



Southeast Island School District

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

Year Ended June 30, 2016

(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, 2016

(With Independent Auditor's Report Thereon)

Southeast Island School District

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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, 2016, 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, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that, budgetary comparison information on page 38, and the Schedules of Net Pension Liability, and Pension Contributions on pages 39 through 42, 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 the 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.

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 required parts of the basic financial statements. The Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance are required by the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 December 9, 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
December 9, 2016

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Basic Financial Statements

Southeast Island School District

Statement of Net Position

<i>June 30, 2016</i>	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash	\$ 376,046	\$ 177,123	\$ 553,169
Accounts receivable	466,405	-	466,405
Inventory	85,696	-	85,696
Internal balances	289,340	(289,340)	-
Capital assets:			
Not being depreciated	1,278,036	-	1,278,036
Depreciable	32,005,165	60,595	32,065,760
Accumulated depreciation	(15,206,299)	-	(15,206,299)
Total Assets	19,294,389	(51,622)	19,242,767
Deferred Outflows of Resources - pension related	1,393,690	-	1,393,690
Total Assets and Deferred Outflows of Resources	\$ 20,688,079	\$ (51,622)	\$ 20,636,457
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable	\$ 20,344	\$ -	\$ 20,344
Unearned revenue	304,300	-	304,300
Noncurrent liabilities:			
Due within one year - accrued leave	25,969	-	25,969
Due in more than one year - net pension liability	4,358,099	-	4,358,099
Total Liabilities	4,708,712	-	4,708,712
Deferred Inflows of Resources - pension related	74,802	-	74,802
Net Position (Deficit)			
Investment in capital assets	18,076,902	60,595	18,137,497
Unrestricted (deficit)	(2,172,337)	(112,217)	(2,284,554)
Total Net Position (Deficit)	15,904,565	(51,622)	15,852,943
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	\$ 20,688,079	\$ (51,622)	\$ 20,636,457

See accompanying notes to basic financial statements.

Southeast Island School District

Statement of Activities

Year Ended June 30, 2016	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction	\$ 3,333,840	\$ -	\$ 480,665	\$ -	\$ (2,853,175)	\$ -	\$ (2,853,175)
Special education instruction	1,027,077	-	124,212	-	(902,865)	-	(902,865)
Special education support services - students	18,894	-	117,629	-	98,735	-	98,735
Support services - students	117,629	-	2,031	-	(115,598)	-	(115,598)
Support services - instruction	2,048,455	-	1,669	-	(2,046,786)	-	(2,046,786)
School administration	595,807	-	69,408	-	(526,399)	-	(526,399)
School administration support services	83,044	-	4,250	-	(78,794)	-	(78,794)
District administration	622,490	-	47,208	-	(575,282)	-	(575,282)
District administration support services	667,296	-	107,221	-	(560,075)	-	(560,075)
Operations and maintenance of plant	1,810,391	83,032	22,294	-	(1,705,065)	-	(1,705,065)
Student activities	367,813	-	40,320	-	(327,493)	-	(55,880)
Student transportation	209,338	-	224,220	-	14,882	-	14,882
Food services	278,413	2,863	112,915	-	(162,635)	-	(162,635)
Construction and facilities acquisition	159,579	-	6,322	364,035	210,778	-	210,778
Total Governmental Activities	\$ 11,340,066	\$ 85,895	\$ 1,360,364	\$ 364,035	(9,529,772)	-	(9,258,159)
Business-type Activities							
Thorne Bay Restaurant	222,264	121,858	-	-	-	(100,406)	(100,406)
Total	\$ 11,562,330	\$ 207,753	\$ 1,360,364	\$ 364,035	(9,529,772)	(100,406)	(9,358,565)
General Revenues							
Grants and entitlements not restricted to specific programs					5,986,045	-	5,986,045
E-rate					1,397,762	-	1,397,762
Other					194,564	-	194,564
Total General Revenues					7,578,371	-	7,578,371
Change in Net Position (Deficit)					(1,951,401)	(100,406)	(1,780,194)
Net Position, beginning of year					17,855,966	48,784	17,904,750
Net Position (Deficit), end of year					\$ 15,904,565	\$ (51,622)	\$ 15,852,943

See accompanying notes to basic financial statements.

Southeast Island School District
Governmental Funds
Balance Sheet

	Major Funds			Total Govern- mental Funds
	School Operating Fund	Capital Projects Fund	Grant Program Special Revenue Fund	
<i>June 30, 2016</i>				
Assets				
Cash	\$ 2,598	\$ 48,533	\$ 324,915	\$ 376,046
Accounts receivable	-	282,995	183,410	466,405
Inventory	57,122	-	28,574	85,696
Due from other funds	546,295	-	-	546,295
Total Assets	\$ 606,015	\$ 331,528	\$ 536,899	\$ 1,474,442
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 5,954	\$ -	\$ 14,390	\$ 20,344
Unearned revenue	101,470	185,377	17,453	304,300
Due to other funds	-	83,072	173,883	256,955
Total Liabilities	107,424	268,449	205,726	581,599
Fund Balances				
Nonspendable	57,122	-	28,574	85,696
Committed	-	52,519	-	52,519
Assigned	-	10,560	302,599	313,159
Unassigned	441,469	-	-	441,469
Total Fund Balances	498,591	63,079	331,173	892,843
Total Liabilities and Fund Balances	\$ 606,015	\$ 331,528	\$ 536,899	\$ 1,474,442

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, 2016

Total fund balances for governmental funds	\$	892,843
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		415,225
Buildings		29,540,312
Machinery and equipment		1,800,480
Vehicles		664,373
Accumulated depreciation		<u>(15,206,299)</u>
Total capital assets, net		<u>18,076,902</u>
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		(25,969)
Net pension liability		<u>(4,358,099)</u>
		(4,384,068)
Certain changes in net pension liabilities are deferred rather than recognized immediately. These are amortized over time.		
Deferred outflows of resources related to pensions		1,393,690
Deferred inflows of resources related to pensions		<u>(74,802)</u>
Total deferred pension items		<u>1,318,888</u>
Total Net Position of Governmental Activities	\$	<u>15,904,565</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			Totals
	School Operating Fund	Capital Projects Fund	Grant Program Special Revenue Fund	
<i>Year Ended June 30, 2016</i>				
Revenues				
Local sources	\$ 1,592,326	\$ -	\$ 136,814	\$ 1,729,140
Food service revenue	-	-	2,863	2,863
State sources	6,069,842	364,035	230,949	6,664,826
Federal sources:				
Direct	-	-	196,561	196,561
Through the State of Alaska	312,714	-	300,145	612,859
Through other agencies	-	-	13,664	13,664
Total Revenues	7,974,882	364,035	880,996	9,219,913
Expenditures				
Instruction	2,469,471	-	170,921	2,640,392
Special education instruction	602,970	-	48,023	650,993
Special education support services - students	13,069	-	-	13,069
Support services - students	-	-	117,629	117,629
Support services - instruction	2,013,811	-	-	2,013,811
School administration	507,711	-	-	507,711
School administration support services	37,862	-	-	37,862
District administration	448,099	-	-	448,099
District administration support services	378,497	-	87,265	465,762
Operations and maintenance of plant	1,091,210	20,654	54,158	1,166,022
Student activities	277,263	-	30,701	307,964
Student transportation	544	-	196,361	196,905
Food services	-	-	220,073	220,073
Construction and facilities acquisition	-	542,152	6,322	548,474
Total Expenditures	7,840,507	562,806	931,453	9,334,766
Excess (Deficiency) of Revenues Over Expenditures	134,375	(198,771)	(50,457)	(114,853)
Other Financing Sources (Uses)				
Transfers in	-	2,345	104,295	106,640
Transfers out	(106,640)	-	-	(106,640)
Net Other Financing Sources (Uses)	(106,640)	2,345	104,295	-
Net Change in Fund Balances	27,735	(196,426)	53,838	(114,853)
Fund Balances, beginning	470,856	259,505	277,335	1,007,696
Fund Balances, ending	\$ 498,591	\$ 63,079	\$ 331,173	\$ 892,843

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, 2016

Net change in fund balances - total governmental funds \$ (114,853)

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 \$388,894 were less than depreciation of \$836,100 by this amount: (447,204)

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 of resources. (1,386,951)

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. (2,393)

Change in Net Position of Governmental Activities \$ (1,951,401)

See accompanying notes to basic financial statements.

