maintenance of plant	-	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-
Student transportation	197,027	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Food services	-	-	-	-	-	219,614	4,180	20,000
Construction and facilities acquisition	-	-	-	41,050	-	-	-	-
Total Expenditures	197,027	501	6,385	41,050	11,720	219,614	4,180	20,000
Excess (Deficiency) of Revenues Over Expenditures	50,755	-	-	-	-	(116,089)	-	-
Other Financing Sources								
Transfers in	-	-	-	-	-	116,089	-	-
Net Change in Fund Balance	50,755	-	-	-	-	-	-	-
Fund Balance, beginning	66,535	-	50	-	-	56,922	-	-
Fund Balance, ending	\$ 117,290	\$ -	\$ 50	\$ -	\$ -	\$ 56,922	\$ -	\$ -

Southeast Island School District
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, continued

	Special Revenue Funds, continued								
	Nutritional Alaskan Foods	Title I-A Basic	Title I-C Migrant Education	Migrant Education Books	Teacher and Principal Training and Recruitment	Title VI-B IDEA	Title VI-B Preschool Disabled	Carl Perkins	Title III Timber
<i>Year Ended June 30, 2015</i>									
Revenues									
Local revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	25,161	-	-	-	-	-	-	-	-
Federal sources:									
Direct	-	-	-	-	-	-	-	-	-
Through the State of Alaska	-	65,279	31,702	1,834	32,174	49,355	1,622	15,000	-
Other	-	-	-	-	-	-	-	-	-
Total Revenues	25,161	65,279	31,702	1,834	32,174	49,355	1,622	15,000	-
Expenditures									
Instruction	-	59,488	28,836	1,834	29,265	-	-	14,286	-
Special education instruction	-	-	-	-	-	44,893	1,475	-	-
Support services - students	-	-	-	-	-	-	-	-	-
District administration support services	-	5,791	2,866	-	2,909	4,462	147	714	-
Operations and maintenance of plant	-	-	-	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-
Food services	25,161	-	-	-	-	-	-	-	-
Construction and facilities acquisition	-	-	-	-	-	-	-	-	-
Total Expenditures	25,161	65,279	31,702	1,834	32,174	49,355	1,622	15,000	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-
Other Financing Sources									
Transfers in	-	-	-	-	-	-	-	-	-
Net Change in Fund Balance	-	-	-	-	-	-	-	-	-
Fund Balance, beginning	-	-	-	-	-	-	-	-	3,261
Fund Balance, ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,261

Southeast Island School District
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, continued

<i>Year Ended June 30, 2015</i>	Special Revenue Funds, continued								Total Nonmajor Govern- mental Funds
	AKISS- ANEP	PEP Grant	U.S. Forest Service	CARE Grant	Indian Education	Crossett Grant	Teacher Housing	Kasaan Greenhouse	
Revenues									
Local revenues	\$ -	\$ -	\$ 8,100	\$ -	\$ -	\$ 16,459	\$ 80,499	\$ 10,073	\$ 125,758
State sources	-	-	-	-	-	-	-	-	323,306
Federal sources:									
Direct	-	5,677	-	144,186	7,449	-	-	-	157,312
Through the State of Alaska	-	-	-	-	-	-	-	-	323,337
Other	30,318	-	-	-	-	-	-	-	30,318
Total Revenues	30,318	5,677	8,100	144,186	7,449	16,459	80,499	10,073	960,031
Expenditures									
Instruction	-	5,677	-	-	6,775	16,459	-	-	181,226
Special education instruction	-	-	-	-	-	-	-	-	46,368
Support services - students	30,318	-	-	97,256	-	-	-	-	127,574
District administration support services	-	-	-	46,930	674	-	-	-	64,493
Operations and maintenance of plant	-	-	-	-	-	-	66,682	-	66,682
Student transportation	-	-	-	-	-	-	-	-	197,027
Community services	-	-	8,100	-	-	-	-	11,712	19,812
Food services	-	-	-	-	-	-	-	-	268,955
Construction and facilities acquisition	-	-	-	-	-	-	-	-	41,050
Total Expenditures	30,318	5,677	8,100	144,186	7,449	16,459	66,682	11,712	1,013,187
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	13,817	(1,639)	(53,156)
Other Financing Sources									
Transfers in	-	-	-	-	-	-	-	1,639	117,728
Net Change in Fund Balance	-	-	-	-	-	-	13,817	-	64,572
Fund Balance, beginning	-	-	-	-	-	-	85,995	-	212,763
Fund Balance, ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,812	\$ -	\$ 277,335

