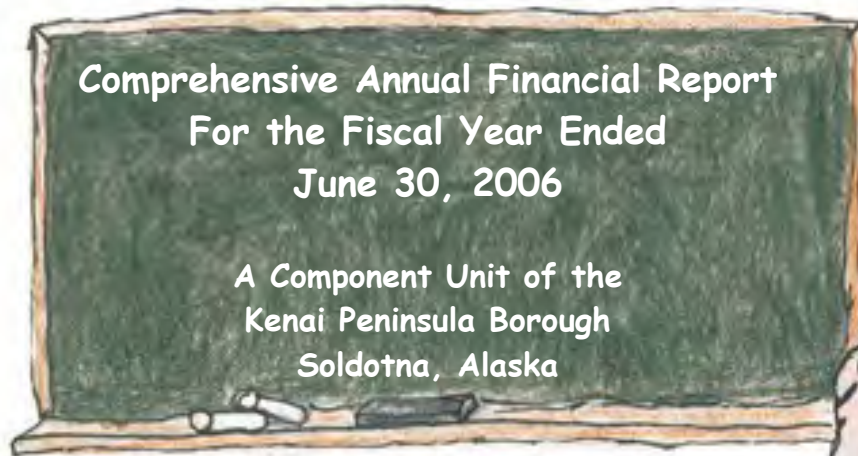


KENAI PENINSULA BOROUGH SCHOOL DISTRICT

CAFR



COMPREHENSIVE ANNUAL FINANCIAL REPORT

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

**A Component Unit of the Kenai Peninsula Borough
Soldotna, Alaska**

**For the Fiscal Year Ended
June 30, 2006**

Dr. Donna Peterson, Superintendent of Schools

Prepared by Finance Department

**Melody Douglas, RSBO
Chief Financial Officer**

**Laurie Olson
Chief Accountant**

Kenai Peninsula Borough School District

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INTRODUCTORY SECTION

School District Map

Letter of Transmittal

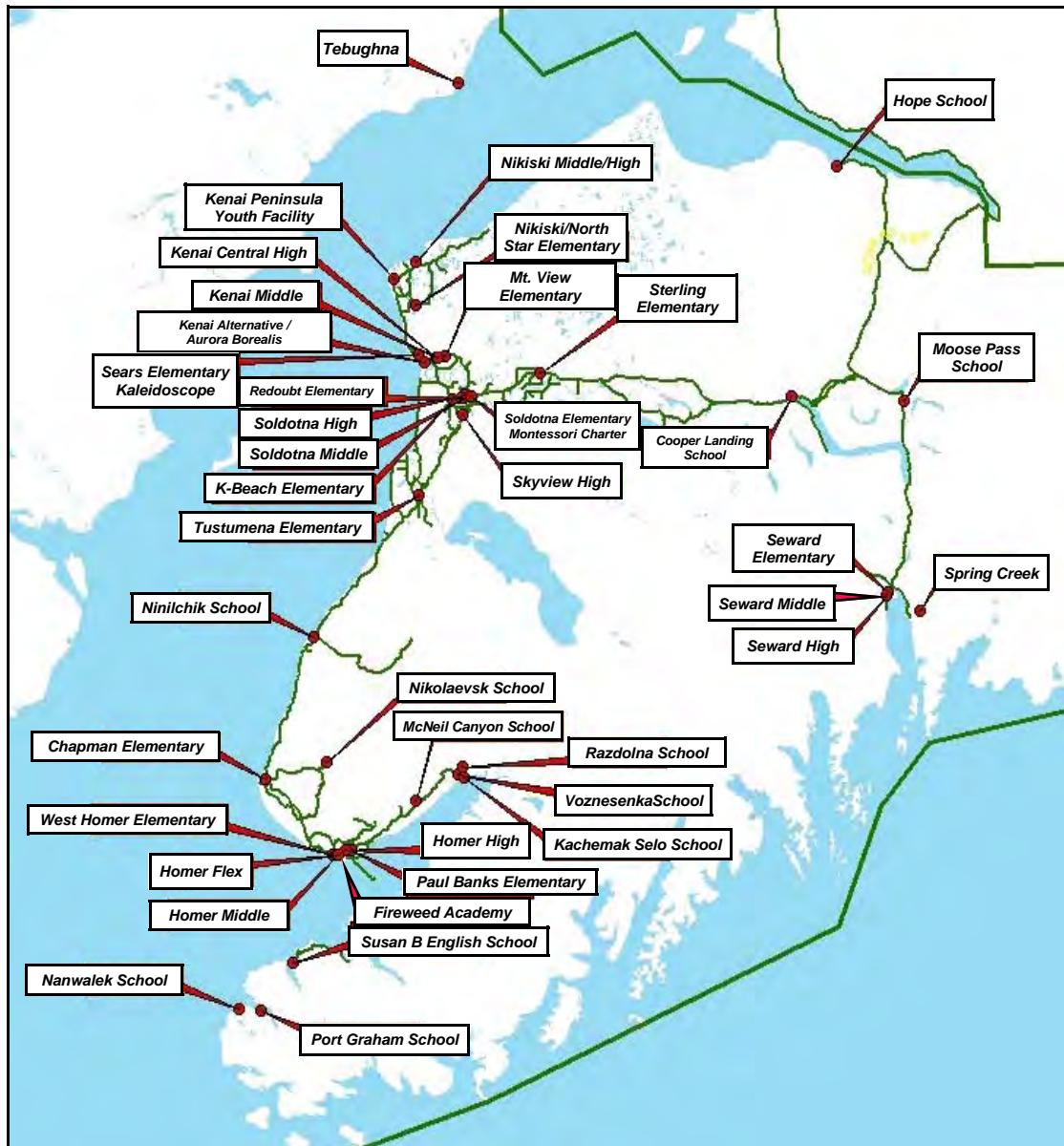
Certificate of Achievement, GFOA

Certificate of Excellence, ASBO

Organizational Chart

Kenai Peninsula Borough School Board and Administration

The Kenai Peninsula Borough School District Map



The Kenai Peninsula Borough School Board governs the Kenai Peninsula Borough School District and is comprised of nine members. The School Board generally meets on the first and third Monday of each month. The meetings are held in the Assembly Chambers of the Borough Building located on Binkley Street in Soldotna, Alaska. In addition, special meetings and work sessions are scheduled throughout the year.



KENAI PENINSULA BOROUGH SCHOOL DISTRICT

Melody Douglas, Chief Financial Officer
148 North Binkley Street Soldotna, Alaska 99669-7553
Phone (907) 262-5846 Fax (907) 262-9645

September 8, 2006

Members of the Board of Education and Citizens of the School District
Kenai Peninsula Borough School District
Soldotna, Alaska

The Comprehensive Annual Financial Report (CAFR) of the Kenai Peninsula Borough School District (District), for the fiscal year ended June 30, 2006 is submitted herewith. This report was prepared by the School District's finance department following the guidelines recommended by the Government Finance Officers Association of the United States and Canada, the Association of School Business Officials International and generally accepted accounting principles (GAAP). The statutes of the State of Alaska require that the Board of Education provide for an audit of all school accounts within ninety days following the close of the fiscal year, by an independent certified public accountant.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the School District. We believe the data, as presented, is accurate in all material aspects and is presented in a manner designed to fairly set forth the financial position and results of operations of the School District as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the School District's financial affairs have been included.

The District's financial statements have been audited by Mikunda, Cottrell & Co., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2006 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2006 are fairly presented in conformity with GAAP. The auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, state and federally mandated "Single Audit" designed to meet the special needs of state and federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited school district's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of state and federal awards. These reports are available in the District's separately issued single-audit report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Comprehensive Annual Financial Report (CAFR)

The District's CAFR consists of four parts:

1. The introductory section includes this transmittal letter, a list of the elected officials of the Board of Education and their offices held, a list of selected administration officials, the District's administrative organizational chart, and information on financial reporting achievements.
2. The financial section consists of MD&A, the basic financial statements, required supplementary information, and combining and individual fund statements and schedules. Combining statements are presented when the District has at least one non-major fund of a given fund category. Various combining statements are also presented to demonstrate compliance with the Alaska Department of Education and Early Development's *Uniform Chart of Accounts and Account Code Descriptions for Public School Districts*.
3. The schedules section includes the schedules of state and federal financial assistance.
4. The statistical section provides mostly trend data and non-financial information useful in assessing a government's financial condition. It also includes demographic and other miscellaneous information of the District. Some tables present District data which has been combined with data provided by the Kenai Peninsula Borough (primary government) to give a consolidated overview of the District's financial status.

The Reporting Entity

This report includes all funds and account groups of the District. The Kenai Peninsula Borough School District is a dependent unit; therefore, the financial data is required to be reported in the Comprehensive Annual Financial Report (CAFR) of the Kenai Peninsula Borough. Audited financial statements for the Borough are available upon request from its administrative offices. The District CAFR provides greater detail as a special report in accordance with State Regulations.

Relationship with Kenai Peninsula Borough

Pursuant to Alaska Statute 14.12.020(c) the Kenai Peninsula Borough Assembly provides the money which must be raised from local sources, to maintain and operate the School District. Alaska Statute 14.14.060 states a Borough can establish a centralized treasury and is responsible for major rehabilitation, all construction and major repair of school buildings. The Kenai Peninsula Borough provides for new construction, debt service, centralized treasury, building maintenance, and the cost of property and fire insurance for school facilities.

Therefore, such physical plant, bonded debt, capital improvement funds, tax levies, tax collection, maintenance of buildings and insurance of buildings are accounted for by the Kenai Peninsula Borough and are reflected in their report. The maintenance of buildings and insurance of buildings is also required by the State of Alaska to be shown in the School District report as "in-kind revenue and expenditures." These amounts are shown in the report in the General Fund Schedules.

Included in the Financial Report are numerous statistical tables presenting a financial and statistical history of the Kenai Peninsula Borough School District for the last ten years. Some tables present School District data that has been combined with data provided by the Kenai Peninsula Borough to give a consolidated overview of the School District's financial status.

Board of Education – Governance of the School District

Alaska Statute sections 12.12.010 – 115 provide for the creation of school districts in the State of Alaska and establish a school board as the governing body for each district. The nine voting members of the

School District Board of Education (Board of Education) determine policy for operation and management of the District. Each member serves for three years, elected each year for overlapping terms.

Profile of the District

The District encompasses an area of 25,600 square miles. Approximately 9,389 students attend forty-four schools and the guided independent study program in our district, in twenty-one communities. Our schools include K-12 configurations in remote sites to conventional configurations in our larger communities. The School District provides a full range of educational services on an area-wide basis within the Kenai Peninsula Borough. These services include elementary education, secondary education, bilingual education, vocational education, education for exceptional students, correspondence study, pupil transportation, food service program, athletic programs, instructional and general administrative services. Special needs are met with the assistance of programs and services such as Alaska Native education, gifted/talented, bilingual/bicultural, Chapter 1/Migrant Education and special education.

Internal Control

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal account controls. Management of the District has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because costs of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, the District's internal account controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls

The objective of the District's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Resources are allocated to and accounted for in individual funds, based upon the purposes for which those funds were created. Transfers of \$10,000 or more are authorized by the Board of Education. Therefore, the legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriation) is the fund level. All other transfers are authorized by the superintendent and reported quarterly to the Board of Education.

Factors Affecting Financial Condition

The District and Borough government are largely dependent upon actions of the State government to finance its operating and capital programs. Projected declining levels of production indicate that State oil revenue, which funds 85% of the State's budget, cannot be counted on to continue to fund local governments at the current level. State funding for municipal operations ended in FY2003 with the exception of school debt reimbursement and fish tax. As the State government attempts to reduce its operating budget, more responsibilities will tend to be shifted down to the local level.

The Borough's economy has experienced consistent, gradual growth since the late 1980's. Local indicators point to continued growth and stability. In recent years, taxable property values have increased at a rate faster than Borough expenditures. As a result, the Borough's tax rate has decreased. Borough wide, the general government tax rate has decreased from 8.59 mills in FY1996 to 6.5 mills in FY2006. Sales tax continues to generate a large portion of the borough's revenue; in FY1998, sales tax revenue represented 21% of total general fund revenues; in FY2006 sales tax revenue represents 29% of general fund revenues. The oil and gas industry is demonstrating strength in diversity. Its focus is expanding from natural gas exploration and reworking of existing fields to include explorational drilling for both oil and natural gas resources.

The Alaska State Legislature increased the base student dollar allocation used in the Public School Funding Program from \$4,476 to \$4,919 per student representing a 9.9% increase to public education for FY2006. This funding increase allowed the District to keep abreast of structured salary and benefit increases and annual employer rate increases to Public Employers Retirement System and Teachers Retirement System of 5% for each system. In addition, the District was able to maintain reduced class sizes at most levels in a focused effort toward increased student achievement.

The financial condition of the school district is, and will continue to be, a pressing concern for the future. The State Public School Funding Program sets the amount of general school funding the School District receives from the State and it also sets the limit of the amount to be raised from local sources under an equalization section of the formula. The School District anticipates being at the local effort cap under the formula again next fiscal year for the eighteenth year. Future inflationary costs will most likely need to be absorbed by budget reductions. Of significant concern, is the ability of the Kenai Peninsula Borough to continue funding the District to the funding cap with reduced State municipal support.

Changes in enrollment have a dramatic impact on the District's Public School Funding Program revenues from the State. Enrollment is expected to decline over the next few years. Currently, the Public School Funding Program does not provide mechanisms to deal with inflation and general price increases. There is ongoing effort to review the adequacy of educational funding and regional cost differences, but any changes would be subject to action by the State Legislature.

Cash Management

All cash funds of the District are maintained in the Borough's central cash treasury to maximize investments income while minimizing risk of loss of capital. The District is not authorized to secure direct investments. Borough Ordinances describe the objectives, policies and procedures for the investment of Borough funds and applies to the investments of all Borough monies, unless provided expressly by ordinance. The Borough's investment policy is to minimize market risks, maintain sufficient liquidity, and to achieve reasonable rates of return.