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

June 30, 2016

Assets

Current Assets

Cash and investments	\$	177,123
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Non-current Assets

Building, net		60,595
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Total Assets	\$	237,718
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Liabilities and Net Position (Deficit)

Liabilities

Current Liabilities

Due to other funds	\$	289,340
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Net Position (Deficit)

Investment in capital assets		60,595
Unrestricted (deficit)		(112,217)

Total Net Position (Deficit)		(51,622)
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Total Liabilities and Net Position	\$	237,718
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See accompanying notes to basic financial statements.

Southeast Island School District
Thorne Bay Restaurant Enterprise Fund
Statement of Revenues, Expenses and Changes
in Net Position (Deficit)

Year Ended June 30, 2016

Revenues	
Other local revenues	\$ 121,858
Expenditures	
Operations and maintenance of plant:	
Utility services	3,434
Energy	13,883
Other purchased services	12,795
Supplies, materials, and media	5,533
Total operations and maintenance of plant	35,645
Student activities:	
Non-certificated salaries	63,684
Employee benefits	5,430
Professional and technical services	52,300
Utility services	1,506
Supplies, materials, and media	56,215
Other expenditures	7,484
Total student activities	186,619
Total Expenditures	222,264
Change in Net Position	(100,406)
Net Position, beginning of year	48,784
Net Position (Deficit), end of year	\$ (51,622)

See accompanying notes to basic financial statements.

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

Year Ended June 30, 2016

Cash Flows for Operating Activities	
Receipts from customers and users	\$ 121,858
Payments to suppliers	(156,522)
Payments to employees	(69,114)
Net Cash Flows for Operating Activities	(103,778)
Cash Flows from Financing Activities - loan from general fund (due to)	223,538
Net increase in cash	119,760
Cash and Investments, beginning	57,363
Cash and Investments, ending	\$ 177,123
Reconciliation of Income from Operations to	
Net Cash for Operating Activities	
Change in net position (deficit)	\$ (100,406)
Adjustments to reconcile change in net position (deficit)	
to net cash flows from operating activities:	
Depreciation	3,189
Decrease in accounts payable	(6,561)
Net Cash Flows for Operating Activities	\$ (103,778)

See accompanying notes to basic financial statements.

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

June 30, 2016

Assets

Cash and cash equivalents	\$ 118,337
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Liabilities

Due to student activities	\$ 118,337
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See accompanying notes to basic financial statements.

Southeast Island School District

Notes to Basic Financial Statements June 30, 2016

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.

Grant Program Special Revenue Fund are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This fund does not have a legally adopted budget.

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

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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of the net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

O. 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.

P. 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.

Southeast Island School District

Notes to Basic Financial Statements

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 \$721,913. Deposits in each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2016, the District's uninsured bank balances consisted of \$471,913.

4. Accounts Receivable

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

5. Interfund Receivables, Payables, and Transfers

A schedule of interfund balances and transfers for the year ended June 30, 2016 follows:

Due to Other Funds

Due to the *School Operating Fund* from:

Nonmajor funds for short-term operating advances	\$	173,883
<i>Capital Projects Fund</i> for short-term capital advances		83,072
<i>Thorn Bay Restaurant Enterprise Fund</i> for short-term operating advances		289,340

Total Amount Due To Other Funds	\$	546,295
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Transfers

From the *School Operating Fund* to:

Nonmajor governmental funds to cover operating costs	\$	104,295
<i>Capital Projects Fund</i> to cover capital costs		2,345

Total Transfers	\$	106,640
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Southeast Island School District

Notes to Basic Financial Statements

6. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

<i>Governmental Activities</i>	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Assets not being depreciated:				
Land	\$ 862,811	\$ -	\$ -	\$ 862,811
Construction in progress	26,326	388,894	-	415,225
Total assets not being depreciated	889,141	388,894	-	1,278,036
Assets being depreciated:				
Buildings	29,540,312	-	-	29,540,312
Machinery and equipment	1,800,480	-	-	1,800,480
Vehicles	664,373	-	-	664,373
Total assets being depreciated	32,005,165	-	-	32,005,165
Accumulated depreciation	(14,370,199)	(836,100)	-	(15,206,299)
Total assets being depreciated, net	17,634,966	(836,100)	-	16,798,866
Total Governmental Capital Assets				
Net Of Accumulated Depreciation	\$ 18,524,107	\$ (447,204)	\$ -	\$ 18,076,901
<hr/>				
<i>Business-type Activities</i>	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Assets being depreciated -				
buildings	\$ 63,784	\$ -	\$ -	\$ 63,784
Accumulated depreciation	-	(3,189)	-	(3,189)
Total Business-type Capital Assets				
Net Of Accumulated Depreciation	\$ 63,784	\$ (3,189)	\$ -	\$ 60,595

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Southeast Island School District

Notes to Basic Financial Statements

Depreciation expense was charged to governmental functions as follows for the year ended June 30, 2016:

Governmental Activities

Instruction	\$	257,541
Special education instruction		16,606
Special education support services - students		5,825
School administration		13,693
School administration support services		5,390
District administration		14,563
District administration support services		15,408
Operations and maintenance of plant		432,374
Student activities		6,420
Student transportation		9,939
Food services		58,340
Total Depreciation - Governmental Activities	\$	836,100

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, 2016 are as follows:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due within One Year
Accrued Leave	\$ 23,576	\$ 29,556	\$ 27,163	\$ 25,969	\$ 25,969

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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	\$ 57,122	\$ -	\$ 28,574	\$ 85,696
Committed - maintenance of buildings	-	52,519	-	52,519
Assigned:				
Food service	-	-	28,348	28,348
Student transportation	-	-	145,149	145,149
Teacher housing	-	-	128,686	128,686
Maintenance of buildings	-	10,560	-	10,560
Other	-	-	416	416
Total assigned	-	10,560	302,599	313,159
Unassigned	441,469	-	-	441,469
Total Fund Balances	\$ 498,591	\$ 63,079	\$ 331,173	\$ 892,843

9. Defined Benefit (DB) Pension Plans

General Information About the 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.

Each Plan is included in a comprehensive annual financial report 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

Southeast Island School District

Notes to Basic Financial Statements

at longevity milestone markers for most employees. The tiers within the Plans establish differing criteria regarding normal retirement age, early retirement age, and the 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 footnotes.

Alaska Statutes 14.25.085 and 39.35.255 require the State of Alaska to contribute to the Plans an amount such that, when combined with the employer contribution, is sufficient to pay each Plans' past service liability contribution rates as adopted by the Alaska Retirement Management Board. As such, both Plans are considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows, and disclosures on this basis. The District records the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

It is important to note that the Alaska Legislature has the power and authority to change the aforementioned statutes through the legislative process.

Employee Contribution Rates

District PERS employees are required to contribute 6.75% of their annual covered salary (9.60% for employees on a nine-month payment contract). 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 plans. 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. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This change results in lower ARM Board Rates than previously adopted.

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. In 2015, the State Legislature appropriated a one-time contribution to the Plan in the amount of \$1 billion for PERS and \$2 billion for TRS. As a result, the on-behalf contributions for 2015 were significantly higher than the statutory amount. In 2016, the on-behalf contributions have returned to "normal" levels and generally equal the statutory calculation.

In the governmental fund financial statements, on-behalf contribution amounts have been recognized as revenues and expenditures. In government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a one-year timing lag between the cash transfers and revenue and expense recognition.

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 FY16, the calculation uses an 8.00% pension discount rate and a 4.55% healthcare discount rate for PERS and 4.31% for 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, 2016 were determined in the June 30, 2013 actuarial valuation.