Southeast Island School District
Student Transportation Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
Other local sources	\$ -	\$ 9,293	\$ 9,293
State sources	236,760	238,489	1,729
Total Revenues	236,760	247,782	11,022
Expenditures			
Student transportation:			
Non-certificated salaries	102,242	112,683	(10,441)
Employee benefits	75,068	59,252	15,816
Professional and technical services	1,200	272	928
Staff travel	250	2,457	(2,207)
Utility services	-	125	(125)
Other purchased services	1,600	357	1,243
Supplies, materials, and media	16,550	21,280	(4,730)
Other expenditures	150	601	(451)
Total Expenditures	197,060	197,027	33
Net Change in Fund Balance	<u>\$ 39,700</u>	50,755	<u>\$ 11,055</u>
Fund Balance, beginning		<u>66,535</u>	
Fund Balance, ending		<u>\$ 117,290</u>	

Southeast Island School District
Early Literacy Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
State sources	\$ 501	\$ 501	\$ -
Expenditures			
Instruction - supplies, materials, and media	501	501	-
Net Change in Fund Balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, beginning		<u>-</u>	
Fund Balance, ending		<u>\$ -</u>	

Southeast Island School District
Staff Development Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
State sources	\$ 10,000	\$ 6,385	\$ (3,615)
Expenditures			
Instruction - staff travel	10,000	6,385	3,615
Net Change in Fund Balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, beginning		<u>50</u>	
Fund Balance, ending		<u>\$ 50</u>	

Southeast Island School District
Teacher Retention Moore Settlement Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
State sources	\$ 49,689	\$ 41,050	\$ (8,639)
Expenditures			
Construction and facilities acquisition:			
Other purchased services	32,400	23,761	8,639
Supplies, materials, and media	17,289	17,289	-
Total Expenditures	49,689	41,050	8,639
Net Change in Fund Balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, beginning		<u>-</u>	
Fund Balance, ending		<u>\$ -</u>	

Southeast Island School District
Targeted Resources Grant - Moore Settlement Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
State sources	\$ 11,720	\$ 11,720	\$ -
Expenditures			
Instruction:			
Staff travel	5,520	5,520	-
Other expenditures	6,200	6,200	-
Total Expenditures	11,720	11,720	-
Net Change in Fund Balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, beginning		<u>-</u>	
Fund Balance, ending		<u>\$ -</u>	

Southeast Island School District
Food Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
Local Sources	\$ -	\$ 1,334	\$ (123,516)
Federal sources - passed through the State of Alaska	124,850	102,191	102,191
Total Revenues	124,850	103,525	(21,325)
Expenditures			
Food services:			
Non-certificated salaries	52,837	66,988	(14,151)
Employee benefits	20,346	14,196	6,150
Professional and technical services	-	3,303	(3,303)
Staff travel	3,000	3,402	(402)
Other purchased services	-	4,082	(4,082)
Supplies, materials, and media	84,600	108,083	(23,483)
Other expenditures	600	741	(141)
Equipment	-	18,819	(18,819)
Total Expenditures	161,383	219,614	(58,231)
Deficiency of Revenues Over Expenditures	(36,533)	(116,089)	(79,556)
Other Financing Sources			
Transfers in	-	116,089	116,089
Net Change in Fund Balance	<u>\$ (36,533)</u>	-	<u>\$ 36,533</u>
Fund Balance, beginning		<u>56,922</u>	
Fund Balance, ending		<u>\$ 56,922</u>	

Southeast Island School District
Fresh Fruit & Vegetables Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - passed through the State of Alaska	\$ 8,892	\$ 4,180	\$ (4,712)
Expenditures			
Food services - supplies, materials, and media	8,892	4,180	4,712
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, beginning		-	
Fund Balance, ending		\$ -	