The School District staff works closely with the Borough staff concerning cash management and projected cash flow. Interest income is allocated to the District based upon the cumulative, month-end cash equity balances.

Risk Management

The District, in conjunction with the Borough, has a limited self-insurance program which is administered by a risk management committee. As part of this program, resources are accumulated in an internal service fund of the Borough which is more fully described in the notes.

Pension and Other Post-employment Benefits

The District participates in the Alaska Public Employees' Retirement System (PERS), a defined benefit, agent, multiple employer public employee retirement system and the Alaska Teachers' Retirement (TRS), a defined benefit cost-sharing multiple employer retirement system. PERS and TRS are established and administered by the State of Alaska to provide pension, post-employment health care, death, and disability benefits to eligible employees. The District records a net pension obligation as required by GASB 45.

Certificate of Excellence/Certificate of Achievement

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2005.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2005.

This was the fifteenth year the school district received these prestigious awards. In order to be awarded a Certificate of Achievement, the school district must publish an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement and a Certificate of Excellence are valid for a period of one year only. We believe our current CAFR continues to meet the high standards of the Certificate of Achievement and Certificate of Excellence program requirements and are submitting it to ASBO International and GFOA to determine its eligibility for another certificate.

Acknowledgments

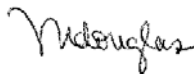
The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the District's Business Office and the cooperation of the Borough Finance Department. We would like to express our appreciation to all the people who assisted and contributed to the preparation of this report. We would also like to thank the members of the Board of Education, for their unfailing support for maintaining the highest standards of professionalism in the management of the District's finances.

We would also like to acknowledge the student efforts, particularly Tesia White, 4th grade Connections student, for designing the cover of this document.

Respectfully submitted,



Dr. Donna Peterson
Superintendent



Melody Douglas, RSBO
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kenai Peninsula Borough
School District
Alaska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

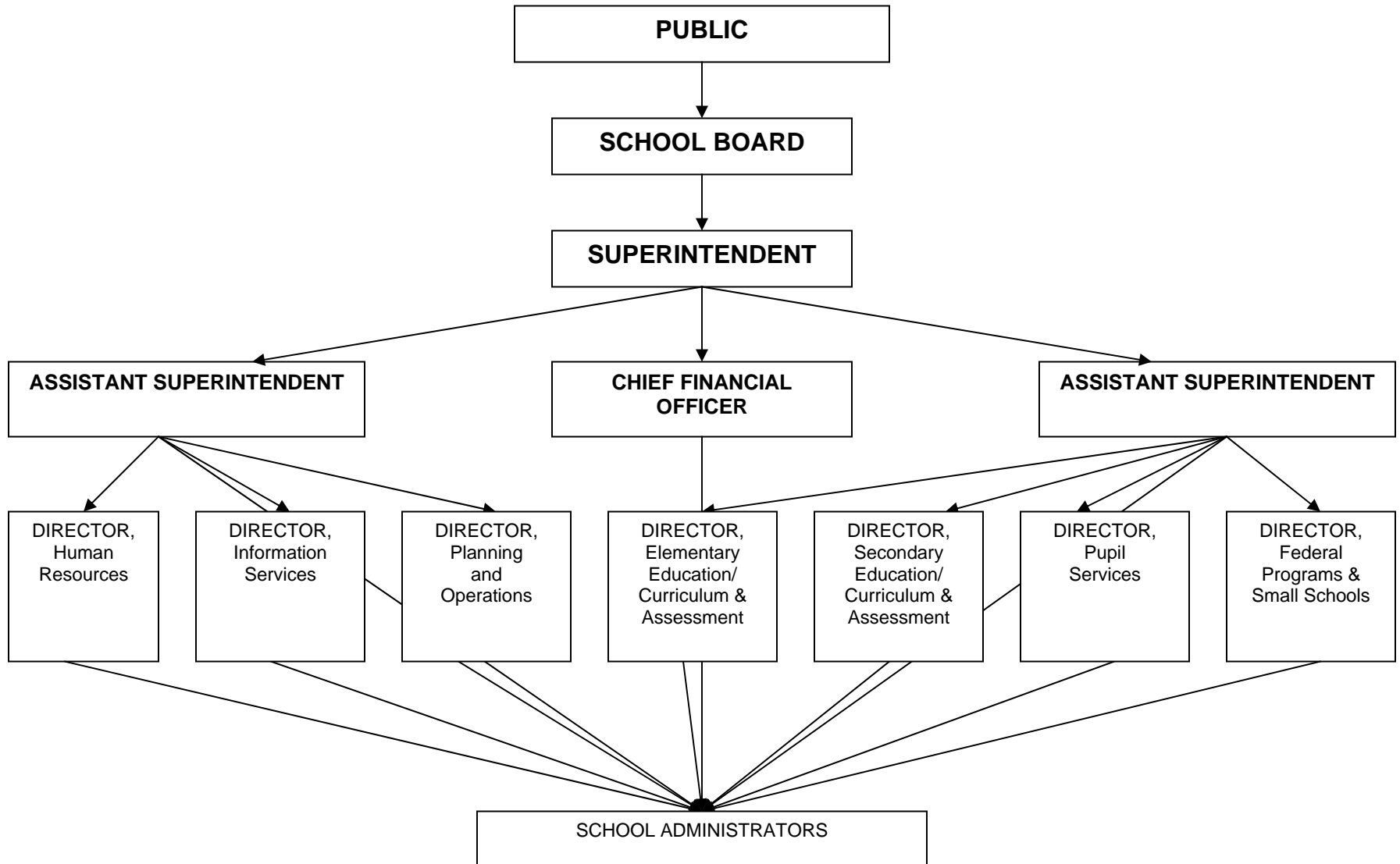
For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2005

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Interim Executive Director

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
Organizational Chart



KENAI PENINSULA BOROUGH SCHOOL DISTRICT

**148 North Binkley Street
Soldotna, Alaska 99669**

SCHOOL BOARD

**Mrs. Debra Mullins, President
Mrs. Sammy Crawford, Vice President
Ms. Sandra Wassilie, Clerk
Dr. Nels Anderson, Member
Mr. Marty Anderson, Member
Ms. Liz Downing, Member
Mr. Bill Hatch, Member
Ms. Sunni Hilts, Member
Mrs. Debbie Brown, Member
Miss Kelly King, Student Representative**

ADMINISTRATION

**Dr. Donna Peterson, Superintendent of Schools
Mr. Glen Szymoniak, Assistant Superintendent
Mr. Sam Stewart, Assistant Superintendent
Mrs. Melody Douglas, Chief Financial Officer**

MIKUNDA, COTTRELL & Co.

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

215 Fidalgo, Suite 206 • Kenai, Alaska 99611

(907) 283-3484, Fax (907) 283-5842

Independent Auditor's Report

Members of the School Board
Kenai Peninsula Borough School District
Soldotna, Alaska

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kenai Peninsula Borough School District, a component unit of the Kenai Peninsula Borough, Alaska, as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Kenai Peninsula Borough School District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Kenai Peninsula Borough School District as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Title 1 Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2006 on our consideration of the District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Members of the School Board
Kenai Peninsula Borough School District

The Management's Discussion and Analysis, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standard Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kenai Peninsula Borough School District's basic financial statements. The introductory section, combining and individual fund statements, schedules, and statistical section as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements, schedules, the Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and the Schedule of State Financial Assistance as required by the State of Alaska Office of Management and Budget, *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section, as identified in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



September 13, 2006

Management's Discussion and Analysis

As management of the Kenai Peninsula Borough School District (District), we offer readers of the Kenai Peninsula Borough School District's financial statements this overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 5-9 of this report.

Financial Highlights

- The assets of the Kenai Peninsula Borough School District exceeded its liabilities at the close of the most recent year by \$7,033,380. Of this amount, \$4,863,722 (unrestricted net assets) may be used to meet the government's ongoing obligations.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$9,340,590, an increase of \$819,305 in comparison to the prior year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$5,894,990. Of this amount, \$3,027,327 was unreserved, undesignated and available for spending. The unreserved, undesignated fund balance for the General Fund represented 3.5% of total General Fund expenditures.
- The District's total debt increased by \$1,675,107. The increase is due to recording the long-term liability for PERS that results from funding PERS at less than the actuarial rate.

Overview of the Financial Statements

The management discussion and analysis serves as an introduction to the District's basic financial statements, which are the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements report information about the overall finances of the District similar to a business enterprise. These statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations.

The statement of net assets presents information on all of the District's assets less liabilities, which results in net assets. The statement is designed to display the financial position of the District. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities provides information which shows how the District's net assets changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting method used by private-sector business. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid.

The Statement of Net Assets and the Statement of Activities distinguish functions of the District that are financed primarily by intergovernmental revenues and charges for services (governmental activities) from functions where user fees and charges to customers help to cover some of the cost of services (business-type activities). The District does not have any business-type activities.

The government-wide financial statements can be found on pages 35-36 of this report.

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on short-term view of the District's operations. Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains 30 individual governmental funds. Information is presented separately in the Balance Sheet – Governmental Funds and The Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds for the General Fund and the Title I Fund, both of which are considered to be major funds. Data for the other 28 funds are combined into a single aggregated presentation. Data for each of these non-major governmental funds is provided in combining and individual funds section of the financial statements.

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

The basic governmental fund financial statements can be found on pages 37-42 of this report.

Internal Service Funds are an accounting device used to accumulate and allocate costs. The District uses this fund to account for employee compensated leave. Individual fund data for this fund can be found on pages 43-45.

Fiduciary funds. Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for others. Activities from fiduciary funds are not included in the government-wide financial statements because the District cannot use these assets for its operations.

The basic fiduciary fund financial statement can be found on page 46 of this report.

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

The notes to the financial statements can be found on pages 49-61 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

The combining and individual fund statements referred to earlier in connection with nonmajor governmental funds can be found on pages 85-128.

Governmental-wide Financial Analysis

The District's financial position has declined slightly as of June 30, 2006 compared to June 30, 2005, due primarily to the increase the District's Public Employees Retirement System liability. This situation will be likely be exacerbated by the tenuous nature of enrollment projected for FY2007 and beyond, and increased labor, utility and insurance costs. A straight-line enrollment less two (2) percent projection was used for FY2007 after numerous years of an annual 2% enrollment decline. If actual enrollment doesn't meet projection, the District will again be in a situation of declining revenue with increasing costs. Although, the Alaska Legislature has increased educational funding in recent years, much of the increase has been needed to address annual increases to employer Public Employee Retirement System (PERS) and Teachers Retirement System (TRS) rate increases and other costs.

As noted earlier, over time the increase or decrease in net assets may serve as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$7,033,380, at June 30, 2006 compared to \$7,677,700 at June 30, 2005.

Net Assets
Governmental Activities

| | <u>June 30, 2006</u> | <u>June 30, 2005</u> |
|---|----------------------|----------------------|
| Current and other assets | \$20,557,934 | \$19,021,787 |
| Capital assets | <u>1,197,683</u> | <u>1,119,182</u> |
| Total Assets | <u>21,755,617</u> | <u>20,140,969</u> |
| | | |
| Current and other liabilities | 11,286,070 | 10,633,483 |
| Long-term liabilities | <u>3,436,167</u> | <u>1,829,786</u> |
| Total Liabilities | <u>14,722,237</u> | <u>12,463,269</u> |
| | | |
| Net Assets | | |
| Invested in capital assets, net of debt | 1,128,957 | 917,475 |
| Restricted | 1,040,701 | 1,005,346 |
| Unrestricted | <u>4,863,722</u> | <u>5,754,879</u> |
| Total Net Assets | <u>\$7,033,380</u> | <u>\$7,677,700</u> |

Changes in net assets. The total revenues and expenses for governmental activities are reflected in the following chart:

| Changes in Net Assets Governmental Activities | | |
|--|--------------------------------|----------------------|
| | <u>June 30,</u> <u>2006</u> | <u>June 30, 2005</u> |
| Revenues: | | |
| Program revenues | | |
| Charges for Services | \$1,216,514 | \$1,231,122 |
| Operating Grants and Contributions | 15,528,173 | 13,150,270 |
| Capital Grants and Contributions | - | - |
| General Revenues | | |
| Public School Funding Program | 50,003,179 | 46,467,673 |
| Borough Appropriation | 34,973,682 | 33,744,607 |
| Earnings on Investments | 494,410 | 197,556 |
| Other | 1,289,969 | 966,037 |
| Total Revenues | <u>103,505,927</u> | <u>95,757,265</u> |
| Expenses: | | |
| Instruction | 49,522,478 | 44,487,883 |
| Special Education - Instruction | 8,862,570 | 8,406,422 |
| Special Education - Pupil | 3,225,301 | 3,104,193 |
| Support Services - Pupil | 2,600,385 | 2,042,984 |
| Support Services - Instruction | 2,044,711 | 1,596,111 |
| School Administration | 4,468,581 | 4,103,546 |
| School Administration - Support | 3,318,375 | 3,088,974 |
| District Administration | 824,772 | 792,270 |
| District Administration - Support | 3,567,003 | 2,954,860 |
| Operation and Maintenance of Plant | 16,197,981 | 15,618,107 |
| Student Activities | 1,196,254 | 1,134,118 |
| Student Transportation Services | 4,737,416 | 4,509,731 |
| Community Services | 291,539 | 258,882 |
| Student Nutrition Services | 3,292,881 | 2,931,524 |
| Total Expenses | <u>104,150,247</u> | <u>95,029,605</u> |
| Change in Net Assets | <u>(644,320)</u> | <u>727,660</u> |
| Beginning Net Assets as of July 1 | <u>7,677,700</u> | <u>6,950,040</u> |
| Ending Net Assets as of June 30 | <u>\$7,033,380</u> | <u>\$7,677,700</u> |

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure

of a government's net resources available for spending at the end of the fiscal year. Did the District generate enough revenue to pay for current obligations? What is available for spending at the end of the year?