<i>PERS</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	13.25%	16.38%	3.63%	37.79%
Postemployment healthcare (see Note 11)	8.75%	10.81%	1.56%	58.73%
Total PERS Contribution Rates	22.00%	27.19%	5.19%	96.52%

<i>TRS</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	7.01%	16.34%	11.63%	66.52%
Postemployment healthcare (see Note 11)	5.55%	12.93%	5.08 %	70.97%
Total TRS Contribution Rates	12.56%	29.27%	16.71%	137.49%

Southeast Island School District

Notes to Basic Financial Statements

In 2016, the District was credited with the following contributions to the pension plans:

<i>PERS</i>	District FY15 Measurement Period	District FY16
Employer contributions (including DBUL)	\$ 64,678	\$ 77,282
Nonemployer contributions (on-behalf)	370,068	36,184
Total Contributions	\$ 434,746	\$ 113,466

In addition, employee contributions to the PERS totaled \$26,060 during the District fiscal year.

<i>TRS</i>	Measurement Period District FY15	District FY16
Employer contributions (including DBUL)	\$ 74,904	\$ 67,932
Nonemployer contributions (on-behalf)	4,824,374	240,091
Total Contributions	\$ 4,899,278	\$ 308,023

In addition, employee contributions to the TRS totaled \$174,274 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, 2016, 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	\$ 2,686,427	\$ 1,671,672
State's proportionate share of NPL associated with the District	717,377	2,672,087
Total Net Pension Liability	\$ 3,403,804	\$ 4,343,759

The net pension liabilities were measured as of June 30, 2015, 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. The District's proportion of the net pension liability measured at June 30, 2015 for PERS was 0.05539 percent, which was an increase of 0.04001 from its proportion as of the prior measurement date. For TRS the District's proportion was 0.08985 percent, representing an increase of 0.05829 from the prior year.

Southeast Island School District

Notes to Basic Financial Statements

For the year ended June 30, 2016, the District recognized pension expense of \$1,087,370 for PERS and \$444,392 for TRS. In addition, the District recognized on-behalf revenue from the State of Alaska in the amounts of \$99,067 and \$345,960 for PERS and TRS, respectively. At June 30, 2016, 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	\$ 3,131	\$ 2,680
Changes in assumptions	230,903	-
Net difference between projected and actual earnings on pension plan investments	-	72,122
Changes in proportion and differences between District contributions and proportionate share of contributions	1,014,442	-
District contributions subsequent to the measurement date	145,214	-
Total Deferred Outflows and Deferred Inflows	\$ 1,393,690	\$ 74,802

The \$145,214 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, 2017. 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,

2017	\$ 1,081,650
2018	60,703
2019	(51,721)
2020	83,042
2021	-
Thereafter	-

Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2015 (District fiscal year 2016) was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2015. The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Southeast Island School District

Notes to Basic Financial Statements

Actuarial Cost Method	Entry Age Normal - Level Percentage of Payroll
Asset Valuation Method	Invested assets are reported at fair value
Allocation Methodology	<p>Amounts for FY14 and FY13 were allocated to employers based on actual contributions made in FY14 and FY13, respectively</p> <p>Amounts for FY15 were allocated to employers based on the projected present value of contributions for FY17-FY39. The liability is expected to go to zero at 2039</p>
Investment Return / Discount Rate	8.00% per year (geometric), compounded annually, net of expenses for pension; and 4.55% for healthcare
Salary Scale	<p>Inflation - 3.12% per year</p> <p>Productivity - 0.50% per year</p> <p>Teachers in TRS - graded by years of services from 8.11% to 3.87%</p> <p>All others - graded by age and years of service from 7.91% to 4.34%</p>
Total Inflation	Measured by the consumer price index for urban and clerical workers for Anchorage and is assumed to increase 3.12% annually.
Mortality	<p>Pre-termination - Based on the 2010-2013 actual mortality experience</p> <p>Post-termination - 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB</p>

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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	5.35%
Global equity (non-US)	5.55%
Private equity	6.25%
Fixed income composite	0.80%
Real estate	3.65%
Alternative equity	4.70%

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 Actuarial Value of Assets after June 30, 2014 reflects the deferred gains and losses generated by the smoothing method. The current deferred amount is recognized in the first four years of the projections.

Discount Rate Sensitivity

The following presents 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%)
District's proportionate share of the net pension liability	0.05539%	\$ 3,571,377	\$ 2,686,427	\$ 1,941,390

<i>TRS</i>	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net pension liability	0.08985%	\$ 2,412,707	\$ 1,671,672	\$ 1,050,695

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.

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/drj>.

Southeast Island School District

Notes to Basic Financial Statements

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 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 Rate

For the year ended June 30, 2016, the District was required to contribute 5% of covered salary into PERS and 7% of covered salary into TRS.

The District and employee contributions to PERS for pensions for the year ended June 30, 2016 were \$25,915 and \$41,464, respectively. The District and employee contributions for TRS for pensions for the year ended June 30, 2016 were \$79,165 and \$90,475, respectively. District contributions are recognized as pension expense/expenditures when paid.

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.

Employer Contribution Rates

The District is required to contribute 8.75% of covered payroll into the PERS OPEB plan and 5.55% of covered payroll into the TRS OPEB plan. In addition, during 2016, the State on-behalf contribution rate for OPEB was 1.56% for PERS and 5.08% for TRS.

Employees do not contribute to the DB OPEB plans.

Annual Postemployment Healthcare Cost

Actual contributions into the Plans 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
2016	\$51,045	\$51,045	100 %
2015	\$49,032	\$49,032	100 %
2014	\$57,041	\$57,041	100 %

Southeast Island School District

Notes to Basic Financial Statements

On-behalf contributions for PERS OPEB were \$15,495, \$0, and \$65,998 for 2016, 2015, and 2014, 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
2016	\$54,564	\$54,564	100 %
2015	\$55,007	\$55,007	100 %
2014	\$64,724	\$64,724	100 %

On-behalf contributions for TRS OPEB were \$104,741, \$978,685, and \$295,192 for 2016, 2015, and 2014, 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 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, 2016:

	PERS Tier IV	TRS Tier III
Retiree medical plan	1.68%	2.04%
Occupational death and disability benefits	0.22%	-%
Total Contribution Rates	1.90%	2.04%

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". At July 1, 2015, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,005 per year for each full-time employee, and \$1.28 per hour for part-time employees for both PERS and TRS.

Annual Postemployment Healthcare Cost

In FY16, the District contributed \$43,112 in DC OPEB costs to PERS and \$56,566 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.

Southeast Island School District

Notes to Basic Financial Statements

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

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 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-end June 30, 2017, with earlier application encouraged.

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 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 78 - Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans - Effective for year-end June 30, 2017 - This statement amends the scope and applicability of GASB 68 to exclude pensions provided to employees through a cost-sharing multiple-employer defined benefit pension plan that is (1) not a state or local government pension plan, (2) used to provide defined benefit pensions to employees of both government and non-government employers, and (3) has no predominant state or local government employer, either individually or collectively with other governmental employers providing pensions in the plan.

Southeast Island School District

Notes to Basic Financial Statements

GASB 81 - *Irrevocable Split-Interest Agreements* - Effective for year-end June 30, 2018, with earlier application encouraged - This statement establishes recording and recognition criteria for Governments who receive resources pursuant to an irrevocable split-interest agreement.

GASB 82 - *Pension-Issues* - an amendment of GASB Statements No. 67, No. 68, and No. 73 - Effective for year-end June 30, 2017, with earlier application encouraged - This statement further amends prior pension reporting to redefine "covered payroll" for required supplementary information, clarifies deviations from Actuarial standards, and clarifies the classification of employer-paid member contributions.