Southeast Island School District
NSLP Equipment Assistance Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - passed through the State of Alaska	\$ 20,000	\$ 20,000	\$ -
Expenditures			
Food services - equipment	20,000	20,000	-
Net Change in Fund Balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, beginning		<u>-</u>	
Fund Balance, ending		<u>\$ -</u>	

Southeast Island School District
Nutritional Alaskan Foods Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
State sources	\$ 27,799	\$ 25,161	\$ (2,638)
Expenditures			
Food services - supplies, materials and media	27,799	25,161	2,638
Net Change in Fund Balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, beginning		<u>-</u>	
Fund Balance, ending		<u>\$ -</u>	

Southeast Island School District
Title I-A Basic Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - passed through the State of Alaska	\$ 73,625	\$ 65,279	\$ (8,346)
Expenditures			
Instruction:			
Certificated salaries	8,068	8,068	-
Non-certificated salaries	16,400	15,481	919
Employee benefits	11,500	7,178	4,322
Professional and technical services	3,891	3,891	-
Staff travel	10,000	8,244	1,756
Student travel	5,500	5,494	6
Supplies, materials, and media	10,308	9,888	420
Other expenditures	1,300	1,244	56
Total instruction	66,967	59,488	7,479
District administration support services - indirect costs	6,658	5,791	867
Total Expenditures	73,625	65,279	8,346
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, beginning		-	
Fund Balance, ending		\$ -	

Southeast Island School District
Title I-C Migrant Education Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - passed through the State of Alaska	\$ 34,139	\$ 31,702	\$ (2,437)
Expenditures			
Instruction:			
Certificated salaries	5,000	5,470	(470)
Non-certificated salaries	6,000	3,939	2,061
Employee benefits	3,172	2,573	599
Housing allowance/subsidy	-	189	(189)
Professional and technical services	600	604	(4)
Student travel	6,000	6,000	-
Other purchased services	200	-	200
Supplies, materials, and media	10,080	10,061	19
Total instruction	31,052	28,836	2,216
District administration support services - indirect costs	3,087	2,866	221
Total Expenditures	34,139	31,702	2,437
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, beginning		-	
Fund Balance, ending		\$ -	

Southeast Island School District
Migrant Education Books Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - passed through the State of Alaska	\$ 1,856	\$ 1,834	\$ (22)
Expenditures			
Instruction - supplies, materials, and media	1,856	1,834	22
Net Change in Fund Balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, beginning		<u>-</u>	
Fund Balance, ending		<u>\$ -</u>	

Southeast Island School District

Teacher and Principal Training and Recruitment Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - passed through the State of Alaska	\$ 39,475	\$ 32,174	\$ (7,301)
Expenditures			
Instruction:			
Certificated salaries	2,000	147	1,853
Employee benefits	7,497	5,483	2,014
Professional and technical services	6,000	2,936	3,064
Staff travel	14,909	14,909	-
Other expenditures	5,500	5,790	(290)
Total instruction	35,906	29,265	6,641
District administration support services - indirect costs	3,569	2,909	660
Total Expenditures	39,475	32,174	7,301
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, beginning		-	
Fund Balance, ending		\$ -	

Southeast Island School District
Title VI-B IDEA Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - passed through the State of Alaska	\$ 54,640	\$ 49,355	\$ (5,285)
Expenditures			
Special education instruction:			
Certificated salaries	800	-	800
Non-certificated salaries	800	147	653
Employee benefits	455	46	409
Professional and technical services	36,526	35,778	748
Staff travel	2,000	914	1,086
Student travel	3,000	1,754	1,246
Other purchased services	836	836	-
Supplies, materials, and media	5,283	5,418	(135)
Total special education instruction	49,700	44,893	4,807
District administration support services - indirect costs	4,940	4,462	478
Total Expenditures	54,640	49,355	5,285
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, beginning		-	
Fund Balance, ending		\$ -	