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$9,340,590, an increase of \$819,305 in comparison with the prior year. A portion of this amount is reserved to indicate that it is not available to new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period: \$1,050,902, 2) for inventories: \$727,147, and 3) for Charter Schools: \$1,010,775. The remainder of fund balance is unreserved \$6,551,766, although \$2,867,663 is shown as designated in accordance with the District's fund balance policy. The remaining undesignated fund balance is comprised of \$656,776 for special revenue funds leaving \$3,027,327 available for spending at the government's discretion.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance was \$8,668,172, unreserved fund balance was \$5,894,990, and unreserved undesignated fund balance was \$3,027,327. General fund balance increased \$898,202 from the prior year. The key factor relevant to this increase is due to a limited spending approach on a district-wide basis. Given expected increased costs per the collective bargaining process, rising utility and expected increases to employer retirement system rates it has been necessary to review all spending with an eye to future needs

General Fund Budgetary Highlights

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

- Enrollment fell short of projection by 202 FTE representing \$1,066,553 in decreased revenue; this budget adjustment was approved on December 5, 2005 and revised on July 17, 2006.
- The District revises all salary and benefit budgets annually to reflect actual costs; that adjustment was approved December 5, 2005 in the amount of (\$1,067,861) in addition to a decrease of \$101,742 for health care costs due to the decrease in staffing needs.

Capital Assets and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2006 amounts to \$1,197,683 (net of accumulated depreciation) compared to \$1,119,182 as of June 30, 2005. The investment in capital assets includes furniture and equipment. Additional information on the District's capital assets can be found in note 4.

Long-term debt. At the end of the current fiscal year, the District had total debt outstanding of \$3,504,893 compared to \$1,962,767 as of June 30, 2005. Additional information on long-term debt can be found in note 5 of this report.

Economic Factors and the Next Year's Budget and Rates.

In setting the budgets for FY2007, the District considered a number of issues with District wide impact, among them:

- A sufficient level of funding necessary to meet the needs of the District including maintaining pupil/teacher ratios and settlement of collective bargaining agreements.
- A continued reduction in the historical variance between budget and actual revenues and expenditures.
- Maintenance of the District's financial condition.

- The highest level of local educational funding which Borough residents can reasonably afford and sustain.
- A high quality operational maintenance program that ensures the continued use and economic value of borough facilities.

Request for information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finance. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief Financial Officer, Kenai Peninsula Borough School District, 148 N. Binkley Street, Soldotna, AK 99669.

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2006

ASSETS

| | |
|--|--------------------|
| Current Assets: | |
| Cash | \$ 40,760 |
| Equity in Central Treasury | 16,339,308 |
| Accounts Receivable | 323,430 |
| Due from Other Governments | 2,816,661 |
| Inventories | <u>1,037,775</u> |
| Total Current Assets | <u>20,557,934</u> |
| Capital Assets: | |
| Furniture and Equipment | 4,721,488 |
| Less Accumulated Depreciation | <u>(3,523,805)</u> |
| Capital Assets - Net of Accumulated Depreciation | <u>1,197,683</u> |
| Total Assets | <u>21,755,617</u> |

LIABILITIES

| | |
|--|-------------------|
| Current Liabilities: | |
| Accounts Payable | 673,910 |
| Accrued Liabilities | 7,903,593 |
| Deferred Revenue | 54,976 |
| Compensated Absences | 2,584,865 |
| Current Portion of Long-Term Obligations: | |
| Contracts Payable | <u>68,726</u> |
| Total Current Liabilities | <u>11,286,070</u> |
| Noncurrent Liabilities: | |
| Noncurrent Portion of Long-Term Obligations: | |
| PERS Liability | <u>3,436,167</u> |
| Total Noncurrent Liabilities | <u>3,436,167</u> |
| Total Liabilities | <u>14,722,237</u> |

NET ASSETS

| | |
|---|---------------------|
| Invested in Capital Assets, net of related debt | 1,128,957 |
| Restricted: | |
| Charter Schools | 1,010,775 |
| Special Revenue Funds | 29,926 |
| Unrestricted | <u>4,863,722</u> |
| Total Net Assets | <u>\$ 7,033,380</u> |

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

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2006

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets |
|-----------------------------------|-----------------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | |
| Governmental activities: | | | | |
| Instruction | \$ 49,522,478 | \$ - | \$ 8,844,903 | \$ (40,677,575) |
| Special Education - Instruction | 8,862,570 | - | - | (8,862,570) |
| Special Education - Pupil | 3,225,301 | - | - | (3,225,301) |
| Support Services - Pupil | 2,600,385 | - | 22,070 | (2,578,315) |
| Support Services - Instruction | 2,044,711 | - | - | (2,044,711) |
| School Administration | 4,468,581 | - | - | (4,468,581) |
| School Administration - Support | 3,318,375 | - | 2,787 | (3,315,588) |
| District Administration | 824,772 | - | - | (824,772) |
| District Administration - Support | 3,567,003 | - | 6,199 | (3,560,804) |
| Operation & Maintenance of Plant | 16,197,981 | - | 201,465 | (15,996,516) |
| Pupil Activities | 1,196,254 | - | - | (1,196,254) |
| Community Services | 291,539 | 226,712 | 6,712 | (58,115) |
| Pupil Transportation | 4,737,416 | - | 4,592,424 | (144,992) |
| Food Service | 3,292,881 | 989,802 | 1,851,613 | (451,466) |
| Total governmental activities | <u>\$ 104,150,247</u> | <u>\$ 1,216,514</u> | <u>\$ 15,528,173</u> | <u>\$ (87,405,560)</u> |

General revenues:

Grants and contributions not restricted to specific programs:

| | |
|-------------------------------|---------------------|
| Borough direct appropriation | 34,973,682 |
| Public School Funding Program | 50,003,179 |
| Other State Revenue | 110,355 |
| Earnings on Investments | 494,410 |
| E-Rate Program | 508,938 |
| Medicaid Reimbursement | 526,918 |
| Hurricane Katrina Relief | 17,250 |
| Other | 85,392 |
| Gain on Retirement of Assets | 41,116 |
| Total general revenues | <u>86,761,240</u> |
| Change in net assets | (644,320) |
| Net assets - beginning | <u>7,677,700</u> |
| Net assets - ending | <u>\$ 7,033,380</u> |

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

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

| | General | Title I | Other Governmental | Total Governmental Funds |
|--------------------------------------|----------------------|---------------------|-----------------------|--------------------------------|
| <u>ASSETS</u> | | | | |
| Assets: | | | | |
| Cash | \$ 40,760 | \$ - | \$ - | \$ 40,760 |
| Equity in Central Treasury | 13,085,840 | - | 668,603 | 13,754,443 |
| Accounts Receivable | 316,737 | - | 6,693 | 323,430 |
| Due from Other Governments | - | 1,319,471 | 1,497,190 | 2,816,661 |
| Due from Special Revenue Funds | 3,077,478 | - | - | 3,077,478 |
| Inventories | 711,505 | - | 326,270 | 1,037,775 |
| Total Assets | <u>\$ 17,232,320</u> | <u>\$ 1,319,471</u> | <u>\$ 2,498,756</u> | <u>\$ 21,050,547</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ 660,555 | \$ 3,224 | \$ 10,131 | \$ 673,910 |
| Accrued Liabilities | 7,903,593 | - | - | 7,903,593 |
| Deferred Revenue | - | - | 54,976 | 54,976 |
| Due to General Fund | - | 1,316,247 | 1,761,231 | 3,077,478 |
| Total Liabilities | <u>8,564,148</u> | <u>1,319,471</u> | <u>1,826,338</u> | <u>11,709,957</u> |
| Fund Balances: | | | | |
| Reserved for: | | | | |
| Charter Schools | 1,010,775 | - | - | 1,010,775 |
| Encumbrances | 1,050,902 | - | - | 1,050,902 |
| Inventories | 711,505 | - | 15,642 | 727,147 |
| Unreserved: | | | | |
| Designated for: | | | | |
| Software Replacement | 400,000 | - | - | 400,000 |
| Technology Plan II | 652,500 | - | - | 652,500 |
| Potential Interest Shortfall | 400,000 | - | - | 400,000 |
| School Incentive Purchases | 557,829 | - | - | 557,829 |
| Facilities Maintenance | 857,334 | - | - | 857,334 |
| Undesignated: | | | | |
| General Fund | 3,027,327 | - | - | 3,027,327 |
| Special Revenue Fund | - | - | 656,776 | 656,776 |
| Total Fund Balances | <u>8,668,172</u> | <u>-</u> | <u>672,418</u> | <u>9,340,590</u> |
| Total Liabilities and Fund Balances | <u>\$ 17,232,320</u> | <u>\$ 1,319,471</u> | <u>\$ 2,498,756</u> | <u>\$ 21,050,547</u> |

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

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2006

| | | |
|---|--------------------|---------------------|
| Fund balances – total governmental funds | | \$ 9,340,590 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| <p>Additional PERS liability for FY06 due to paying a rate of 16.81% of payroll which is less than the actuarial rate of 28.21% of covered payroll</p> | | |
| PERS liability | \$1,443,581 | |
| PERS liability due to other governments | <u>231,526</u> | |
| | 1,675,107 | |
| Prior year Cumulative Net Pension Obligation | <u>1,761,060</u> | |
| Total PERS liability | | (3,436,167) |
| <p>The cost of capital assets (furniture and equipment) purchased is reported as an expenditure in governmental funds. The statement of net assets includes those capital assets among the assets of the School District as a whole. The cost of those capital assets is allocated over their useful lives (as depreciation expense) to the various functions reported as governmental activities in the statement of activities.</p> | | |
| Cost of capital assets | 4,721,488 | |
| Accumulated depreciation to date | <u>(3,523,805)</u> | |
| | | 1,197,683 |
| <p>Liabilities applicable to the District's governmental funds are not due and payable in the current period and accordingly are not reported as governmental fund liabilities. All liabilities are reported in the statement of net assets:</p> | | |
| Contracts payable | | <u>(68,726)</u> |
| Net assets | | <u>\$ 7,033,380</u> |

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

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
for the Year Ended June 30, 2006

| | General | Title I | Other Governmental | Total Governmental Funds |
|--|---------------------|------------------|-----------------------|--------------------------------|
| Revenues: | | | | |
| Local | \$ 34,973,682 | \$ - | \$ 798,918 | \$ 35,772,600 |
| State | 50,113,534 | - | 5,243,702 | 55,357,236 |
| Federal-Direct | - | - | 270,719 | 270,719 |
| Federal-Through the State | 544,168 | 4,011,939 | 5,187,807 | 9,743,914 |
| Food Sales | - | - | 989,802 | 989,802 |
| Corporate Grants and User Fees | - | - | 241,800 | 241,800 |
| Earnings on Investments | 494,410 | - | - | 494,410 |
| Other Revenues | 594,330 | - | - | 594,330 |
| Total Revenues | 86,720,124 | 4,011,939 | 12,732,748 | 103,464,811 |
| Expenditures - Current: | | | | |
| Instruction | 40,582,039 | 4,011,939 | 4,828,967 | 49,422,945 |
| Special Education - Instruction | 8,584,176 | - | - | 8,584,176 |
| Special Education Services - Pupil | 3,208,595 | - | - | 3,208,595 |
| Support Services - Pupil | 2,570,227 | - | 22,072 | 2,592,299 |
| Support Services - Instruction | 1,939,417 | - | - | 1,939,417 |
| School Administration | 4,447,682 | - | 2,787 | 4,450,469 |
| School Administration - Support | 3,186,117 | - | 6,199 | 3,192,316 |
| District Administration | 806,948 | - | - | 806,948 |
| District Administration - Support | 3,393,748 | - | - | 3,393,748 |
| Operations & Maintenance of Plant | 15,517,792 | - | 201,465 | 15,719,257 |
| Pupil Activities | 1,199,233 | - | - | 1,199,233 |
| Community Services | - | - | 278,567 | 278,567 |
| Pupil Transportation | - | - | 4,674,831 | 4,674,831 |
| Food Service | - | - | 3,182,705 | 3,182,705 |
| Total Expenditures | 85,435,974 | 4,011,939 | 13,197,593 | 102,645,506 |
| Excess (Deficiency) of Revenues Over Expenditures | 1,284,150 | - | (464,845) | 819,305 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | - | - | 385,948 | 385,948 |
| Transfers Out | (385,948) | - | - | (385,948) |
| Total Other Financing Sources (Uses) | (385,948) | - | 385,948 | - |
| Net Change in Fund Balances | 898,202 | - | (78,897) | 819,305 |
| Fund Balances, Beginning of Year | 7,769,970 | - | 751,315 | 8,521,285 |
| Fund Balances, End of Year | \$ 8,668,172 | \$ - | \$ 672,418 | \$ 9,340,590 |

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

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
June 30, 2006

| | | |
|--|------------------|---------------------|
| Net change in fund balances – total governmental funds | | \$ 819,305 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| The Employee Public Employee Retirement System (PERS) employer contribution rate approved by the PERS Board for FY06 was 16.81%. The actuarial rate was 28.21%; the 11.40% difference results in additional pension expense on the Statement of Activities. | | (1,675,107) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by depreciation exceeded capital outlays in the current period. | | |
| Capital outlays | \$ 292,655 | |
| Current depreciation expense | <u>(255,270)</u> | |
| | | 37,385 |
| Gain on retirement of assets | | 41,116 |
| Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. | | <u>132,981</u> |
| Change in net assets | | <u>(\$ 644,320)</u> |