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Required Supplementary Information

Southeast Island School District

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

<i>Year Ended June 30, 2016</i>	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Local sources:				
Other local revenues	\$ 102,000	\$ 102,000	\$ 194,564	\$ 92,564
E-rate	632,033	632,033	1,397,762	765,729
State sources	5,312,487	5,312,487	6,069,842	757,355
Federal sources-				
through the State of Alaska	383,000	383,000	312,714	(70,286)
Total Revenues	6,429,520	6,429,520	7,974,882	1,545,362
Expenditures				
Current:				
Instruction	2,230,500	2,213,108	2,469,471	(256,363)
Special education instruction	608,814	608,814	602,970	5,844
Special education support services - students	-	10,000	13,069	(3,069)
Support services - instruction	1,067,044	1,067,044	2,013,811	(946,767)
School administration	372,600	362,600	507,711	(145,111)
School administration support services	30,430	30,430	37,862	(7,432)
District administration	416,241	416,241	448,099	(31,858)
District administration support services	395,407	395,407	378,497	16,910
Operations and maintenance of plant	1,083,751	1,063,751	1,091,210	(27,459)
Student activities	185,388	204,780	277,263	(72,483)
Student transportation	65,362	-	544	(544)
Total Expenditures	6,455,537	6,372,175	7,840,507	(1,468,332)
Excess (Deficiency) of Revenues Over Expenditures	(26,017)	57,345	134,375	77,030
Other Financing Uses				
Transfers out	(65,362)	(65,362)	(106,640)	(41,278)
Net Change in Fund Balance	\$ (91,379)	\$ (8,017)	27,735	\$ 35,752
Fund Balance, beginning			470,856	
Fund Balance, ending			\$ 498,591	

See accompanying notes to Required Supplementary Information. □

Southeast Island School District
Public Employees Retirement System (PERS)
Schedule of the District's Information on the Net Pension Liability

<i>Years Ended June 30,</i>	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.015385%	\$ 717,565	\$ 736,222	\$ 1,453,787	\$ 734,602	98%	62.37%
2016	0.055390%	\$ 2,686,427	\$ 717,377	\$ 3,403,804	\$ 804,800	334%	63.96%

See accompanying notes to Required Supplementary Information.

Southeast Island School District
Public Employees Retirement System (PERS)
Schedule of the District's Contributions

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 64,678	\$ 64,678	\$ -	\$ 804,800	8.037%
2016	\$ 77,282	\$ 77,282	\$ -	\$ 896,168	8.624%

See accompanying notes to Required Supplementary Information.

Southeast Island School District
Teacher Retirement System (TRS)
Schedule of the District's Information on the Net Pension Liability

<i>Years Ended June 30,</i>	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.031557%	\$ 946,423	\$ 6,950,421	\$ 7,896,844	\$ 2,087,865	45%	55.70%
2016	0.089850%	\$ 1,671,672	\$ 2,672,087	\$ 4,343,759	\$ 1,321,708	126%	73.82%

See accompanying notes to Required Supplementary Information.

Southeast Island School District
Teacher Retirement System (TRS)
Schedule of the District's Contributions

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 74,904	\$ 74,904	\$ -	\$ 1,321,708	5.667%
2016	\$ 75,689	\$ 75,689	\$ -	\$ 2,046,644	3.698%

See accompanying notes to Required Supplementary Information.

Southeast Island School District

Notes to Required Supplementary Information

Budgetary Comparison Schedules

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

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, 2016, the Plan measurement date is June 30, 2015.

There was a material change in the allocation methodology from the prior measurement period. The measurement period ended June 30, 2014 allocated the net pension liability based on actual contributions for 2014. The measurement period ended June 30, 2015 allocated the net pension liability based on the present value of contributions for FY2017-FY2039, as determined by projections based on the June 30, 2014 actuarial valuation.

Schedule of District Contributions - Public Employees Retirement System

This table reports the District's pension contributions to PERS during fiscal year 2016. These contributions are reported as a deferred outflow on the June 30, 2016 basic financial statements.

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, 2016, the Plan measurement date is June 30, 2015.

There was a material change in the allocation methodology from the prior measurement period. The measurement period ended June 30, 2014 allocated the net pension liability based on actual contributions for 2014. The measurement period ended June 30, 2015 allocated the net pension liability based on the present value of contributions for FY2017-FY2039, as determined by projections based on the June 30, 2014 actuarial valuation.

Schedule of District Contributions - Teachers Retirement System

This table reports the District's pension contributions to TRS during fiscal year 2016. These contributions are reported as a deferred outflow on the June 30, 2016 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, 2016</i>	Final Budget	Actual	Variance With Final Budget
Revenues			
Local revenues:			
E-rate	\$ 632,033	\$ 1,397,762	\$ 765,729
Other local sources	102,000	194,564	92,564
Total local revenues	734,033	1,592,326	858,293
Revenue from state sources:			
Foundation	5,312,487	5,441,182	128,695
TRS on-behalf	-	344,833	344,833
PERS on-behalf	-	51,678	51,678
School Broadband Grant	-	232,149	232,149
Total state revenue	5,312,487	6,069,842	757,355
Revenue from federal sources- through the State of Alaska	383,000	312,714	(70,286)
Total Revenues	6,429,520	7,974,882	1,545,362
Expenditures			
Instruction:			
Certificated salaries	1,103,413	1,228,161	(124,748)
Non-certificated salaries	54,866	77,554	(22,688)
Employee benefits	749,776	825,510	(75,734)
Housing allowance/subsidy	105,300	100,071	5,229
Transportation allowance	-	244	(244)
Professional and technical services	1,250	29,942	(28,692)
Staff travel	8,204	24,821	(16,617)
Student travel	15,187	12,397	2,790
Utility services	25,895	27,889	(1,994)
Other purchased services	37,315	62,876	(25,561)
Supplies, materials, and media	108,967	70,858	38,109
Other expenditures	2,935	9,148	(6,213)
Total instruction	2,213,108	2,469,471	(256,363)

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, 2016</i>	Final Budget	Actual	Variance With Final Budget
Expenditures, continued			
Special education instruction:			
Certificated salaries	\$ 279,443	\$ 174,426	\$ 105,017
Non-certificated salaries	96,335	213,749	(117,414)
Employee benefits	211,836	196,347	15,489
Housing allowance/subsidy	18,900	14,117	4,783
Professional and technical services	-	4,067	(4,067)
Staff travel	2,000	-	2,000
Supplies, materials, and media	300	264	36
Total special education instruction	608,814	602,970	5,844
Special education support services - students - professional and technical services	10,000	13,069	(3,069)
Support services - instruction:			
Non-certificated salaries	29,923	23,610	6,313
Employee benefits	11,799	8,779	3,020
Professional and technical services	60,000	76,672	(16,672)
Staff travel	5,000	1,115	3,885
Utility services	770,772	1,787,351	(1,016,579)
Other purchased services	85,500	16,253	69,247
Supplies, materials, and media	88,600	98,081	(9,481)
Other expenditures	15,450	1,950	13,500
Total support services - instruction	1,067,044	2,013,811	(946,767)

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, 2016</i>	Final Budget	Actual	Variance With Final Budget
Expenditures, continued			
School administration:			
Certificated salaries	\$ 213,600	\$ 283,610	\$ (70,010)
Employee benefits	120,500	175,061	(54,561)
Housing allowance/subsidy	10,800	11,102	(302)
Professional and technical services	10,000	19,637	(9,637)
Staff travel	5,000	14,983	(9,983)
Utility services	1,200	119	1,081
Other purchased services	-	30	(30)
Supplies, materials, and media	1,500	3,159	(1,659)
Other expenditures	-	10	(10)
Total school administration	362,600	507,711	(145,111)
School administration support services:			
Certificated salaries	-	400	(400)
Non-certificated salaries	21,824	27,131	(5,307)
Employee benefits	8,606	10,331	(1,725)
Total school administration support services	30,430	37,862	(7,432)
District administration:			
Certificated salaries	123,432	137,850	(14,418)
Non-certificated salaries	71,152	85,991	(14,839)
Employee benefits	103,422	127,957	(24,535)
Housing allowance/subsidy	5,400	5,400	-
Professional and technical services	51,250	22,864	28,386
Staff travel	27,400	19,364	8,036
Student travel	300	-	300
Utility services	1,500	3,139	(1,639)
Supplies, materials, and media	8,585	19,519	(10,934)
Tuition and stipend	11,000	10,700	300
Other expenditures	12,800	15,315	(2,515)
Total district administration	416,241	448,099	(31,858)