Southeast Island School District
Title VI-B Preschool Disabled Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - passed through the State of Alaska	\$ 1,838	\$ 1,622	\$ (216)
Expenditures			
Special education instruction:			
Non-certificated salaries	440	515	(75)
Employee benefits	208	109	99
Staff Travel	172	-	172
Professional and technical services	852	851	1
Total special education instruction	1,672	1,475	197
District administration support services - indirect costs	166	147	19
Total Expenditures	1,838	1,622	216
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, beginning		-	
Fund Balance, ending		\$ -	

Southeast Island School District
Carl Perkins Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - passed through the State of Alaska	\$ 15,000	\$ 15,000	\$ -
Expenditures			
Instruction:			
Certificated salaries	1,527	1,527	-
Employee benefits	505	405	100
Staff travel	1,000	1,000	-
Student travel	2,760	2,760	-
Supplies, materials, and media	7,844	8,000	(156)
Other expenditures	650	594	56
Total instruction	14,286	14,286	-
District administration support services - indirect costs	714	714	-
Total Expenditures	15,000	15,000	-
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, beginning		-	
Fund Balance, ending		\$ -	

Southeast Island School District
AKISS - ANEP Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - passed through other intermediary sources	\$ 17,953	\$ 30,318	\$ 12,365
Expenditures			
Support services - students:			
Certificated salaries	12,472	15,584	(3,112)
Non-certificated salaries	287	287	-
Employee benefits	1,235	4,119	(2,884)
Housing allowance/subsidy	450	572	(122)
Staff travel	-	740	(740)
Student travel	49	5,277	(5,228)
Supplies, materials, and media	3,460	3,739	(279)
Total Expenditures	17,953	30,318	(12,365)
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, beginning		-	
Fund Balance, ending		\$ -	

Southeast Island School District
PEP Grant Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - direct	\$ 5,677	\$ 5,677	\$ -
Expenditures			
Instruction:			
Supplies, materials, and media	-	215	(215)
Equipment	5,677	5,462	215
Total Expenditures	5,677	5,677	-
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, beginning		-	
Fund Balance, ending		\$ -	

Southeast Island School District
U.S. Forest Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
Other local revenues	\$ 8,100	\$ 8,100	\$ -
Expenditures			
Community services:			
Non-certificated salaries	5,654	5,646	8
Employee benefits	470	473	(3)
Staff travel	817	817	-
Other purchased services	300	300	-
Supplies, materials, and media	859	864	(5)
Total Expenditures	8,100	8,100	-
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, beginning		-	
Fund Balance, ending		\$ -	

Southeast Island School District
CARE Grant Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - direct	\$ 158,863	\$ 144,186	\$ (14,677)
Expenditures			
Support services - students:			
Certificated salaries	82,000	70,062	11,938
Employee benefits	29,933	27,194	2,739
Total support services - students	111,933	97,256	14,677
District administration support services - indirect costs	46,930	46,930	-
Total Expenditures	158,863	144,186	14,677
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, beginning		-	
Fund Balance, ending		\$ -	

Southeast Island School District
Indian Education Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - direct	\$ 7,825	\$ 7,449	\$ (376)
Expenditures			
Instruction:			
Non-certificated salaries	2,298	2,699	(401)
Employee benefits	426	684	(258)
Professional and technical services	3,043	2,413	630
Staff travel	325	65	260
Supplies, materials, and media	1,019	914	105
Total instruction	7,111	6,775	336
District administration support services - indirect costs	714	674	40
Total Expenditures	7,825	7,449	376
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, beginning		-	
Fund Balance, ending		\$ -	

Southeast Island School District
Crossett Grant Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
Other local revenues	\$ 18,000	\$ 16,459	\$ (1,541)
Expenditures			
Instruction:			
Other purchased services	-	42	(42)
Supplies, materials, and media	18,000	16,417	1,583
Total Expenditures	18,000	16,459	1,541
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, beginning		-	
Fund Balance, ending		\$ -	

Southeast Island School District
Teacher Housing Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
Other local sources	\$ 81,090	\$ 80,499	\$ (591)
Expenditures			
Operations and maintenance of plant:			
Utility services	3,275	3,266	9
Energy	11,670	11,653	17
Other purchased services	5,815	5,806	9
Supplies, materials, and media	47,350	45,517	1,833
Other expenditures	440	440	-
Total Expenditures	68,550	66,682	1,868
Net Change in Fund Balance	<u>\$ 12,540</u>	13,817	<u>\$ 1,277</u>
Fund Balance, beginning		<u>85,995</u>	
Fund Balance, ending		<u>\$ 99,812</u>	