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

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
MAJOR GOVERNMENTAL FUNDS - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
June 30, 2006

| | Budgeted Amounts | | Actual | Variance with Final Budget - Favorable (Unfavorable) |
|--|------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Local | \$ 35,054,596 | \$ 34,973,682 | \$ 34,973,682 | \$ - |
| State | 51,069,732 | 50,003,179 | 50,113,534 | 110,355 |
| Federal-Through the State | 380,000 | 380,000 | 544,168 | 164,168 |
| Earnings on Investments | 350,000 | 570,000 | 494,410 | (75,590) |
| Other Revenues | 778,875 | 778,875 | 594,330 | (184,545) |
| Fund Balance Appropriation | 1,927,108 | 2,440,628 | - | (2,440,628) |
| | | | | |
| Total Revenues | 89,560,311 | 89,146,364 | 86,720,124 | (2,426,240) |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 43,827,773 | 42,875,473 | 40,582,039 | 2,293,434 |
| Special Education - Instruction | 9,036,946 | 8,698,618 | 8,584,176 | 114,442 |
| Special Education Services - Pupil | 3,384,335 | 3,471,479 | 3,208,595 | 262,884 |
| Support Services - Pupil | 2,195,147 | 2,591,383 | 2,570,227 | 21,156 |
| Support Services - Instruction | 2,332,857 | 2,267,910 | 1,939,417 | 328,493 |
| School Administration | 4,378,441 | 4,418,860 | 4,447,682 | (28,822) |
| School Administration - Support | 3,384,271 | 2,999,079 | 3,186,117 | (187,038) |
| District Administration | 824,938 | 829,336 | 806,948 | 22,388 |
| District Administration - Support | 3,071,428 | 3,214,488 | 3,393,748 | (179,260) |
| Operations & Maintenance of Plant | 15,826,958 | 16,765,808 | 15,517,792 | 1,248,016 |
| Pupil Activities | 1,297,217 | 1,315,114 | 1,199,233 | 115,881 |
| | | | | |
| Total Expenditures | 89,560,311 | 89,447,548 | 85,435,974 | 4,011,574 |
| Other Financing Uses: | | | | |
| Transfers Out - Special Revenue Fund | - | - | 385,948 | (385,948) |
| | | | | |
| Total Expenditures and Other Financing Uses | 89,560,311 | 89,447,548 | 85,821,922 | 3,625,626 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | <u>\$ -</u> | <u>\$ (301,184)</u> | \$ 898,202 | <u>\$ 1,199,386</u> |
| Fund Balances, Beginning of Year | | | <u>7,769,970</u> | |
| Fund Balances, End of Year | | | <u>\$ 8,668,172</u> | |

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

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
 MAJOR GOVERNMENTAL FUNDS - TITLE I
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 June 30, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget - Favorable (Unfavorable) |
|--|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Federal-Through the State | <u>3,808,989</u> | <u>5,299,853</u> | <u>4,011,939</u> | <u>(1,287,914)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | <u>3,808,989</u> | <u>5,299,853</u> | <u>4,011,939</u> | <u>1,287,914</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| Fund Balances, Beginning of Year | | | <u>-</u> | |
| Fund Balances, End of Year | | | <u>\$ -</u> | |

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

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
INTERNAL SERVICE FUND
June 30, 2006

| | Employee Compensated Leave Fund |
|------------------------------|--|
| | |
| ASSETS | |
| Current assets: | |
| Equity in central treasury | <u>\$ 2,584,865</u> |
| Total current assets | <u>2,584,865</u> |
| Total assets | <u><u>2,584,865</u></u> |
| | |
| LIABILITIES | |
| Current liabilities: | |
| Compensated absences payable | <u>2,584,865</u> |
| Total current liabilities | <u>2,584,865</u> |
| | |
| NET ASSETS | |
| Unrestricted | <u>-</u> |
| Total net assets | <u><u>\$ -</u></u> |

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

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUND
June 30, 2006

| | Employee Compensated Leave Fund |
|--------------------------------|--|
| | |
| Operating Revenues: | |
| Charges for sales and services | \$ 258,435 |
| Total operating revenues | 258,435 |
| Operating Expenses: | |
| Administrative service | 258,435 |
| Total Operating expenses | 258,435 |
| Operating income (loss) | - |
| Total net assets-beginning | - |
| Total net assets-ending | \$ - |

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

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
June 30, 2006

| | Employee Compensated Leave Fund |
|--|--|
| | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Increase in accumulated leave | \$ 258,435 |
| Net cash provided by operating activities | 258,435 |
| Increase in cash and cash equivalents | 258,435 |
| Cash and cash equivalents, beginning of year | 2,326,430 |
| Cash and cash equivalents, end of year | \$ 2,584,865 |
| | |
| Reconciliation of operating income to net cash provided (used) by operating activities: | |
| Operating Income | - |
| | |
| Change in assets and liabilities: | |
| Increase in compensated leave liability | 258,435 |
| Total adjustments | 258,435 |
| Net cash provided by operating activities | \$ 258,435 |

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

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2006

| | Student Activity <u>Agency Funds</u> |
|----------------------------|---|
| <u>ASSETS</u> | |
| Equity in Central Treasury | <u>\$ 2,015,058</u> |
| Total Assets | <u>2,015,058</u> |
| <u>LIABILITIES</u> | |
| Deposits Due Others | <u>2,015,058</u> |
| Total Liabilities | <u>\$ 2,015,058</u> |

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

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Kenai Peninsula Borough School District (the "School District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. 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 School District's accounting policies are described below.

Reporting Entity

Pursuant to Alaska Statutes, Title 29-35.160, the Kenai Peninsula Borough (the "Borough") has the responsibility of establishing, maintaining and operating a system of public schools. The Borough has delegated the administrative responsibilities for compliance with the statutes to the School Board of the Kenai Peninsula Borough School District, while retaining the responsibility for the physical plant except furniture and equipment. School District financial data is discretely presented in the Kenai Peninsula Borough Comprehensive Annual Financial Report.

Complete financial statements of the Borough may be obtained from the Borough Clerk's Office at 144 N. Binkley Street, Soldotna, Alaska 99669; phone number 907-262-4441.

These financial statements include all funds and account groups of the School District. The operational services provided directly by the Borough have been included in the General Fund as Intergovernmental-Local revenue and expenditures. The State of Alaska Department of Education and Early Development required information reporting changes this year. Implementation of those changes resulted in changes to the format of this document; readers will notice less detail.

During the year ended June 30, 2006, the School District recorded in-kind services provided by the Borough for school operations as follows:

| | |
|-----------------------------------|---------------------|
| Custodial | \$ 95,591 |
| Utilities | 46,855 |
| Maintenance | 5,354,770 |
| Insurance | 1,753,765 |
| Audit | 26,000 |
| Amount Available for Future Years | <u>109,109</u> |
| | <u>\$ 7,386,090</u> |

Measurement Focus, Basis of Accounting and Financial Statement Presentation Modified. The School District's governmental funds use the modified accrual basis of accounting, whereas the fiduciary and internal service fund use the accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. "Measurable" means amounts can be reasonably determined within the current period. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. All major revenue sources including revenues from the Kenai Peninsula Borough, the State of Alaska and the United States government are considered susceptible to accrual. Expenditures are recorded at the time when the related fund liability is incurred.

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund reports only assets and liabilities and as such cannot be said to have a measurement focus. Agency funds do, however, use the accrual basis of accounting to recognize receivables and payables. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter-fund activity has been eliminated from the district-wide financial statements.

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

Entitlements and shared revenues are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenue for expenditure-driven grants is recognized when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the School District.

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

The School District reports the following major governmental funds:

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

Title I Fund – The Title I fund primarily provides supplemental reading support to struggling learners. Another focus of this fund addresses the needs of students struggling with mathematics concepts. In addition to direct services to students, Title I programs provide staff development opportunities and parent involvement support at each school.

Additionally, the School District reports the following fund types:

Agency Fund – The pupil activities agency fund accounts for the assets held by the School District as an agent for various student and school-related organizations.

Internal Service Fund – This fund accounts for the assets needed to pay for accrued employee compensated leave.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the district-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Fund Accounting

The accounts of the School District are organized on the basis of funds. A fund is considered a separate set of self-balancing accounts comprised of assets, liabilities, fund balance, revenues and expenditures for

transactions related to certain district functions or activities. Undesignated fund balance represents the excess of assets over liabilities and reserved fund balance.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate fund types.

Governmental Funds Governmental fund operations are focused on the measurement of the sources and flow of current financial resources. This measurement is unique in that generally only current expendable financial resources are accounted for in this group. Governmental funds consist of the following fund types:

General Fund - The general School District activities are recorded in the General Fund. The revenues of the General Fund are derived primarily from the Kenai Peninsula Borough and allocations received from the State of Alaska and the United States government. Primary expenditures in the general fund are made for student instruction, operation of plant and administration.

The State Board of Education and Early Development adopted a revision to the Uniform Chart of Accounts and Account Code Descriptions for Public School Districts effective July 1, 2001. The School District implemented this revision early, with a separate function to account for school administrators being the most significant change.

Special Revenue Funds - These funds account for revenues from specific revenue sources including food sales, transportation, grants from the State of Alaska and United States government, and transfers from the General Fund designated to finance particular functions and activities.

Proprietary Funds Proprietary funds are focused on the measurement of the economic resources required for a particular purpose and limitations on the use of net assets rather than on the source of those assets. Proprietary funds report a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Internal Service Fund – The employee compensated leave fund was established effective FY04 to account for the assets required to pay for sick, personal, and annual leave accrued by employees.

Fiduciary Funds This fund category is used to account for those assets which the School District holds on behalf of others as their agent.

Student Activity Fund - The Student Activity Fund accounts for each Kenai Peninsula Borough school's individual activity account which sponsors student activities within the school such as athletics and student clubs.

District-wide Financial Statements

The statement of net assets and the statement of activities display information about the reporting entity as a whole. Fiduciary funds are not included in the district-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers, parents, or students who purchase, use, or directly benefit from goods or services provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. The local government's contribution to education, State of Alaska public school foundation program revenue, and other items not properly included among program revenues are reported instead as general revenues.

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets (net of related debt) consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws, or regulations of other governments.

Budgets

The budgetary data presented in the financial statements is reflective of the following procedures:

The Kenai Peninsula Borough School District Board of Education is required by Alaska law to adopt and submit their annual budget to the Kenai Peninsula Borough Assembly by May 1 of each year for approval by the Borough Assembly. Within 30 days after receipt of the School District budget, the Borough Assembly must determine the total amount of funds to be made available from local sources for school purposes, and must furnish the Board of Education with a statement of this amount. Subsequent changes in the School District budget must be authorized by the Borough Assembly, as well as the Board of Education.

Subsequent to formal budget adoption, the Board of Education may, by motion, transfer appropriations between major budget classifications or departments. The Superintendent may transfer amounts between line items within a major budget classification. Appropriations on annual budgets lapse at year-end.

Activities of the general fund and the special revenue funds are included in the annual appropriating budget.

Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.

The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Kenai Peninsula Borough School District Board of Education. Resources are allocated to, and accounted for, in individual funds, based upon the purposes for which those funds were created. The legal level of control (that is, the level at which expenditures cannot legally exceed the appropriation) is at the fund level.

The School District maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Open encumbrance amounts lapse at year-end. However, these amounts are automatically reappropriated by Board Policy as part of the subsequent year's budget.

The School District prepares its budget on generally accepted accounting principles (GAAP) basis.

The Alaska Legislature passed HB 1, which increased the base student allocation from \$4,576 to \$4,919, an increase of \$343. Of that increase, approximately \$175 was identified (on a statewide basis) as the amount needed to address the incremental rate increases of 5% for the Public Employees Retirement System and 5% for the Teachers Retirement System that were in effect for FY06. The FY06 budget was developed with a forecast of 9,591 students. There were actually 9,392 students in grades K-12 at the end of the 20-day count on October 28, 2005.

The decrease in enrollment and resulting decrease in projected OASIS figures used in the foundation formula led to decreased revenue. A combination of budget revisions on December 5, 2005 and July 17, 2006 reflected a loss in state funding of \$1,066,553 and local revenue of \$80,914. Although there was an increase in Earnings on Investments, in order to offset the lost state and local revenues and to adjust for estimated increases in utility costs, it was necessary to increase the allocation of fund balance by \$513,520, for a total allocation of \$2,440,628 of fund balance for the year.

These budget amendments are detailed as follows:

**Kenai Peninsula Borough School District
FY06 Revenue Budget Change – General Fund**

| <u>Revenue Source</u> | 7-11-05 KPBSD Original Budget | 12-5-05 KPBSD Budget Revision | 7-17-06 KPBSD Budget Revision | KPBSD Final Budget |
|----------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-----------------------|
| Borough In-Kind | \$ 7,397,004 | \$ - | \$ - | \$ 7,397,004 |
| Borough Appropriation | 27,657,592 | (70,408) | (10,506) | 27,576,678 |
| Earnings on Investments | 350,000 | - | 220,000 | 570,000 |
| E-Rate | 648,875 | - | - | 648,875 |
| Rentals | 30,000 | - | - | 30,000 |
| Miscellaneous | 100,000 | - | - | 100,000 |
| Allocation of Fund Balance | <u>1,927,108</u> | <u>513,520</u> | <u>-</u> | <u>2,440,628</u> |
| Local Revenue | <u>38,110,579</u> | <u>443,112</u> | <u>209,494</u> | <u>38,763,185</u> |
| Foundation Program | 50,842,148 | (1,017,471) | (45,624) | 49,779,053 |
| Quality Schools | 227,584 | (3,310) | (148) | 224,126 |
| Tuition | - | - | - | - |
| State Revenue | <u>51,069,732</u> | <u>(1,020,781)</u> | <u>(45,772)</u> | <u>50,003,179</u> |
| Medicaid | 380,000 | - | - | 380,000 |
| Public Law 874 | - | - | - | - |
| Federal Revenue | <u>380,000</u> | <u>-</u> | <u>-</u> | <u>380,000</u> |
| General Fund Revenue | <u>\$ 89,560,311</u> | <u>\$ (577,669)</u> | <u>\$ 163,722</u> | <u>\$ 89,146,364</u> |

Cash and Investments

The School District participates in a Central Treasury managed by the Kenai Peninsula Borough. The Central Treasury concept permits investment of combined funds. Each fund has an account titled, "Equity in Central Treasury" which is that fund's share of the Equity in Central Treasury. Each fund whose monies are deposited in the Central Treasury has equity therein.