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, 2016</i>	Final Budget	Actual	Variance With Final Budget
Expenditures, continued			
District administration support services:			
Non-certificated salaries	\$ 97,606	\$ 127,308	\$ (29,702)
Employee benefits	90,819	84,284	6,535
Professional and technical services	135,000	141,387	(6,387)
Staff travel	3,500	4,301	(801)
Utility services	10,000	7,510	2,490
Other purchased services	2,500	1,795	705
Insurance and bond premiums	107,706	69,313	38,393
Supplies, materials, and media	10,000	13,743	(3,743)
Other expenditures	16,000	16,121	(121)
Indirect costs recovery	(82,724)	(87,265)	4,541
Equipment	5,000	-	5,000
Total district administration support services	395,407	378,497	16,910
Operations and maintenance of plant:			
Non-certificated salaries	247,430	364,342	(116,912)
Employee benefits	128,614	152,270	(23,656)
Staff travel	4,500	2,313	2,187
Utility services	40,340	30,606	9,734
Energy	343,350	240,475	102,875
Other purchased services	75,100	89,329	(14,229)
Insurance and bond premiums	95,567	75,829	19,738
Supplies, materials, and media	103,850	133,891	(30,041)
Other expenditures	-	2,155	(2,155)
Equipment	25,000	-	25,000
Total operations and maintenance of plant	1,063,751	1,091,210	(27,459)

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, 2016</i>	Final Budget	Actual	Variance With Final Budget
Expenditures, continued			
Student activities:			
Certificated salaries	\$ 18,600	\$ 18,112	\$ 488
Non-certificated salaries	42,500	33,184	9,316
Employee benefits	17,688	18,763	(1,075)
Staff travel	11,976	21,762	(9,786)
Student travel	102,416	148,333	(45,917)
Other purchased services	-	5,489	(5,489)
Supplies, materials, and media	3,500	25,316	(21,816)
Tuition and stipends	600	-	600
Other expenditures	2,500	6,304	(3,804)
Equipment	5,000	-	5,000
Total student activities	204,780	277,263	(72,483)
Student transportation- to and from school:			
Student travel	-	122	(122)
Supplies, materials, and media	-	422	(422)
Total student transportation- to and from school	-	544	(544)
Total Expenditures	6,372,175	7,840,507	(1,468,332)
Excess (Deficiency) of Revenues Over Expenditures	57,345	134,375	77,030
Other Financing Uses			
Transfers out	(65,362)	(106,640)	(41,278)
Net Change in Fund Balance	<u>\$ (8,017)</u>	27,735	<u>\$ 35,752</u>
Fund Balance, beginning		<u>470,856</u>	
Fund Balance, ending		<u>\$ 498,591</u>	

**Southeast Island School District
Grant Program Special Revenue Fund
Combining Balance Sheet**

<i>Year Ended June 30, 2016</i>	Pupil Transpor- tation	Staff Develop- ment	Artist Promoters and Storytellers Workshop	Teacher Retention Moore Settlement	Quality Schools	School Garden & Orchard Initiative	Food Service	Fresh Fruits & Vegetables
Assets								
Cash	\$ 145,149	\$ 50	\$ 2,812	\$ -	\$ 486	\$ 1,169	\$ 18,821	\$ -
Accounts receivable	-	-	-	1,700	-	-	9,527	182
Inventory	-	-	-	-	-	-	28,574	-
Total Assets	\$ 145,149	\$ 50	\$ 2,812	\$ 1,700	\$ 486	\$ 1,169	\$ 56,922	\$ 182
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	2,812	-	486	1,169	-	-
Due to other funds	-	-	-	1,700	-	-	-	182
Total Liabilities	-	-	2,812	1,700	486	1,169	-	182
Fund Balances								
Nonspendable	-	-	-	-	-	-	28,574	-
Assigned	145,149	50	-	-	-	-	28,348	-
Total Fund Balances	145,149	50	-	-	-	-	56,922	-
Total Liabilities and Fund Balances	\$ 145,149	\$ 50	\$ 2,812	\$ 1,700	\$ 486	\$ 1,169	\$ 56,922	\$ 182

Southeast Island School District
Grant Program Special Revenue Fund
Combining Balance Sheet, continued

<i>Year Ended June 30, 2016</i>	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
Assets								
Cash	\$ 4,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	27,978	11,311	749	7,460	2,334	1,929	2,007
Inventory	-	-	-	-	-	-	-	-
Total Assets	\$ 4,100	\$ 27,978	\$ 11,311	\$ 749	\$ 7,460	\$ 2,334	\$ 1,929	\$ 2,007
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenue	4,100	-	-	-	-	-	-	-
Due to other funds	-	27,978	11,311	749	7,460	2,334	1,929	2,007
Total Liabilities	4,100	27,978	11,311	749	7,460	2,334	1,929	2,007
Fund Balances								
Nonspendable	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Total Fund Balances	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balances	\$ 4,100	\$ 27,978	\$ 11,311	\$ 749	\$ 7,460	\$ 2,334	\$ 1,929	\$ 2,007

Southeast Island School District
Grant Program Special Revenue Fund
Combining Balance Sheet, continued

<i>Year Ended June 30, 2016</i>	Title III Timber	AKISS- ANEP	U.S. Forest Service	Float Grant- Craig	CARE- ANE Grant	Indian Education	SEARHC Steps	Community Gardens
Assets								
Cash	\$ 366	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,822	\$ 210
Accounts receivable	-	13,664	12,177	16,694	68,520	5,791	-	-
Inventory	-	-	-	-	-	-	-	-
Total Assets	\$ 366	\$ 13,664	\$ 12,177	\$ 16,694	\$ 68,520	\$ 5,791	\$ 1,822	\$ 210
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-	-	-	1,822	210
Due to other funds	-	13,664	12,177	16,694	68,520	5,791	-	-
Total Liabilities	-	13,664	12,177	16,694	68,520	5,791	1,822	210
Fund Balances								
Nonspendable	-	-	-	-	-	-	-	-
Assigned	366	-	-	-	-	-	-	-
Total Fund Balances	366	-	-	-	-	-	-	-
Total Liabilities and Fund Balances	\$ 366	\$ 13,664	\$ 12,177	\$ 16,694	\$ 68,520	\$ 5,791	\$ 1,822	\$ 210

Southeast Island School District
Grant Program Special Revenue Fund
Combining Balance Sheet, continued

<i>Year Ended June 30, 2016</i>	AMSEA Grant	Crossett Grant	Teacher Housing	CIS CEO	Nat'l Ctr for Safe Routes to Schools	Southeast Island Youth Advocate	NEA Alaska	Nonmajor Govern- mental Funds
Assets								
Cash	\$ -	\$ 1,541	\$ 142,936	\$ 1,320	\$ 140	\$ 1,993	\$ 2,000	\$ 324,915
Accounts receivable	1,387	-	-	-	-	-	-	183,410
Inventory	-	-	-	-	-	-	-	28,574
Total Assets	\$ 1,387	\$ 1,541	\$ 142,936	\$ 1,320	\$ 140	\$ 1,993	\$ 2,000	\$ 536,899
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ -	\$ 14,250	\$ -	\$ 140	\$ -	\$ -	\$ 14,390
Unearned revenue	-	1,541	-	1,320	-	1,993	2,000	17,453
Due to other funds	1,387	-	-	-	-	-	-	173,883
Total Liabilities	1,387	1,541	14,250	1,320	140	1,993	2,000	205,726
Fund Balances								
Nonspendable	-	-	-	-	-	-	-	28,574
Assigned	-	-	128,686	-	-	-	-	302,599
Total Fund Balances	-	-	128,686	-	-	-	-	331,173
Total Liabilities and Fund Balances	\$ 1,387	\$ 1,541	\$ 142,936	\$ 1,320	\$ 140	\$ 1,993	\$ 2,000	\$ 536,899

Southeast Island School District
Grant Program Special Revenue Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