Southeast Island School District
Kasaan Greenhouse Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
Other local sources	\$ 10,073	\$ 10,073	\$ -
Expenditures			
Community services - supplies, materials, and media	10,073	11,712	(1,639)
Deficiency of Revenues Over Expenditures	-	(1,639)	(1,639)
Other Financing Sources			
Transfers in	-	1,639	1,639
Net Change in Fund Balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, beginning		<u>-</u>	
Fund Balance, ending		<u>\$ -</u>	

Southeast Island School District
Capital Projects Fund
Combining Balance Sheet

<i>June 30, 2015</i>	District Wide	Howard Valentine	Thorne Bay K-12 Structural Repairs	Coffman Housing	Totals
Assets					
Cash	\$ 248,945	\$ 13,914	\$ 156,151	\$ -	\$ 419,010
Accounts receivable	-	-	-	81,384	81,384
Total Assets	\$ 248,945	\$ 13,914	\$ 156,151	\$ 81,384	\$ 500,394
Liabilities and Fund Balances					
Liabilities					
Unearned revenue	\$ -	\$ 13,914	\$ 145,591	\$ -	\$ 159,505
Due to other funds	-	-	-	81,384	81,384
Total Liabilities	-	13,914	145,591	81,384	240,889
Fund Balances					
Committed	248,945	-	-	-	248,945
Assigned	-	-	10,560	-	10,560
Total Fund Balances	248,945	-	10,560	-	259,505
Total Liabilities and Fund Balances	\$ 248,945	\$ 13,914	\$ 156,151	\$ 81,384	\$ 500,394

Southeast Island School District

Capital Projects Fund

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

<i>Year Ended June 30, 2015</i>	District Wide	Thorne Bay K-12 Structural Repairs	Coffman Housing	Totals
Revenues - state sources	\$ -	\$ -	\$ 287,309	\$ 287,309
Expenditures				
Operations and maintenance of plant	70,204	-	-	70,204
Construction and facilities acquisition	57,374	-	302,540	359,914
Total Expenditures	127,578	-	302,540	430,118
Deficiency of Revenues Over Expenditures	(127,578)	-	(15,231)	(142,809)
Other Financing Sources				
Transfers in	127,578	-	15,231	142,809
Net Change in Fund Balances	-	-	-	-
Fund Balances, beginning	248,945	10,560	-	259,505
Fund Balances, ending	\$ 248,945	\$ 10,560	\$ -	\$ 259,505

Southeast Island School District
Capital Project Fund - District Wide
Statement of Revenues, Expenditures and
Changes in Fund Balance

<i>Year Ended June 30, 2015</i>	Actual
Expenditures	
Operations and maintenance of plant:	
Other purchased services	\$ 29,116
Supplies, materials, and media	40,276
Other expenditures	812
Total operations and maintenance of plant	70,204
Construction and facilities acquisition:	
Other purchased services	38,871
Supplies, materials, and media	18,503
Total construction and facilities acquisition	57,374
Total Expenditures	127,578
Deficiency of Revenues Over Expenditures	(127,578)
Other Financing Sources	
Transfers in	127,578
Net Change in Fund Balance	-
Fund Balance, beginning	248,945
Fund Balance, ending	\$ 248,945

Southeast Island School District
Capital Project Fund - Coffman Housing
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2015</i>	Budget	Actual	Variance With Final Budget
Revenues			
State sources	\$ 287,309	\$ 287,309	\$ -
Expenditures			
Construction and facilities acquisition:			
Non-certificated salaries	28,000	58,162	(30,162)
Employee benefits	12,000	18,906	(6,906)
Utility services	700	700	-
Other purchased services	71,500	32,705	38,795
Supplies, materials, and media	175,109	192,067	(16,958)
Total Expenditures	287,309	302,540	(15,231)
Excess (Deficiency) of Revenues Over Expenditures	-	(15,231)	(15,231)
Other Financing Sources			
Transfers in	-	15,231	15,231
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, beginning		-	
Fund Balance, ending		\$ -	