Borough ordinance authorizes the Borough to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, bankers' acceptances of the fifty largest banks, highest rated commercial paper, repurchase agreements, fully collateralized certificates of deposit, money market mutual funds, highest rated bonds and notes issued by a state or political subdivision thereof, and the Alaska Municipal League Investment Pool, Inc. Borough ordinance places limitations on maturity of investments, and Borough investment procedures limit the level of investment by type. School District investments are insured or registered or are securities which are held by the Borough or its agent in the Borough's name, the lowest risk category as defined by Statement No. 3 of the Governmental Accounting Standards Board.

Cash is used to account for cash held in bank accounts for the Student Activity Agency Fund and to account for petty cash and other cash not classified elsewhere. All deposits are collateralized by federal deposit insurance or by securities held by the Borough's agent in the Borough's name.

Investments are stated at fair market value.

Short Term Interfund Receivables/Payables

During the course of operations, individual funds may overdraw their share of the pooled cash in the Central Treasury. Such advances are classified as "due to other funds" while the offsetting interfund receivable is classified as "due from other funds" in the General Fund on the balance sheet.

Inventories

Inventories are recorded at average cost on a first-in, first-out basis. General fund inventory consists of expendable supplies and equipment held at the central warehouse for issuance to schools or other School District locations. Food Service Fund inventory consists primarily of foodstuffs. The cost of inventory items in the School Operating Fund and Food Service Fund is included in expenditures when issued to schools from the central warehouse or issued for consumption. Land acquired for the Building Trades Project (see Note 7) is recorded at cost. A portion of fund balance is reserved for inventory to indicate that inventory does not represent available, spendable resources even though it is a component of assets.

School Maintenance Supply inventory is maintained and accounted for by the Kenai Peninsula Borough. The cost of these inventory items is included in Borough In-Kind Services.

Capital Assets

The Borough owns and accounts for all land, school buildings, and improvements other than buildings, which are provided to School District schools without charge. General capital assets, which consist of furniture and equipment, are reported in the governmental activities column in the district-wide financial statements. General capital assets are defined by the School District as assets with an initial, individual cost of \$5,000 or more, and an estimated useful life in excess of one year. General capital assets are valued at cost or estimated historical cost when the original cost is not available and depreciated/ amortized over their estimated useful lives. Donated capital assets are valued at their estimated fair market value on the date received. The District owns land to be used for furthering vocational instruction. Additional information may be found in Note 7. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on estimated useful lives of 5 to 20 years for furniture and equipment.

Compensated Absences

It is the School District's policy to allow employees to accumulate leave benefits which vary by employee groups. Leave benefits include annual leave, certain sick leave balances that are paid at retirement, and personal leave which may be cashed in under certain conditions. The School District accumulates the resources to pay compensated absences and records its liability for these compensated absences in the internal service fund.

Sick leave that is not payable upon retirement is recorded as an expenditure/expense when used. Compensated absences historically are expenditures of the general fund, food service fund, Title I fund and transportation fund.

Fund Balance

Reserves for encumbrances, inventories, and Charter Schools represent those portions of fund balance legally segregated for future use. Designated portions of fund balances for the technology plan, potential interest shortfall, school incentive purchases, and for the next year's operations represent tentative planning for future use of financial resources. Undesignated fund balance represents the excess of assets over liabilities and designated fund balance.

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 General Fund and Special Revenue Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities and will be honored through subsequent year's expenditures.

Grants

Reimbursable grant revenues are recognized in the respective grant fund at the time eligible expenditures are made.

In-Kind Contributions

The Kenai Peninsula Borough pays for certain expenditures of the school district. The School District records these amounts as in-kind contributions at their actual cost.

Interfund Transactions

Interfund services provided and used are accounted for as revenues and expenditures between the participating funds. Transactions that constitute reimbursement to a fund for expenditures initially made from it and that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund being reimbursed.

Except for interfund services and reimbursements, all other interfund transfers are reported as transfers.

NOTE 2 - EQUITY IN CENTRAL TREASURY

The carrying value of the equity in the Central Treasury varies from the balances reported on the balance sheet by the amount that individual funds have overdrawn their share of the pooled cash. A reconciliation of the carrying value to the reported value as of June 30, 2006 is as follows:

| | General | Special Revenue | Internal Service Fund | Governmental Total | Agency |
|---|----------------------|---------------------|--------------------------|-----------------------|---------------------|
| Carrying value of equity in Central Treasury | \$ 13,085,840 | \$ 668,603 | \$ 2,584,865 | \$16,339,308 | \$ 2,015,058 |
| Due to (from) other funds | <u>(3,077,478)</u> | <u>3,077,478</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Reported Equity in Central Treasury | <u>\$ 10,008,362</u> | <u>\$ 3,746,081</u> | <u>\$ 2,584,865</u> | <u>\$16,339,308</u> | <u>\$ 2,015,058</u> |

NOTE 3 - RECEIVABLES

Receivables at June 30, 2006, consist of the following:

| | General | Special Revenue | Total |
|-------------------|-------------------|---------------------|---------------------|
| Accounts | \$ 288,981 | \$ 6,693 | \$ 295,674 |
| Intergovernmental | <u>27,756</u> | <u>2,816,661</u> | <u>2,844,417</u> |
| Total receivables | <u>\$ 316,737</u> | <u>\$ 2,823,354</u> | <u>\$ 3,140,091</u> |

All receivables are considered collectible based upon the terms and nature of the grants and receivables; therefore, no allowance for uncollectible receivables has been provided.

NOTE 4 - CAPITAL ASSETS

The Borough owns and accounts for all land, school buildings and improvements other than buildings, which are provided to School District schools without charge. Capital assets, as recorded in the School District's financial

records, consist of furniture and equipment. The changes in capital assets by major class for year ended June 30, 2006, were as follows:

| Governmental activities: | July 1, 2005 <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | June 30, 2006 <u>Balance</u> |
|--|--------------------------------|------------------|------------------|---------------------------------|
| Furniture and equipment | \$ 4,580,729 | \$ 292,655 | \$ (151,896) | \$ 4,721,488 |
| Less accumulated depreciation for furniture and equipment | <u>(3,461,547)</u> | <u>(255,270)</u> | <u>193,012</u> | <u>(3,523,805)</u> |
| Governmental activities capital assets, net | <u>\$ 1,119,182</u> | <u>\$ 37,385</u> | <u>\$ 41,116</u> | <u>\$ 1,197,683</u> |

Depreciation expense was charged to governmental activities as follows:

| | |
|---------------------------------------|--------------------------|
| Instruction | \$ 102,770 |
| Special Education - pupil instruction | 1,303 |
| Support services - instruction | 2,321 |
| School administration | 18,112 |
| District administration | 1,680 |
| District administration - support | 35,610 |
| Operation and maintenance of plant | 8,811 |
| Pupil activities | 18,333 |
| Pupil transportation | 52,632 |
| Food services | <u>13,698</u> |
| Total depreciation expense | <u><u>\$ 255,270</u></u> |

Schedule of Capital Assets
Depreciation Classes by Useful Life

| <u>Useful Life (years)</u> | <u>Description</u> |
|----------------------------|--|
| 5 | Computers, printers, and library equipment. |
| 7 | Vehicles, and audio video equipment |
| 10 | Buses, musical instruments, athletic, food service, and medical equipment. |
| 15 | Classroom communication, custodial, shop and playground equipment. |
| 20 | Furniture |

NOTE 5 - LONG TERM DEBT

The School District's long-term debt as of June 30, 2006 is comprised of the following:

Long-term contracts payable

| | |
|---|------------------|
| \$ 623,522 for the purchase of (100) copiers, with contracts due in annual payments through 2007 at 4.4% interest | \$ <u>68,726</u> |
| | \$ <u>68,726</u> |

The following is a summary of changes in long-term debt for the year ended June 30, 2006

| | <u>Long-Term Contracts Payables</u> |
|-------------------------|---|
| Payable at July 1, 2005 | \$ 201,707 |
| Payments | <u>(132,981)</u> |
| Payable at July 1, 2006 | \$ <u>68,726</u> |

The annual requirements to amortize debt outstanding as of June 30, 2006 are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|------------------|
| 2006-07 | \$ <u>68,726</u> | \$ <u>1,147</u> | \$ <u>69,873</u> |
| Total | \$ <u>68,726</u> | \$ <u>1,147</u> | \$ <u>69,873</u> |

Interest expense for the year of \$6,762 is included in direct functional expenses on the Statement of Activities. The current portion of contracts payable at June 30, 2006 is \$68,726. Information related to PERS debt is located in Note 6.

NOTE 6 – DEFINED BENEFIT PENSION PLANS

The following information conforms to the requirements of Governmental Accounting Standards Board (GASB) Statement 26, *Accounting for Pensions by State and Local Government Employers*. In addition, this note includes the information required by GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The District elected to early implement GASB Statement 45 with the FY 2005 financial statement.

Description of Plans

The School 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 participants. The Public Employees' Retirement System (PERS) is an agent multiple employer plan which covers eligible State and local government employees. The plans were established and are administered by the State of Alaska to provide pension, postemployment healthcare, death, and disability benefits. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

Both plans are included in comprehensive annual financial reports that include financial statements and other required supplemental information. The reports are available at the following address:

Department of Administration
 Division of Retirement and Benefits
 P.O. Box 110203
 Juneau, AK 99811-0203

Funding Policy

For PERS, employees are required to contribute 6.75% of their annual covered salary (4.05% for pension and 2.70% for health care). The employee contribution rate for TRS is 8.65% of covered base salary (6.90% for pension and 1.75% for health care). Under both plans, the funding policy provides for periodic employer contributions, based on actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay both pension and postemployment healthcare benefits when due, subject to an increase limitation. Under current regulations, employer rates cannot increase more than five percentage points annually.

As a result of the five percentage point limit, a significant difference exists between the actuarial rate and the actual pay-in rate for PERS during fiscal year 2006. TRS rates are also subject to the five percentage point limit; however, TRS rates are contractually established; therefore, there is no difference between the required rate and the actual rate, if the District pays the agreed-upon amount.

The five percentage point limit regulation has been repealed in 2005, but will not affect rates until fiscal year 2008, since the rates are established three years in advance of their effective date.

The District's contribution rates for 2006 are as follows:

| | <u>PERS</u> | | <u>TRS</u> |
|----------------------------|----------------------------|-------------------------------|--------------------------------------|
| | Adjusted Actual Rate | Actuarial Required Rate | Contractually Agreed-upon Rate |
| Pension | 10.08% | 16.91% | 16.76% |
| Post-employment healthcare | <u>6.73%</u> | <u>11.30%</u> | <u>4.24%</u> |
| Total contribution rate | <u>16.81%</u> | <u>28.21%</u> | <u>21.00%</u> |

Under both plans, employer contribution rates are a level percentage of payroll and are determined using the projected unit credit actuarial funding method. The plans use the level dollar method to amortize the unfunded liability over an open, rolling twenty-five year period. Funding surpluses are also amortized over twenty-five years.

The required contribution for each plan was determined as part of the June 30, 2003 actuarial valuation. The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plans and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits are based on the substantive plans (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefits costs between the District and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial values of assets.

The significant actuarial assumptions used in the valuation of the plans follow:

1. Investment return of 8.25% per annum, compounded annually, net of expenses;
2. Projected salary increases of 5.5% for the first five years of employment and 4.0% per year thereafter for TRS; Projected salary increases of 5.5% for the first ten years and 4.0% thereafter for PERS;
3. Health cost inflation of 12.0% for 2004 through 2005, trending downward 0.5% per year to 7.0% in FY15, 6.0% in FY16, and 5.0% thereafter;
4. Total inflation, as measured by the Consumer Price Index for urban and clerical workers for Anchorage, is assumed to increase 3.5% annually; and
5. Asset valuation – recognizes 20% of the investment gain or loss in each of the current and preceding four years. This method is being phased in over the next five years. All assets are valued at market value. Valuation assets cannot be outside the range of 80% to 120% of market value of assets.

Annual Pension and Postemployment Healthcare Cost - TRS

The District's annual pension and other postemployment benefit (OPEB) costs for the years ending June 30, 2006, 2005, and 2004, respectively, were equal to the contractually agreed upon rate for each year. Amounts contributed were as follows:

| Year Ending | Annual Pension Cost | Annual OPEB Cost | Total Benefit Cost (TBC) | Percentage of TBC Contributed |
|---------------|---------------------|------------------|--------------------------|-------------------------------|
| June 30, 2004 | \$ 3,635,829 | \$ 814,390 | \$4,450,219 | 100% |
| June 30, 2005 | 4,874,613 | 1,091,865 | 5,966,478 | 100% |
| June 30, 2006 | 6,547,311 | 1,657,339 | 8,204,650 | 100% |

For the year ended June 30, 2006, the District's annual pension and other postemployment benefit (OPEB) costs were as follows:

| | Pension | OPEB | Total |
|--|---------------------|---------------------|---------------------|
| Annual required contribution | \$ 2,086,324 | \$ 1,394,363 | \$ 3,480,687 |
| Interest on net pension obligation | 90,369 | 54,918 | 145,287 |
| Adjustment to annual required contribution | (67,420) | (40,973) | (108,393) |
| Annual pension cost | 2,109,273 | 1,408,308 | 3,517,581 |
| Contributions made | 1,243,156 | 830,844 | 2,074,000 |
| Increase in net pension/OPEB obligation | 866,117 | 577,464 | 1,443,581 |
| Net pension/OPEB obligation, beginning of year | 910,287 | 552,962 | 1,463,249 |
| Net pension/OPEB obligation, end of year | <u>\$ 1,776,404</u> | <u>\$ 1,130,426</u> | <u>\$ 2,906,830</u> |

In addition to the above pension and OPEB obligation due directly to PERS, the District also has an obligation to the Kenai Peninsula Borough for PERS and OPEB for the District's In-Kind Maintenance provided by the borough as follows:

| Fiscal Year Ending | Total Pension and OPEB |
|--------------------|------------------------|
| June 30, 2005 | \$ 297,811 |
| June 30, 2006 | 231,526 |
| | <u>\$ 529,337</u> |

Total net pension/OPEB obligation to PERS and Kenai Peninsula Borough is \$3,436,167.