<i>Year Ended June 30, 2016</i>	Pupil Transpor- tation	Staff Develop-	Teacher Retention Moore Settlement	School Garden & Orchard Initiative	Food Service	Fresh Fruits & Vegetables	Nutritional Alaskan Foods	Title I-A Basic
Revenues								
Local revenues	\$ -	\$ -	\$ -	\$ 5,841	\$ -	\$ -	\$ -	\$ -
Food service revenue	-	-	-	-	2,863	-	-	-
State sources	224,220	3,588	1,700	-	-	-	1,441	-
Federal sources:								
Direct	-	-	-	-	-	-	-	-
Through the State of Alaska	-	-	-	-	107,183	4,291	-	53,104
Other	-	-	-	-	-	-	-	-
Total Revenues	224,220	3,588	1,700	5,841	110,046	4,291	1,441	53,104
Expenditures								
Instruction	-	3,588	-	-	-	-	-	48,818
Special education instruction	-	-	-	-	-	-	-	-
Support services - students	-	-	-	-	-	-	-	-
District administration support services	-	-	-	-	-	-	-	4,286
Operations and maintenance of plant	-	-	-	-	-	-	-	-
Student activities	-	-	-	5,841	-	-	-	-
Student transportation	196,361	-	-	-	-	-	-	-
Food services	-	-	-	-	214,341	4,291	1,441	-
Construction and facilities acquisition	-	-	1,700	-	-	-	-	-
Total Expenditures	196,361	3,588	1,700	5,841	214,341	4,291	1,441	53,104
Excess (Deficiency) of Revenues Over Expenditures	27,859	-	-	-	(104,295)	-	-	-
Other Financing Sources								
Transfers in	-	-	-	-	104,295	-	-	-
Net Change in Fund Balance	27,859	-	-	-	-	-	-	-
Fund Balance, beginning	117,290	50	-	-	56,922	-	-	-
Fund Balance, ending	\$ 145,149	\$ 50	\$ -	\$ -	\$ 56,922	\$ -	\$ -	\$ -

Southeast Island School District
Grant Program Special Revenue Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, continued

<i>Year Ended June 30, 2016</i>	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	AKISS- ANEP
Revenues								
Local revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food service revenue	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources:								
Direct	-	-	-	-	-	-	-	-
Passed through the State of Alaska	24,757	1,173	36,403	50,311	1,929	20,994	-	-
Passed through other agencies	-	-	-	-	-	-	-	\$ 13,664
Total Revenues	24,757	1,173	36,403	50,311	1,929	20,994	-	13,664
Expenditures								
Instruction	22,851	1,173	33,465	-	-	19,994	2,895	13,664
Special education instruction	-	-	-	46,250	1,773	-	-	-
Support services - students	-	-	-	-	-	-	-	-
District administration support services	1,906	-	2,938	4,061	156	1,000	-	-
Operations and maintenance of plant	-	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-	-
Construction and facilities acquisition	-	-	-	-	-	-	-	-
Total Expenditures	24,757	1,173	36,403	50,311	1,929	20,994	2,895	13,664
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	(2,895)	-
Other Financing Sources								
Transfers in	-	-	-	-	-	-	-	-
Net Change in Fund Balance	-	-	-	-	-	-	(2,895)	-
Fund Balance, beginning	-	-	-	-	-	-	3,261	-
Fund Balance, ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 366	\$ -

Southeast Island School District
Grant Program Special Revenue Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, continued

<i>Year Ended June 30, 2016</i>	Prosper Grant	CARE Grant	Indian Education	AK SEA - UAF Grant	Teacher Housing	Rasmussen Grant Coffman Cove Greenhouse	Charlotte Martin Grant	Nonmajor Govern- mental Funds
Revenues								
Local revenues	\$ 16,694	\$ -	\$ -	\$ 1,387	\$ 83,032	\$ 24,860	\$ 5,000	\$ 136,814
Food service revenue	-	-	-	-	-	-	-	2,863
State sources	-	-	-	-	-	-	-	230,949
Federal sources:								
Direct	-	190,058	6,503	-	-	-	-	196,561
Through the State of Alaska	-	-	-	-	-	-	-	300,145
Passed through other agencies	-	-	-	-	-	-	-	13,664
Total Revenues	16,694	190,058	6,503	1,387	83,032	24,860	5,000	880,996
Expenditures								
Instruction	16,694	36	5,978	1,387	-	-	378	170,921
Special education instruction	-	-	-	-	-	-	-	48,023
Support services - students	-	117,629	-	-	-	-	-	117,629
District administration support services	-	72,393	525	-	-	-	-	87,265
Operations and maintenance of plant	-	-	-	-	54,158	-	-	54,158
Student activities	-	-	-	-	-	24,860	-	30,701
Student transportation	-	-	-	-	-	-	-	196,361
Food services	-	-	-	-	-	-	-	220,073
Construction and facilities acquisition	-	-	-	-	-	-	4,622	6,322
Total Expenditures	16,694	190,058	6,503	1,387	54,158	24,860	5,000	931,453
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	28,874	-	-	(50,457)
Other Financing Sources								
Transfers in	-	-	-	-	-	-	-	104,295
Net Change in Fund Balance	-	-	-	-	28,874	-	-	53,838
Fund Balance, beginning	-	-	-	-	99,812	-	-	277,335
Fund Balance, ending	\$ -	\$ -	\$ -	\$ -	\$ 128,686	\$ -	\$ -	\$ 331,173

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

<i>Year Ended June 30, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
State sources	\$ 236,760	\$ 224,220	\$ (12,540)
Expenditures			
Student transportation:			
Non-certificated salaries	121,591	113,469	8,122
Employee benefits	53,237	59,200	(5,963)
Professional and technical services	1,200	-	1,200
Staff travel	250	247	3
Utility services	-	185	(185)
Other purchased services	44,600	1,706	42,894
Supplies, materials, and media	15,732	20,550	(4,818)
Other expenditures	150	1,004	(854)
Total Expenditures	236,760	196,361	40,399
Net Change in Fund Balance	\$ -	27,859	\$ 27,859
Fund Balance, beginning		<u>117,290</u>	
Fund Balance, ending		<u>\$ 145,149</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, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
State sources	\$ 10,000	\$ 3,588	\$ (6,412)
Expenditures			
Instruction - staff travel	10,000	3,588	6,412
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, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
State sources	\$ 8,639	\$ 1,700	\$ (6,939)
Expenditures			
Construction and facilities acquisition - other purchased services	8,639	1,700	6,939
Net Change in Fund Balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, beginning		<u>-</u>	
Fund Balance, ending		<u>\$ -</u>	

Southeast Island School District
School Garden and Orchard Initiatives Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
Other local sources	\$ 7,010	\$ 5,841	\$ (1,169)
Expenditures			
Student Activities:			
Supplies, materials, and media	7,010	5,841	1,169
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, beginning		-	
Fund Balance, ending		\$ -	

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, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
Food service revenue	\$ 6,000	\$ 2,863	\$ (115,987)
Federal sources - passed through the State of Alaska	118,850	107,183	101,183
Total Revenues	124,850	110,046	(14,804)
Expenditures			
Food services:			
Non-certificated salaries	55,170	70,009	(14,839)
Employee benefits	19,486	14,984	4,502
Staff travel	3,000	2,542	458
Other purchased services	-	3,261	(3,261)
Supplies, materials, and media	86,600	123,415	(36,815)
Other expenditures	600	130	470
Total Expenditures	164,856	214,341	(49,485)
Deficiency of Revenues Over Expenditures	(40,006)	(104,295)	(64,289)
Other Financing Sources			
Transfers in	-	104,295	104,295
Net Change in Fund Balance	<u>\$ (40,006)</u>	-	<u>\$ 40,006</u>
Fund Balance, beginning		<u>56,922</u>	
Fund Balance, ending		<u><u>\$ 56,922</u></u>	

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

<i>Year Ended June 30, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - passed through the State of Alaska	\$ 5,022	\$ 4,291	\$ (731)
Expenditures			
Food services - supplies, materials, and media	5,022	4,291	731
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, beginning		-	
Fund Balance, ending		\$ -	