Southeast Island School District
Schedule of Compliance - AS 14.17.505
Year Ended June 30, 2015

Total fund balance - School Operating Fund	\$ 470,856
less exemptions per 4 AAC 09.160(a)- Inventory	<u>69,501</u>
Fund Balance Subject to 10% Limitation	<u>\$ 401,355</u>

Nonexempt fund balance as a percentage of current year expenditures:

<u>Fund balance subject to limitation</u>	<u>401,355</u>	=	<u>3.09%</u>
Current year expenditures	12,982,747		

Southeast Island School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grant Title	Grant Number	Catalog of Federal Domestic Assistance Number	Total Grant Award	Expen- ditures
U.S. Department of Agriculture				
Child Nutrition Cluster - passed through the State of Alaska, Department of Education and Early Development:				
National School Breakfast Program	MA1504401	10.553	\$ 28,404	\$ 28,404
National School Lunch Program	MA1504401	10.555	61,124	61,124
Summer Foods Program	MA1504401	10.559	6,571	<u>6,571</u>
Total Child Nutrition Cluster				<u>96,099</u>
NSLP Equipment Assistance Grant - passed through the State of Alaska, Department of Education and Early Development:				
Commodity Supplemental Food Program		10.565	6,092	<u>6,092</u>
NSLP Equipment Assistance Grant - passed through the State of Alaska, Department of Education and Early Development:				
NSLP Thorne Bay Kitchen Equipment	NS1504401	10.579	20,000	<u>20,000</u>
Fresh Fruit and Vegetable Program - passed through the State of Alaska, Department of Education and Early Development:				
Fresh Fruit and Vegetable Program	FF1504401	10.582	8,892	<u>4,180</u>
Schools and Roads - passed through the State of Alaska Department of Commerce and Economic Development -				
School and Roads Grant to State - National Forest Receipts Title I	2015	10.665	389,405	<u>389,405</u>
Total U.S Department of Agriculture				<u>515,776</u>
U.S Department of Education				
Title I Grants to Local Educational Agencies Cluster - passed through the State of Alaska, Department of Education and Early Development -				
Title I-A	IP1504401	84.010	65,995	<u>65,279</u>
Total Title I Grants to Local Educational Agencies Cluster				<u>65,279</u>
Migrant Education State Grant Program - passed through the State of Alaska, Department of Education and Early Development:				
Title I-C Migrant Education	IP1504401	84.011	34,139	31,702
Migrant Education Books	MB1504401	84.011	1,856	<u>1,834</u>
Total Migrant Education State Grant Program				<u>33,536</u>

Southeast Island School District
Schedule of Expenditures of Federal Awards, continued
Year Ended June 30, 2015

Federal Grant Title	Grant Number	Catalog of Federal Domestic Assistance Number	Total Grant Award	Expen- ditures
U.S Department of Education, continued				
Special Education Grants - passed through the State of Alaska, Department of Education and Early Development:				
IDEA Part B Title VI-B	SE1504401	84.027	\$ 54,640	\$ 49,355
IDEA Part B Title VI-B Section 619 Preschool Disabled	SE1504401	84.173	1,838	1,622
Total Special Education Grants to States Cluster				<u>50,977</u>
Alaska Native Educational Programs:				
Passed through WW IDEA Inc. - AKISS-ANEP	S356A120053	84.356	30,318	30,318
Direct - Contributing to Adolescent Resiliency through Education - CARE	S356A140058	84.356	693,785	144,186
Total Alaska Native Educational Programs				<u>174,504</u>
Indian Education Grants to Local Educational Agencies - direct - Indian Education				
	S060A142401	84.060	7,893	7,449
Fund for the Improvement of Education - direct: PEP Grant				
	Q215F050036	84.215	17,622	5,677
Improving Teacher Quality State Grants - passed through the State of Alaska, Department of Education and Early Development:				
Title II-A Teacher & Principal Training and Recruitment	IP1404401	84.367	39,475	32,174
Education Grants - passed through the State of Alaska, Department of Education and Early Development:				
Carl Perkins Secondary CTE	EK1504401	84.040	15,000	15,000
Direct - Impact Aid		84.041	30	30
Total U.S Department of Education				<u>384,626</u>
Total Expenditures of Federal Awards				<u>\$ 900,402</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Southeast Island School District under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Southeast Island School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Southeast Island School District.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting.