Three-year trend information for PERS follows:

| Pension | Fiscal Year Ending | Annual Pension Cost (APC) | Actual Contributions | Percentage of APC Contributed | Net Pension Obligation* |
|---------|--------------------|---------------------------|----------------------|-------------------------------|-------------------------|
| | June 30, 2004 | \$ 473,140 | \$ 473,140 | 100% | \$ - |
| | June 30, 2005 | 1,758,787 | 848,500 | 48% | 910,287 |
| | June 30, 2006 | 2,109,273 | 1,243,156 | 59% | 866,117 |

| Post-employment healthcare | Fiscal Year Ending | Annual OPEB Cost | Actual Contributions | Percentage of OPEB Contributed | Net Pension Obligation* |
|----------------------------|--------------------|------------------|----------------------|--------------------------------|-------------------------|
| | June 30, 2004 | \$ 287,412 | \$ 287,412 | 100% | \$ - |
| | June 30, 2005 | 1,068,390 | 515,428 | 48% | 552,962 |
| | June 30, 2006 | 1,408,308 | 830,844 | 59% | 577,464 |

A schedule of funding progress for PERS for the three most recently published actuarial valuations follows:

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability | Unfunded (Assets in Excess of Liability) | Funded Ratio | Covered Payroll | Unfunded (Assets in Excess of) Liability as Percentage of Covered Payroll |
|---------------------------|---------------------------|-----------------------------|--|--------------|-----------------|---|
| June 30, 2003: | | | | | | |
| Pension | \$ 37,374,000 | \$ 52,357,000 | \$14,983,000 | 71% | \$10,487,000 | 143% |
| Postemployment healthcare | 24,980,000 | 34,993,000 | 10,013,000 | 71% | 10,487,000 | 95% |
| Totals: | <u>62,354,000</u> | <u>87,350,000</u> | <u>24,996,000</u> | | | |
| June 30, 2004: | | | | | | |
| Pension | 37,272,000 | 55,959,000 | 18,687,000 | 67% | 11,193,000 | 167% |
| Postemployment healthcare | 26,281,000 | 39,457,000 | 13,176,000 | 67% | 11,193,000 | 118% |
| Totals: | <u>63,553,000</u> | <u>95,416,000</u> | <u>31,863,000</u> | | | |
| June 30, 2005: | | | | | | |
| Pension | 27,592,416 | 46,196,752 | 18,604,336 | 60% | 13,270,063 | 140% |
| Postemployment healthcare | 39,610,357 | 66,317,855 | 26,707,498 | 60% | 13,270,063 | 201% |
| Totals: | <u>67,202,773</u> | <u>112,514,607</u> | <u>45,311,834</u> | | | |

NOTE 7 - BUILDING TRADES PROJECT

The School District has acquired various parcels of land on which vocational education classes of Kenai Central High School constructed houses. Periodically these houses are sold and the proceeds used to recover the School District's costs. These projects are supervised by the Kenai Peninsula Building Authority, a nonprofit organization established by the School District in October, 1969, for the specific purpose of administering and overseeing this "Building Trades Project."

NOTE 8 - FOOD SERVICE SPECIAL REVENUE FUND

The United States Department of Agriculture provided \$116,394 of food, milk and supplies during the year without charge to the School District. These in-kind contributions have been reflected as revenue and expenditures within the Food Service Special Revenue Fund.

NOTE 9 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payables resulting from short-term operating advances at June 30, 2006 are as follows:

| | <u>Receivable</u> | <u>Payable</u> |
|------------------------------|---------------------|---------------------|
| Major Fund - General Fund | \$ 3,077,478 | \$ - |
| Major Fund - Title I | - | 1,316,247 |
| Non-major governmental funds | - | 1,761,231 |
| | <u>\$ 3,077,478</u> | <u>\$ 3,077,478</u> |

Interfund Transfers

Transfers from the general fund to non-major governmental funds are for operating subsidies. The transfer to the internal service fund was to transfer funds to pay for future compensated leave, establishing the employee compensated leave fund.

Transfers between funds for the year ended June 30, 2006 were as follows:

| | <u>Transfer In:</u> | |
|----------------------------|-------------------------------------|--------------|
| | <u>Non-Major Governmental Funds</u> | <u>Total</u> |
| Transfer Out: General Fund | \$385,948 | \$385,948 |

NOTE 10 - RISK MANAGEMENT

The School District participates in a limited self-insurance program which is codified by Kenai Peninsula Borough ordinance and administered by a risk management committee. It is the responsibility of the risk management committee to insure, self-insure or select appropriate retention levels and deductibles for the risks confronting the School District. All losses and claims are reported to the Risk Management Office and are handled internally within the retention and deductible level. New claims and outstanding claims are reviewed monthly by the Kenai Peninsula Borough Attorney, who has an extensive background in tort law, and the Risk Manager. There were no significant changes in the amount of coverage during the current fiscal year.

The greatest exposure to financial loss confronting the School District would be in the areas of auto liability and general liability due to the fleet of vehicles operated and the number of properties owned and operated by the Kenai Peninsula Borough and School District. Based on historical evidence of claim value and the increasing ability to fund a greater level of retention, the risk management committee chose to retain the first \$250,000 of each occurrence at the beginning of fiscal year 1992.

Insurers provide annual aggregate limits up to \$11,750,000 in excess of our retention level for the exposures of general liability, auto liability, public official's liability and educational errors and omissions liability. Insurance coverage for these various types of liability exposure are being provided by insurers in a single package policy format. Building and contents are insured in excess of a \$100,000 deductible per occurrence, and data processing equipment and vehicles are insured in excess of a \$500 deductible per occurrence. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Borough continues to fully insure the non-owned aircraft liability risks.

In an attempt to reduce workers' compensation costs which had increased substantially in prior years, effective October 1, 2002, the Borough became self-insured for workers' compensation. This increase in cost represents the majority of the increase in the claims estimates as shown in the table below.

| | <u>Beginning of Fiscal Year Liability</u> | <u>Current Year Claim Estimates</u> | <u>Claim Payments</u> | <u>End of Fiscal Year Liability</u> |
|-------------|---|---|---------------------------|---|
| 2003 - 2004 | \$646,484 | \$1,205,119 | \$(1,027,471) | \$824,132 |
| 2004 - 2005 | 824,132 | 1,413,454 | (1,398,321) | 839,265 |
| 2005 - 2006 | 839,265 | 1,526,956 | (1,440,871) | 925,350 |

The significant increase in claim costs is due to workers' compensation claims. Also included above is a liability for incurred but not reported (IBNR) claims of \$50,000. Experience indicates those losses or claims do not go unreported for any significant length of time; therefore, the exposure to IBNR losses or claims is minimal.

The Kenai Peninsula Borough annually allocates the costs of insurance coverage on a proportionate share basis to the School District. In addition, an appropriate sum is allocated for anticipated losses and claims that will be paid within the self-insured retention and deductible levels.

NOTE 11 - CONTINGENCIES

From time to time, the District may be a participant in legal proceedings related to the conduct of its business. In the normal course of business, it also has various commitments and contingent liabilities, which are not reflected in the accompanying financial statements. In the opinion of management, any current legal proceedings, commitments or contingent liabilities will not materially affect the financial position of the District.

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 General Fund. In the opinion of management, any disallowed claims will not have a material effect on any fund type of the School District included in the financial statements, as of and for the year ended June 30, 2006.

Unemployment Insurance

The School District finances its participation in the Unemployment Insurance program by reimbursing the program for the actual benefits paid to former employees. As of June 30, 2006, the School District had not recorded a liability for unemployment benefits for persons employed prior to that time as the amount is not currently subject to reasonable estimation. However, in the opinion of management, any unemployment insurance reimbursement claims based on wages paid prior to June 30, 2006, will not have a material effect on the financial statements as of and for the year ended June 30, 2006.

MAJOR FUNDS

GENERAL FUND:

The general school district activities are recorded in the General Fund. The revenues of the General Fund are derived primarily from the Kenai Peninsula Borough and allocations received from the State of Alaska and the United States government. Primary expenditures in the General Fund are made for student instruction, administration, and operation and maintenance of plant.

General Fund Balance Sheet

General Fund Schedule of Changes in Fund Balance

General Fund Schedule of Revenues – Budget (GAAP Basis) and Actual

General Fund Schedule of Expenditures – Budget (GAAP Basis) and Actual

Statement of Compliance – AS 14.17.505

TITLE I FUND:

Title I encompasses all of the NCLB special revenue funding for the purpose of:

Improving basic Title I programs,
Improving the education of migrant children,
Prevention and intervention for children and youth who are neglected, delinquent or at-risk,
Teacher and principal training and recruitment,
English language acquisition, language enhancement and academic achievement,
Safe and drug-free schools and communities, and
Recruitment and professional development of teachers to increase student achievement.

Balance Sheet – Major Fund – Title I

Major Fund – Title I - Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget (GAAP Basis) and Actual

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
GENERAL FUND
BALANCE SHEET
As of June 30, 2006 and 2005

| <u>ASSETS</u> | <u>2006</u> | <u>2005</u> |
|--|----------------------|----------------------|
| Cash on hand | \$ 40,760 | \$ 40,201 |
| Equity in Central Treasury | 13,085,840 | 12,052,354 |
| Accounts receivable | 316,737 | 267,638 |
| Prepaid Items | - | - |
| Due from Special Revenue Funds | 3,077,478 | 2,855,241 |
| Inventory | <u>711,505</u> | <u>722,943</u> |
| Total Assets | <u>\$ 17,232,320</u> | <u>\$ 15,938,377</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Liabilities: | | |
| Accounts payable | <u>\$ 660,555</u> | <u>\$ 779,378</u> |
| Accrued liabilities: | | |
| Payroll | 3,779,469 | 3,620,273 |
| Retirement | 343,845 | 309,500 |
| Payroll taxes | 1,373,012 | 1,467,450 |
| Payroll deductions | 54,261 | 31,610 |
| Health | <u>2,353,006</u> | <u>1,960,196</u> |
| Total Accrued Liabilities | <u>7,903,593</u> | <u>7,389,029</u> |
| Total Liabilities | <u>8,564,148</u> | <u>8,168,407</u> |
| Fund Balance: | | |
| Reserved for encumbrances | 1,050,902 | 329,151 |
| Reserved for inventory | 711,505 | 722,943 |
| Reserved for charter schools | 1,010,775 | 979,415 |
| Unreserved: | | |
| Designated for software replacement | 400,000 | 400,000 |
| Designated Technology Plan II | 652,500 | 217,500 |
| Designated for potential interest shortfall | 400,000 | - |
| Designated for school/dept incentive purchases | 557,829 | 484,500 |
| Designated for next year's operations | - | 1,927,108 |
| Designated for facilities maintenance | 857,334 | 640,080 |
| Undesignated | <u>3,027,327</u> | <u>2,069,273</u> |
| Total Fund Balance | <u>8,668,172</u> | <u>7,769,970</u> |
| Total Liabilities and Fund Balance | <u>\$ 17,232,320</u> | <u>\$ 15,938,377</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF CHANGES IN FUND BALANCE
YEARS ENDED JUNE 30, 2006 and 2005