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, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
State sources	\$ 1,441	\$ 1,441	\$ -
Expenditures			
Food services - supplies, materials and media	1,441	1,441	-
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, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - passed through the State of Alaska	\$ 73,716	\$ 53,104	\$ (20,612)
Expenditures			
Instruction:			
Certificated salaries	14,637	10,918	3,719
Non-certificated salaries	19,000	14,885	4,115
Employee benefits	12,094	4,557	7,537
Housing allowance/subsidy	-	217	(217)
Student travel	8,755	8,006	749
Supplies, materials, and media	12,680	9,661	3,019
Other expenditures	600	574	26
Total instruction	67,766	48,818	18,948
District administration support services - indirect costs	5,950	4,286	1,664
Total Expenditures	73,716	53,104	20,612
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, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - passed through the State of Alaska	\$ 28,737	\$ 24,757	\$ (3,980)
Expenditures			
Instruction:			
Certificated salaries	8,510	7,760	750
Non-certificated salaries	5,954	5,832	122
Employee benefits	4,900	3,949	951
Student travel	3,640	2,135	1,505
Utility services	100	100	-
Supplies, materials, and media	1,250	1,935	(685)
Tuition and stipends	2,164	1,140	1,024
Total instruction	26,518	22,851	3,667
District administration support services - indirect costs	2,219	1,906	313
Total Expenditures	28,737	24,757	3,980
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, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - passed through the State of Alaska	\$ 1,173	\$ 1,173	\$ -
Expenditures			
Instruction - supplies, materials, and media	1,173	1,173	-
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, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - passed through the State of Alaska	\$ 45,163	\$ 36,403	\$ (8,760)
Expenditures			
Instruction:			
Certificated salaries	3,300	1,600	1,700
Non-certificated salaries	1,500	-	1,500
Employee benefits	1,455	701	754
Transportation Allowance	9,703	9,703	-
Staff travel	17,410	13,471	3,939
Supplies, materials, and media	200	-	200
Other expenditures	7,950	7,990	(40)
Total instruction	41,518	33,465	8,053
District administration support services - indirect costs	3,645	2,938	707
Total Expenditures	45,163	36,403	8,760
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, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - passed through the State of Alaska	\$ 55,648	\$ 50,311	\$ (5,337)
Expenditures			
Special education instruction:			
Certificated salaries	1,400	1,000	400
Non-certificated salaries	1,658	820	838
Employee benefits	855	724	131
Professional and technical services	40,526	39,519	1,007
Staff travel	1,305	-	1,305
Student travel	300	223	77
Other purchased services	836	533	303
Supplies, materials, and media	4,276	3,431	845
Total special education instruction	51,156	46,250	4,906
District administration support services - indirect costs	4,492	4,061	431
Total Expenditures	55,648	50,311	5,337
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, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - passed through the State of Alaska	\$ 2,053	\$ 1,929	\$ (124)
Expenditures			
Special education instruction:			
Professional and technical services	1,688	1,574	114
Supplies, materials, and media	199	199	-
Total special education instruction	1,887	1,773	114
District administration support services - indirect costs	166	156	10
Total Expenditures	2,053	1,929	124
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, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - passed through the State of Alaska	\$ 21,000	\$ 20,994	\$ (6)
Expenditures			
Instruction:			
Certificated salaries	760	759	1
Employee benefits	120	119	1
Staff travel	1,052	1,051	1
Student travel	4,550	4,550	-
Supplies, materials, and media	11,478	11,485	(7)
Other expenditures	2,040	2,030	10
Total instruction	20,000	19,994	6
District administration support services - indirect costs	1,000	1,000	-
Total Expenditures	21,000	20,994	6
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, beginning		-	
Fund Balance, ending		\$ -	

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

<i>Year Ended June 30, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues	\$ -	\$ -	\$ -
Expenditures			
Instruction:			
Supplies, materials, and media	3,261	2,895	366
Net Change in Fund Balance	<u>\$ (3,261)</u>	(2,895)	<u>\$ (366)</u>
Fund Balance, beginning		<u>3,261</u>	
Fund Balance, ending		<u>\$ 366</u>	

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, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - passed through other agencies	\$ 13,700	\$ 13,664	\$ (36)
Expenditures			
Instruction:			
Certificated salaries	2,500	2,255	245
Non-certificated salaries	-	800	(800)
Employee benefits	800	887	(87)
Staff travel	300	337	(37)
Student travel	5,100	5,736	(636)
Supplies, materials, and media	5,000	3,649	1,351
Total Expenditures	13,700	13,664	36
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, beginning		-	
Fund Balance, ending		\$ -	

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

<i>Year Ended June 30, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
Other local revenues	\$ 5,000	\$ 16,694	\$ 11,694
Expenditures			
Instruction:			
Certificated salaries	6,000	6,800	(800)
Non-certificated salaries	-	1,220	(1,220)
Employee benefits	5,094	2,273	2,821
Staff travel	600	1,384	(784)
Student travel	5,000	5,017	(17)
Total Expenditures	16,694	16,694	-
Net Change in Fund Balance	<u>\$ (11,694)</u>	-	<u>\$ 11,694</u>
Fund Balance, beginning		<u>-</u>	
Fund Balance, ending		<u>\$ -</u>	

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, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - direct	\$ 200,000	\$ 190,058	\$ (9,942)
Expenditures			
Instruction:			
Staff travel	-	36	(36)
Support services - students:			
Certificated salaries	78,300	78,263	37
Employee benefits	41,300	33,966	7,334
Housing allowance/subsidy	5,400	5,400	-
Total support services - students	125,000	117,629	7,371
District administration support services - indirect costs	75,000	72,393	2,607
Total Expenditures	200,000	190,058	9,942
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, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
Federal sources - direct	\$ 7,403	\$ 6,503	\$ (900)
Expenditures			
Instruction:			
Certificated salaries	1,540	1,565	(25)
Non-certificated salaries	-	300	(300)
Employee benefits	689	273	416
Professional and technical services	700	110	590
Student travel	1,079	879	200
Supplies, materials, and media	2,848	2,851	(3)
Total instruction	6,856	5,978	878
District administration support services - indirect costs	547	525	22
Total Expenditures	7,403	6,503	900
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, beginning		-	
Fund Balance, ending		\$ -	

Southeast Island School District
AK SEA - UAF Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
Other local revenues	\$ 10,000	\$ 1,387	\$ (8,613)
Expenditures			
Instruction:			
Professional and technical services	9,630	1,264	8,366
Student travel	-	123	(123)
Supplies, materials, and media	370	-	370
Total Expenditures	10,000	1,387	8,613
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, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
Food service revenue	\$ -	\$ 650	\$ 650
Other local sources	81,090	82,382	1,292
Total Revenues	81,090	83,032	1,942
Expenditures			
Operations and maintenance of plant:			
Utility services	-	4,004	(4,004)
Energy	-	6,351	(6,351)
Other purchased services	-	2,777	(2,777)
Supplies, materials, and media	75,000	41,026	33,974
Total Expenditures	75,000	54,158	20,842
Net Change in Fund Balance	<u>\$ 6,090</u>	28,874	<u>\$ 22,784</u>
Fund Balance, beginning		<u>99,812</u>	
Fund Balance, ending		<u>\$ 128,686</u>	

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

<i>Year Ended June 30, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
Other local sources	\$ 25,000	\$ 24,860	\$ (140)
Expenditures			
Student activities - supplies, materials, and media	25,000	24,860	140
Deficiency of Revenues Over Expenditures	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, beginning		<u>-</u>	
Fund Balance, ending		<u>\$ -</u>	