Southeast Island School District
Schedule of State Financial Assistance
Year Ended June 30, 2015

Name of Award	Grant Number	Total Grant Award	Expenditures
Department of Education and Early Development			
* Foundation	FY 2015	\$ 5,597,648	\$ 5,597,648
* School Broadband Grant	SBG 15 044 019	392,114	290,644
* HB 278	FY 2015	163,871	163,871
* Student Transportation	FY 2015	238,489	238,489
Early Literacy	LE 15 044 01	501	501
Teacher Retention Moore Settlement	WQ 15 044 01	49,689	41,050
Targeted Resources Moore Settlement	XY 15 044 01	11,720	11,720
Quality schools	FY 2015	15,363	<u>15,363</u>
Total Department of Education and Early Development			<u>6,359,286</u>
Department of Commerce and Community Economic Development			
Nutritional Alaskan Foods	14-NAF-045	29,461	1,916
Nutritional Alaskan Foods	15-NAFS-390	27,799	23,245
* Coffman Cove Teacher Housing	14-RR-046	416,000	<u>287,309</u>
Total Department of Commerce and Community Economic Development			<u>312,470</u>
Department of Administration			
* TRS on behalf	FY 2015	5,880,982	5,880,982
* PERS on behalf	FY 2015	375,199	<u>375,199</u>
Total Department of Administration			<u>6,256,181</u>
Total State Financial Assistance			<u>\$ 12,927,937</u>

Note 1. Basis of Presentation

The accompanying schedule of state financial assistance (the "Schedule") includes the State grant activity of Southeast Island School District under programs of the State government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of Southeast Island School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Southeast Island School District.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting.

* Denotes major program

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Single Audit Section



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

Members of the School Board
Southeast Island School District
Thorne Bay, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Southeast Island School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Southeast Island School District's basic financial statements, and have issued our report thereon dated February 11, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southeast Island 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 Southeast Island School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Southeast Island 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Southeast Island 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
February 11, 2016



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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

Members of the School Board
Southeast Island School District
Thorne Bay, Alaska

Report on Compliance for Each Major Federal Program

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

Opinion on Each Major Federal Program

In our opinion, Southeast Island 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.

Report on Internal Control Over Compliance

Management of Southeast Island 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 Southeast Island 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 Southeast Island School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
February 11, 2016



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

Members of the School Board
Southeast Island School District
Thorne Bay, Alaska

Report on Compliance for Each Major State Program

We have audited Southeast Island 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 Southeast Island School District's major state programs for the year ended June 30, 2015. Southeast Island 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 Southeast Island 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 Southeast Island 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 Southeast Island School District's compliance.

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

Management of Southeast Island 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 Southeast Island 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 Southeast Island School District's internal control over compliance.

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

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

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

BDO USA, LLP

Anchorage, Alaska
February 11, 2016

Southeast Island School District

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

Internal control over financial reporting:

Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified?	___ yes	<u>X</u> (none reported)

Noncompliance material to financial statements noted? ___ yes X no

Federal Financial Award

Internal control over major federal programs:

Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified?	___ yes	<u>X</u> (none reported)

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ___ yes X no

Identification of major federal programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Agency</i>
10.665	Schools and Roads - Grants to States	Department of Agriculture

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

Auditee qualified as low-risk auditee? X yes ___ no

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified?	___ yes	<u>X</u> (none reported)

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

Dollar threshold used to distinguish a state major program: \$ 100,000

Southeast Island School District

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2015

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

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

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in section .510(a) of the Circular) that are required to be reported.

Section IV - State Award Findings and Questioned Costs

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

Southeast Island School District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

Federal Award Findings

There were no prior year audit findings.

State Award Findings

There were no prior year audit findings.

Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*

There were no prior year audit findings.

Southeast Island School District

Corrective Action Plan Year Ended June 30, 2015

There are no current year findings; therefore, no corrective action plan is required.