| | <u>2006</u> | <u>2005</u> |
|--|---------------------|---------------------|
| Fund Balance, Beginning of Year | \$ 7,769,970 | \$ 5,437,114 |
| Add Revenues and Other Financing Sources | 86,720,124 | 81,375,873 |
| Deduct Expenditures and Other Financing Uses | <u>(85,821,922)</u> | <u>(79,043,017)</u> |
| Fund Balance, End of Year | <u>\$ 8,668,172</u> | <u>\$ 7,769,970</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|---|--------------------|-------------------|---------------|--|----------------|
| | Original Budget | Current Budget | Actual | Variance Favorable (Unfavorable) | |
| Revenues: | | | | | |
| Local: | | | | | |
| Operating Fund | \$ 27,657,592 | \$ 27,576,678 | \$ 27,587,592 | \$ 10,914 | \$ 26,788,170 |
| Kenai Peninsula Borough - In-Kind | 7,397,004 | 7,397,004 | 7,386,090 | (10,914) | 6,956,437 |
| Total Local | 35,054,596 | 34,973,682 | 34,973,682 | - | 33,744,607 |
| State: | | | | | |
| Public School Funding | 50,842,148 | 49,779,053 | 49,779,053 | - | 46,240,302 |
| LOG/Quality Schools | 227,584 | 224,126 | 224,126 | - | 227,371 |
| Other | - | - | 110,355 | 110,355 | - |
| Total State | 51,069,732 | 50,003,179 | 50,113,534 | 110,355 | 46,467,673 |
| Federal - Through the State: | | | | | |
| Hurricane Katrina Relief | - | - | 17,250 | 17,250 | - |
| Medicaid | 380,000 | 380,000 | 336,581 | (43,419) | 111,763 |
| Medicaid - Direct Reimbursement | - | - | 343,999 | 343,999 | 170,465 |
| Medicaid - Allowance: State of Alaska | - | - | (153,662) | (153,662) | (70,035) |
| Total Federal - Through the State | 380,000 | 380,000 | 544,168 | 164,168 | 212,193 |
| Other Revenues: | | | | | |
| Earnings on Investments | 350,000 | 570,000 | 494,410 | (75,590) | 197,556 |
| Facilities Rental | 30,000 | 30,000 | 17,100 | (12,900) | 23,701 |
| Miscellaneous | 100,000 | 100,000 | 68,292 | (31,708) | 294,820 |
| E-Rate | 648,875 | 648,875 | 508,938 | (139,937) | 435,323 |
| Fund Balance Appropriation | 1,927,108 | 2,440,628 | - | (2,440,628) | - |
| Total Other Revenues | 3,055,983 | 3,789,503 | 1,088,740 | (2,700,763) | 951,400 |
| Total Revenues | 89,560,311 | 89,146,364 | 86,720,124 | (2,426,240) | 81,375,873 |
| Other Financing Sources: | | | | | |
| Operating Transfers In | - | - | - | - | - |
| Total Revenues and Other Financing Sources | \$ 89,560,311 | \$ 89,146,364 | \$ 86,720,124 | \$ (2,426,240) | \$ 81,375,873 |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|---------------------------------|--------------------|-------------------|-------------------|---|-------------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Regular Instruction: | | | | | |
| Certified Salaries | \$ 26,205,945 | \$ 25,372,132 | \$ 24,938,061 | \$ 434,071 | \$ 24,316,650 |
| Non-Certified Salaries | 1,423,970 | 1,509,172 | 1,543,734 | (34,562) | 1,373,257 |
| Employee Benefits | 10,526,364 | 10,354,369 | 10,508,401 | (154,032) | 8,494,782 |
| Professional-Technical Services | 34,348 | 76,559 | 35,099 | 41,460 | 60,568 |
| Travel | 61,550 | 74,813 | 75,132 | (319) | 63,129 |
| Student Travel | 6,600 | 6,551 | 15,960 | (9,409) | 19,668 |
| Utility Services | 223,727 | 182,227 | 33,998 | 148,229 | 34,683 |
| Purchased Services | 714,387 | 768,579 | 676,933 | 91,646 | 622,103 |
| Supplies and Materials | 2,760,102 | 2,884,732 | 1,969,615 | 915,117 | 1,633,060 |
| Other Expenses | 854,711 | 645,038 | 68,130 | 576,908 | 70,434 |
| Equipment | 1,016,069 | 1,001,301 | 716,976 | 284,325 | 714,332 |
| | <u>43,827,773</u> | <u>42,875,473</u> | <u>40,582,039</u> | <u>2,293,434</u> | <u>37,402,666</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|---------------------------------|--------------------|-------------------|------------------|---|------------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Special Education Instruction: | | | | | |
| Certified Salaries | \$ 4,684,935 | \$ 4,407,099 | \$ 4,417,345 | \$ (10,246) | \$ 4,316,500 |
| Non-Certified Salaries | 1,489,540 | 1,508,925 | 1,483,477 | 25,448 | 1,442,685 |
| Employee Benefits | 2,702,397 | 2,616,299 | 2,549,611 | 66,688 | 2,231,167 |
| Professional-Technical Services | 18,875 | 41,400 | 29,322 | 12,078 | 37,162 |
| Travel | 28,018 | 21,419 | 13,310 | 8,109 | 14,657 |
| Student Travel | 7,000 | 7,273 | 2,813 | 4,460 | 1,212 |
| Utility Services | - | - | 1,111 | (1,111) | 1,026 |
| Purchased Services | 2,833 | 616 | 516 | 100 | 463 |
| Supplies and Materials | 88,598 | 74,201 | 66,078 | 8,123 | 70,223 |
| Other Expenses | 14,750 | 18,261 | 18,258 | 3 | 12,728 |
| Equipment | - | 3,125 | 2,335 | 790 | 1,243 |
| | <u>9,036,946</u> | <u>8,698,618</u> | <u>8,584,176</u> | <u>114,442</u> | <u>8,129,066</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|---------------------------------------|--------------------|-------------------|------------------|---|------------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Special Education Services - Student: | | | | | |
| Certified Salaries | \$ 2,191,965 | \$ 1,860,901 | \$ 1,888,263 | \$ (27,362) | \$ 1,966,382 |
| Non-Certified Salaries | 155,748 | 204,322 | 193,155 | 11,167 | 162,166 |
| Employee Benefits | 919,196 | 801,192 | 783,324 | 17,868 | 719,250 |
| Professional-Technical Services | 7,786 | 500,038 | 258,217 | 241,821 | 156,479 |
| Travel | 58,635 | 60,407 | 50,651 | 9,756 | 46,816 |
| Utility Services | 4,975 | 6,227 | 6,327 | (100) | 4,831 |
| Purchased Services | 10,367 | 3,072 | 1,793 | 1,279 | 1,744 |
| Supplies and Materials | 34,268 | 29,481 | 24,666 | 4,815 | 22,658 |
| Other Expenses | 640 | 1,656 | 1,016 | 640 | 314 |
| Equipment | 755 | 4,183 | 1,183 | 3,000 | 2,043 |
| | <u>3,384,335</u> | <u>3,471,479</u> | <u>3,208,595</u> | <u>262,884</u> | <u>3,082,683</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|---------------------------------|--------------------|-------------------|------------------|---|------------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Support Services - Pupil: | | | | | |
| Certified Salaries | \$ 1,461,896 | \$ 784,599 | \$ 796,787 | \$ (12,188) | \$ 674,359 |
| Non-Certified Salaries | 31,470 | 966,076 | 967,048 | (972) | 700,063 |
| Employee Benefits | 620,568 | 754,058 | 745,783 | 8,275 | 518,892 |
| Professional-Technical Services | 3,920 | 340 | 80 | 260 | 425 |
| Travel | 24,462 | 20,869 | 21,299 | (430) | 13,383 |
| Utility Services | 2,012 | 2,062 | 1,560 | 502 | 1,683 |
| Purchased Services | 15,575 | 12,495 | 3,257 | 9,238 | 4,810 |
| Supplies and Materials | 27,639 | 41,587 | 29,244 | 12,343 | 29,346 |
| Other Expenses | 7,605 | 3,105 | 116 | 2,989 | 5,653 |
| Equipment | - | 6,192 | 5,053 | 1,139 | 1,218 |
| | <u>2,195,147</u> | <u>2,591,383</u> | <u>2,570,227</u> | <u>21,156</u> | <u>1,949,832</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|---------------------------------|--------------------|-------------------|------------------|---|------------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Support Services - Instruction: | | | | | |
| Certified Salaries | \$ 940,510 | \$ 906,609 | \$ 860,592 | \$ 46,017 | \$ 886,092 |
| Non-Certified Salaries | 376,900 | 395,316 | 334,764 | 60,552 | 160,074 |
| Employee Benefits | 557,240 | 543,492 | 438,361 | 105,131 | 325,430 |
| Professional-Technical Services | 2,300 | 9,012 | 16,287 | (7,275) | 16,898 |
| Travel | 24,239 | 33,239 | 28,775 | 4,464 | 22,855 |
| Student Travel | 6,000 | 6,000 | 4,014 | 1,986 | 2,713 |
| Utility Services | 8,990 | 12,290 | 10,274 | 2,016 | 8,873 |
| Purchased Services | 86,529 | 64,337 | 31,985 | 32,352 | 44,016 |
| Supplies and Materials | 170,648 | 160,599 | 123,734 | 36,865 | 96,333 |
| Other Expenses | 3,648 | 3,516 | 1,233 | 2,283 | 680 |
| Equipment | 155,853 | 133,500 | 89,398 | 44,102 | 11,134 |
| | <u>2,332,857</u> | <u>2,267,910</u> | <u>1,939,417</u> | <u>328,493</u> | <u>1,575,098</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|-----------------------------------|--------------------|-------------------|------------------|---|------------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| School Administration: | | | | | |
| Certified Salaries | \$ 3,113,189 | \$ 3,138,973 | \$ 3,166,454 | \$ (27,481) | \$ 3,060,006 |
| Non-Certified Salaries | 123,650 | 123,700 | 157,912 | (34,212) | 82,658 |
| Employee Benefits | 1,057,276 | 1,066,482 | 1,038,726 | 27,756 | 865,459 |
| Professional - Technical Services | 3,350 | 250 | 7,235 | (6,985) | 492 |
| Travel | 37,917 | 47,057 | 39,069 | 7,988 | 40,773 |
| Utility Services | 500 | 500 | - | 500 | - |
| Purchased Services | 903 | - | - | - | 48 |
| Supplies and Materials | 14,481 | 11,798 | 7,070 | 4,728 | 7,349 |
| Other Expenses | 27,175 | 28,188 | 27,176 | 1,012 | 27,799 |
| Equipment | - | 1,912 | 4,040 | (2,128) | 849 |
| | <u>4,378,441</u> | <u>4,418,860</u> | <u>4,447,682</u> | <u>(28,822)</u> | <u>4,085,433</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|-----------------------------------|--------------------|-------------------|------------------|---|------------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| School Administration - Support: | | | | | |
| Non-Certified Salaries | \$ 1,759,016 | \$ 1,508,286 | \$ 1,632,689 | \$ (124,403) | \$ 1,604,680 |
| Employee Benefits | 935,675 | 816,984 | 850,578 | (33,594) | 817,536 |
| Professional - Technical Services | - | - | 47,685 | (47,685) | 98 |
| Travel | 2,480 | 3,361 | 2,309 | 1,052 | 1,539 |
| Utility Services | 379,125 | 387,995 | 417,745 | (29,750) | 408,892 |
| Purchased Services | 26,183 | 18,726 | 11,167 | 7,559 | 5,838 |
| Supplies And Materials | 69,609 | 59,621 | 49,519 | 10,102 | 47,800 |
| Other Expenses | 29,533 | 19,794 | 4,987 | 14,807 | 4,738 |
| Equipment | 182,650 | 184,312 | 169,438 | 14,874 | 4,203 |
| | <u>3,384,271</u> | <u>2,999,079</u> | <u>3,186,117</u> | <u>(187,038)</u> | <u>2,895,324</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|---------------------------------|--------------------|-------------------|----------------|---|----------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| District Administration: | | | | | |
| Certified Salaries | \$ 224,233 | \$ 224,233 | \$ 242,524 | \$ (18,291) | \$ 257,868 |
| Non-Certified Salaries | 128,006 | 133,722 | 141,663 | (7,941) | 123,845 |
| Employee Benefits | 172,732 | 171,671 | 154,830 | 16,841 | 147,424 |
| Professional-Technical Services | 121,000 | 116,000 | 109,088 | 6,912 | 82,817 |
| Travel | 65,362 | 67,362 | 64,924 | 2,438 | 62,497 |
| Utility Services | 19,650 | 20,034 | 17,732 | 2,302 | 17,235 |
| Purchased Services | 27,240 | 24,192 | 7,320 | 16,872 | 11,946 |
| Supplies and Materials | 16,482 | 21,003 | 19,799 | 1,204 | 24,950 |
| Tuition and Stipends | 17,100 | 17,100 | 18,270 | (1,170) | 18,360 |
| Other Expenses | 30,375 | 27,776 | 25,382 | 2,394 | 23,706 |
| Equipment | 2,758 | 6,243 | 5,416 | 827 | 3,618 |
| | <u>824,938</u> | <u>829,336</u> | <u>806,948</u> | <u>22,388</u> | <u>774,266</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|---|--------------------|-------------------|------------------|---|------------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| District Administrative Support Services: | | | | | |
| Certified Salaries | \$ 299,255 | \$ 295,011 | \$ 307,960 | \$ (12,949) | \$ 305,446 |
| Non-Certified Salaries | 1,482,085 | 1,545,026 | 1,652,889 | (107,863) | 1,609,009 |
| Employee Benefits | 707,368 | 720,521 | 713,863 | 6,658 | 640,178 |
| Professional-Technical Services | 55,750 | 42,570 | 42,070 | 500 | 27,033 |
| Travel | 71,574 | 77,541 | 81,913 | (4,372) | 60,948 |
| Utility Services | 73,773 | 73,263 | 35,500 | 37,763 | 32,322 |
| Purchased Services | 157,418 | 160,896 | 158,608 | 2,288 | 143,730 |
| Insurance Premiums | - | - | 508,174 | (508,174) | - |
| Supplies and Materials | 64,235 | 119,079 | 119,931 | (852) | 51,505 |
| Other Expenses | 34,382 | 28,201 | 20,160 | 8,041 | 17,467 |
| Indirect Costs | 106,916 | 107,032 | (282,561) | 389,593 | (218,218) |
| Equipment | 18,672 | 45,348 | 35,241 | 10,107 | 31,713 |
| | <u>3,071,428</u> | <u>3,214,488</u> | <u>3,393,748</u> | <u>(179,260)</u> | <u>2,701,133</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|---------------------------------|--------------------|-------------------|-------------------|---|-------------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Operation of Plant: | | | | | |
| Certified Salaries | \$ - | \$ - | \$ 50 | \$ (50) | \$ 200 |
| Non-Certified Salaries | 2,780,721 | 2,771,330 | 2,703,436 | 67,894 | 2,619,529 |
| Employee Benefits | 1,424,841 | 1,393,723 | 1,403,904 | (10,181) | 1,220,689 |
| Professional-Technical Services | - | - | 644 | (644) | - |
| Travel | 3,800 | 2,034 | 3,858 | (1,824) | 4,010 |
| Utility Services | 354,560 | 359,870 | 299,431 | 60,439 | 254,040 |
| Energy | 3,561,369 | 4,299,898 | 4,313,842 | (13,944) | 3,501,901 |
| Purchased Services | 5,689,822 | 5,920,120 | 5,848,368 | 71,752 | 5,616,254 |
| Insurance Premiums | 1,753,766 | 1,753,766 | 650,318 | 1,103,448 | 1,532,009 |
| Supplies and Materials | 256,104 | 247,376 | 207,529 | 39,847 | 226,169 |
| Other Expenses | 1,975 | 471 | - | 471 | - |
| Equipment | - | 17,220 | 86,412 | (69,192) | 53,027 |
| | <u>15,826,958</u> | <u>16,765,808</u> | <u>15,517,792</u> | <u>1,248,016</u> | <u>15,027,828</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|----------------------|----------------------|----------------------|---|----------------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Pupil Activity: | | | | | |
| Certified Salaries | \$ 842,883 | \$ 850,908 | \$ 631,951 | \$ 218,957 | \$ 590,253 |
| Non-Certified Salaries | 185,650 | 190,013 | 322,285 | (132,272) | 323,938 |
| Employee Benefits | 228,741 | 233,213 | 190,866 | 42,347 | 155,474 |
| Professional - Technical Services | 750 | - | - | - | - |
| Travel | 4,096 | 4,554 | 1,643 | 2,911 | 4,013 |
| Student Travel | - | - | 22,953 | (22,953) | 14,663 |
| Utility Services | 83 | 14 | 14 | - | 17 |
| Purchased Services | 20,000 | 19,500 | 19,500 | - | 19,500 |
| Supplies and Materials | 5,249 | 9,072 | 8,623 | 449 | 10,500 |
| Other Expenses | 9,765 | 7,640 | 1,220 | 6,420 | 22,105 |
| Equipment | - | 200 | 178 | 22 | - |
| | <u>1,297,217</u> | <u>1,315,114</u> | <u>1,199,233</u> | <u>115,881</u> | <u>1,140,463</u> |
| Total Expenditures | <u>89,560,311</u> | <u>89,447,548</u> | <u>85,435,974</u> | <u>4,011,574</u> | <u>78,763,792</u> |
| Other Financing Uses: | | | | | |
| Transfer To Community Schools Fund | - | - | 39,819 | (39,819) | 13,689 |
| Transfer To Community Theater Fund | - | - | 4,839 | (4,839) | - |
| Transfer To Internal Service Fund | - | - | - | - | - |
| Transfer To Food Service Fund | - | - | 341,290 | (341,290) | 265,536 |
| Transfer To Pupil Transportation Fund | - | - | - | - | - |
| Total Other Financing Uses | <u>-</u> | <u>-</u> | <u>385,948</u> | <u>(385,948)</u> | <u>279,225</u> |
| Total Expenditures and Other Financing Uses | <u>\$ 89,560,311</u> | <u>\$ 89,447,548</u> | <u>\$ 85,821,922</u> | <u>\$ 3,625,626</u> | <u>\$ 79,043,017</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
STATEMENT OF COMPLIANCE - AS 14.17.505
Year Ended June 30, 2006