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

<i>Year Ended June 30, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
Other local sources	\$ 5,000	\$ 5,000	\$ -
Expenditures			
Instruction			
supplies, materials, and media	-	378	(378)
Construction and facilities acquisition -			
supplies, materials, and media	5,000	4,622	378
Total Expenditures	5,000	5,000	-
Deficiency of Revenues Over Expenditures	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<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, 2016</i>	District Wide	Howard Valentine	Thorne Bay K-12 Structural Repairs	Wood Boiler	Totals
Assets					
Cash	\$ 34,619	\$ 13,914	\$ -	\$ -	\$ 48,533
Accounts receivable	-	-	-	282,995	282,995
Total Assets	\$ 34,619	\$ 13,914	\$ -	\$ 282,995	\$ 331,528
Liabilities and Fund Balances					
Liabilities					
Unearned revenue	\$ -	\$ 13,914	\$ 171,463	\$ -	\$ 185,377
Due to other funds	(17,900)	-	(182,023)	282,995	83,072
Total Liabilities	(17,900)	13,914	(10,560)	282,995	268,449
Fund Balances					
Committed	52,519	-	-	-	52,519
Assigned	-	-	10,560	-	10,560
Total Fund Balances	52,519	-	10,560	-	63,079
Total Liabilities and Fund Balances	\$ 34,619	\$ 13,914	\$ -	\$ 282,995	\$ 331,528

Southeast Island School District

Capital Projects Fund

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

<i>Year Ended June 30, 2016</i>	District Wide	Thorne Bay K-12 Structural Repairs	Coffman Housing	Wood Boiler	Totals
Revenues - state sources	\$ -	\$ -	\$ -	\$ 364,035	\$ 364,035
Expenditures					
Operations and maintenance of plant	19,430	-	-	1,224	20,654
Construction and facilities acquisition	176,996	-	2,345	362,811	542,152
Total Expenditures	196,426	-	2,345	364,035	562,806
Deficiency of Revenues Over Expenditures	(196,426)	-	(2,345)	-	(198,771)
Other Financing Sources					
Transfers in	-	-	2,345	-	2,345
Net Change in Fund Balances	(196,426)	-	-	-	(196,426)
Fund Balances, beginning	248,945	10,560	-	-	259,505
Fund Balances, ending	\$ 52,519	\$ 10,560	\$ -	\$ -	\$ 63,079

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

<i>Year Ended June 30, 2016</i>	Actual
Expenditures	
Operations and maintenance of plant:	
Professional and technical services	\$ 9,550
Other purchased services	1,080
Supplies, materials, and media	7,396
Other expenditures	1,404
Total operations and maintenance of plant	19,430
Construction and facilities acquisition:	
Other purchased services	81,098
Supplies, materials, and media	93,165
Other expenses	2,733
Total construction and facilities acquisition	176,996
Total Expenditures	196,426
Net Change in Fund Balance	(196,426)
Fund Balance, beginning	248,945
Fund Balance, ending	\$ 52,519

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

<i>Year Ended June 30, 2016</i>	Actual
Revenues	\$ -
Expenditures	
Construction and facilities acquisition - supplies, materials, and media	2,345
Deficiency of Revenues Over Expenditures	(2,345)
Other Financing Sources	
Transfers in	2,345
Net Change in Fund Balance	-
Fund Balance, beginning	-
Fund Balance, ending	\$ -

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

<i>Year Ended June 30, 2016</i>	Budget	Actual	Variance With Final Budget
Revenues			
State sources	\$ 832,635	\$ 364,035	\$ (468,600)
Expenditures			
Operations and maintenance of plant:			
Staff travel	-	40	(40)
Supplies, materials, and media	-	1,184	(1,184)
Total operations and maintenance of plant	-	1,224	(1,224)
Construction and facilities acquisition:			
Non-certificated salaries	181,127	38,908	142,219
Employee benefits	-	21,297	(21,297)
Staff travel	375	-	375
Energy	43,000	-	43,000
Other purchased services	451,095	6,611	444,484
Supplies, materials, and media	20,111	150,255	(130,144)
Other expenditures	-	1,902	(1,902)
Indirect costs	108,605	-	108,605
Equipment	153,030	143,838	9,192
Total construction and facilities acquisition	957,343	362,811	594,532
Total Expenditures	957,343	364,035	593,308
Excess (Deficiency) of Revenues Over Expenditures	(124,708)	-	124,708
Other Financing Sources			
Transfers in	124,708	-	(124,708)
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, 2016

Total fund balance - School Operating Fund	\$	498,591
less exemptions per 4 AAC 09.160(a) inventory		<u>57,122</u>
Fund Balance Subject to 10% Limitation	\$	<u>441,469</u>

Nonexempt fund balance as a percentage of current year expenditures:

<u>Fund balance subject to limitation</u>		441,469	=	<u>5.63%</u>
Current year expenditures		<u>7,840,507</u>		

Southeast Island School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grant Title	Pass-Through Entity Identifying Number/ Grant Number	Federal CFDA 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	MA16SISS01	10.553	\$ 34,771	\$ 34,771
National School Lunch Program	MA16SISS02	10.555	72,412	<u>72,412</u>
Total Child Nutrition Cluster				<u>107,183</u>
Fresh Fruit and Vegetable Program - passed through the State of Alaska, Department of Education and Early Development:				
Fresh Fruit and Vegetable Program	FF16SISS01	10.582	5,022	<u>4,291</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	2016	10.665	312,714	<u>312,714</u>
Total U.S. Department of Agriculture				<u>424,188</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	IP16SISS01	84.010	73,716	<u>53,104</u>
Migrant Education State Grant Program - passed through the State of Alaska, Department of Education and Early Development:				
Title I-C Migrant Education	IP16SISS01	84.011	28,737	24,757
Migrant Education Books	MB16SISS01	84.011	1,173	<u>1,173</u>
Total Migrant Education State Grant Program				<u>25,930</u>

Southeast Island School District
Schedule of Expenditures of Federal Awards, continued
Year Ended June 30, 2016

Federal Grant Title	Pass-Through Entity Identifying Number/ Grant Number	Federal CFDA 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	SE16SISS01	84.027	\$ 55,648	\$ 50,311
IDEA Part B Title VI-B Section 619 Preschool Disabled	SE16SISS02	84.173	2,052	1,929
Total Special Education Grants to States Cluster				<u>52,240</u>
Alaska Native Educational Programs				
Passed through WW IDEA Inc.:				
AKISS-ANEP	S356A150053	84.356	13,700	13,664
Contributing to Adolescent Resiliency through Education - CARE	S356A150058	84.356	190,058	190,058
Total Alaska Native Educational Programs				<u>203,722</u>
Indian Education Grants to Local Educational Agencies - direct - Indian Education				
	S060A152401	84.060	7,403	6,503
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	IP16SISS01	84.367	45,163	36,403
Education Grants - passed through the State of Alaska, Department of Education and Early Development:				
Career and Technical Education	EK16SISS01	84.048	21,000	20,994
Total U.S. Department of Education				<u>398,896</u>
Total Expenditures of Federal Awards				<u>\$ 823,084</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, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditure are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

Southeast Island School District has elected not to use the 10-percent de minimis indirect rate allowed under the Uniform Guidance.

Southeast Island School District
Schedule of State Financial Assistance
Year Ended June 30, 2016

Name of Award	Grant Number	Total Grant Award	State Expenditures
Department of Education and Early Development			
Direct:			
* Public School Foundation Program	FY16	\$ 5,426,208	\$ 5,426,208
* School Broadband Grant	SBG.16.044.019	249,301	232,149
* Student Transportation	FY 16	224,220	224,220
Quality Schools	FY 16	14,974	14,974
Teacher Retention - Moore Settlement	WQ16.SISS.01	8,639	<u>1,700</u>
Total Department of Education and Early Development			<u>5,899,251</u>
Department of Commerce and Community Economic Development			
Nutritional Alaskan Foods	15-NAFS-390	1,441	1,441
* Southeast School District Wood Boilers	7081147	832,635	<u>364,035</u>
Total Department of Commerce and Community Economic Development			<u>365,476</u>
Department of Administration			
* TRS Relief	FY16		344,833
PRS Relief	FY16		<u>51,678</u>
Total Department of Administration			<u>396,511</u>
Total State Financial Assistance			<u>\$ 6,661,238</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, 2016. 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 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, 2016, 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 December 9, 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
December 9, 2016



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3601 C Street, Suite 600
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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
December 9, 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, 2016. 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 requirement 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, 2016.

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
December 9, 2016

Southeast Island School District

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2016

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 2 CFR 200.516(a)) that are required to be reported.

Section IV - State Award Findings and Questioned Costs

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