| School Operating Fund | | | |
|------------------------------|-----------------------------|-------------------------------|---------------------|
| | Reserved Fund Balance | Unreserved Fund Balance | Total |
| Reserved: | | | |
| Charter schools | \$ 1,010,775 | \$ - | \$ 1,010,775 |
| Encumbrances | 1,050,902 | - | 1,050,902 |
| Inventories | 711,505 | - | 711,505 |
| Unreserved: | | | |
| Designated | | | |
| Software Replacement | - | 400,000 | 400,000 |
| Technology plan | - | 652,500 | 652,500 |
| School incentive purchases | - | 557,829 | 557,829 |
| Potention Interest Shortfall | - | 400,000 | 400,000 |
| Facilities Maintenance | - | 857,334 | 857,334 |
| Undesignated | - | 3,027,327 | 3,027,327 |
| | <u>\$ 2,773,182</u> | <u>\$ 5,894,990</u> | <u>\$ 8,668,172</u> |

Unreserved fund balance as a percentage of current year expenditures:

$$\frac{\text{Unreserved fund balance}}{\text{Current year expenditures}} = \frac{5,894,990}{85,435,974} = \underline{6.90\%}$$

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
BALANCE SHEET - MAJOR FUND - TITLE I FUND
June 30, 2006

With Comparative Totals as of June 30, 2005

| | 2006 | 2005 |
|--|--------------|--------------|
| ASSETS | | |
| Due from other Governments | \$ 1,319,471 | \$ 1,193,849 |
| Total Assets | \$ 1,319,471 | \$ 1,193,849 |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts Payable | \$ 3,224 | \$ 3,034 |
| Due to General Fund | 1,316,247 | 1,190,815 |
| Total Liabilities | 1,319,471 | 1,193,849 |
| Fund Balance: | - | - |
| Total Liabilities and Fund Balances | \$ 1,319,471 | \$ 1,193,849 |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
 MAJOR FUND - TITLE I
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE-
 BUDGET (GAAP BASIS) AND ACTUAL
 YEAR ENDED JUNE 30, 2006
 With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|------------------|---|------------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| Federal-Through the State | \$ 3,808,989 | \$ 5,299,853 | \$ 4,011,938 | \$ (1,287,915) | \$ 2,878,080 |
| Expenditures: | | | | | |
| Certified Salaries | 1,280,394 | 1,907,184 | 1,586,620 | 320,564 | 1,020,579 |
| Non-Certified Salaries | 436,717 | 427,310 | 354,483 | 72,827 | 430,538 |
| Employee Benefits | 582,728 | 957,175 | 770,690 | 186,485 | 485,438 |
| Professional - Technical Service | 537,601 | 917,315 | 515,680 | 401,635 | 353,135 |
| Staff Travel | 237,485 | 185,065 | 141,411 | 43,654 | 114,820 |
| Student Travel | 288,900 | 65,200 | 19,418 | 45,782 | 33,974 |
| Utility Services | 19,745 | 16,600 | 7,916 | 8,684 | 8,309 |
| Purchased Services | 23,389 | 272,718 | 215,500 | 57,218 | 27,613 |
| Supplies and Materials | 225,418 | 280,285 | 202,702 | 77,583 | 242,653 |
| Other Expenses | 8,114 | 16,000 | 6,408 | 9,592 | 3,847 |
| Indirect Costs | 123,023 | 180,153 | 138,060 | 42,093 | 94,553 |
| Equipment | 45,475 | 74,848 | 53,050 | 21,798 | 62,621 |
| Total Expenditures | <u>3,808,989</u> | <u>5,299,853</u> | <u>4,011,938</u> | <u>1,287,915</u> | <u>2,878,080</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> | - |
| Fund Balance, Beginning of Year | | | - | | - |
| Fund Balance, End of Year | | | <u>\$ -</u> | | <u>\$ -</u> |

NON-MAJOR FUNDS – SPECIAL REVENUE FUNDS

Special Revenue Funds

Combining Balance Sheet Non-Major Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Special Revenue Funds

These funds account for revenues from specific revenue sources including food sales, grants from the State of Alaska and the United States government, and transfers from the general fund which are designated to finance particular functions and activities.

Funds included in the special revenue category are:

| | |
|-----------------------------------|-------------------------------|
| Alaska Community Learning Centers | Migrant Education Summer |
| Arctic Winter Games | NTSA/NASA |
| Boarding Home | Pupil Transportation |
| Building Trades | School Improvement |
| Carl Perkins-Basic | Staff Development Mini-Grants |
| Charter Schools-EED | Statewide Alaska Mentorship |
| Community Education | Title I-D, At Risk |
| Community Theater | Title I-D, Delinquent |
| Corporate Grants | Title VI-B |
| Equipment | Title VII, Indian Education |
| Food Service | Upward Bound |
| Gear Up Kenai Peninsula | Youth in Detention |
| Governor's Alternative Schools | |
| Governor's Drug Prevention | |
| Legislative Equipment Fund | |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS

June 30, 2006

With Comparative Totals as of June 30, 2005

| | Alaska Community Learning | Arctic Winter Games | Boarding Home Program | Building Trades |
|--|---------------------------------|---------------------------|-----------------------------|--------------------|
| ASSETS | | | | |
| Equity in Central Treasury | \$ - | \$ - | \$ - | \$ - |
| Accounts receivable | - | - | 3,253 | - |
| Due from other Governments | 40,652 | - | - | - |
| Inventory | - | - | - | 60,618 |
| Total Assets | \$ 40,652 | \$ - | \$ 3,253 | \$ 60,618 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - |
| Deferred Revenue | - | - | - | 44,976 |
| Due to General Fund | 40,652 | - | 3,253 | - |
| Total Liabilities | 40,652 | - | 3,253 | 44,976 |
| Fund Balances: | | | | |
| Reserved for encumbrances | - | - | - | - |
| Reserved for equipment | - | - | - | - |
| Reserved for inventory | - | - | - | 15,642 |
| Unreserved: | | | | |
| Unreserved - undesignated | - | - | - | - |
| Total Fund Balances | - | - | - | 15,642 |
| Total Liabilities and Fund Balances | \$ 40,652 | \$ - | \$ 3,253 | \$ 60,618 |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS

June 30, 2006

With Comparative Totals as of June 30, 2005

| | Carl Perkins | Charter Schools | Community Education |
|--|-------------------|--------------------|------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | |
| Equity in Central Treasury | \$ - | \$ - | \$ 814 |
| Accounts receivable | - | - | 2,000 |
| Due from other Governments | 84,828 | 93,480 | - |
| Inventory | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 84,828</u> | <u>\$ 93,480</u> | <u>\$ 2,814</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts Payable | \$ 313 | \$ 5,771 | \$ 2,814 |
| Deferred Revenue | - | - | - |
| Due to General Fund | 84,515 | 87,709 | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | <u>84,828</u> | <u>93,480</u> | <u>2,814</u> |
| Fund Balances: | | | |
| Reserved for encumbrances | - | - | - |
| Reserved for equipment | - | - | - |
| Reserved for inventory | - | - | - |
| Unreserved: | | | |
| Unreserved - undesignated | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Liabilities and Fund Balances | <u>\$ 84,828</u> | <u>\$ 93,480</u> | <u>\$ 2,814</u> |

| Community Theater | Corporate Grants | EDD Curriculum Training | Equipment | Food Service |
|-------------------|------------------|-------------------------|------------------|-------------------|
| \$ - | \$ 30,322 | \$ - | \$ 26,293 | \$ - |
| 1,440 | - | - | - | - |
| - | - | 4,319 | - | - |
| - | - | - | - | 265,652 |
| <u>\$ 1,440</u> | <u>\$ 30,322</u> | <u>\$ 4,319</u> | <u>\$ 26,293</u> | <u>\$ 265,652</u> |
| \$ - | \$ 396 | \$ - | \$ - | \$ 33 |
| - | - | - | - | - |
| 1,440 | - | 4,319 | - | 265,619 |
| <u>1,440</u> | <u>396</u> | <u>4,319</u> | <u>-</u> | <u>265,652</u> |
| - | - | - | - | - |
| - | - | - | - | - |
| - | 29,926 | - | 26,293 | - |
| - | 29,926 | - | 26,293 | - |
| <u>\$ 1,440</u> | <u>\$ 30,322</u> | <u>\$ 4,319</u> | <u>\$ 26,293</u> | <u>\$ 265,652</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS

June 30, 2006

With Comparative Totals as of June 30, 2005

| | Gear Up Kenai Peninsula | Governor's Alternative Schools | Governor's Drug Prevention | Legislative Equipment Fundd | Migrant Education Summer |
|--|-------------------------------|--------------------------------------|----------------------------------|-----------------------------------|-----------------------------|
| ASSETS | | | | | |
| Equity in Central Treasury | \$ - | \$ - | \$ - | \$ 426 | \$ - |
| Accounts Receivable | - | - | - | - | - |
| Due from other Governments | 44,906 | 14,096 | 12,892 | - | 3,753 |
| Inventory | - | - | - | - | - |
| Total Assets | \$ 44,906 | \$ 14,096 | \$ 12,892 | \$ 426 | \$ 3,753 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ - | \$ - | \$ 54 | \$ 426 | \$ - |
| Deferred Revenue | - | - | - | - | - |
| Due to General Fund | 44,906 | 14,096 | 12,838 | - | 3,753 |
| Total Liabilities | 44,906 | 14,096 | 12,892 | 426 | 3,753 |
| Fund Balances: | | | | | |
| Reserved for encumbrances | - | - | - | - | - |
| Reserved for equipment | - | - | - | - | - |
| Reserved for inventory | - | - | - | - | - |
| Unreserved: | | | | | |
| Unreserved - undesignated | - | - | - | - | - |
| Total Fund Balances | - | - | - | - | - |
| Total Liabilities and Fund Balances | \$ 44,906 | \$ 14,096 | \$ 12,892 | \$ 426 | \$ 3,753 |

| <u>NSTA NASA</u> | <u>Pupil Transportation</u> | <u>School Improvement</u> | <u>Staff Development Mini-Grants</u> | <u>Statewide Alaska Mentorship</u> | <u>Title I-D At Risk</u> |
|----------------------|---------------------------------|-------------------------------|--|--|------------------------------|
| \$ 10,000 | \$ 600,748 | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | 4,870 | 5,523 | 91,770 | 5,451 |
| - | - | - | - | - | - |
| <u>\$ 10,000</u> | <u>\$ 600,748</u> | <u>\$ 4,870</u> | <u>\$ 5,523</u> | <u>\$ 91,770</u> | <u>\$ 5,451</u> |
| \$ - | \$ 191 | \$ 100 | \$ - | \$ - | \$ - |
| 10,000 | - | - | - | - | - |
| - | - | 4,770 | 5,523 | 91,770 | 5,451 |
| <u>10,000</u> | <u>191</u> | <u>4,870</u> | <u>5,523</u> | <u>91,770</u> | <u>5,451</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 600,557 | - | - | - | - |
| - | 600,557 | - | - | - | - |
| <u>\$ 10,000</u> | <u>\$ 600,748</u> | <u>\$ 4,870</u> | <u>\$ 5,523</u> | <u>\$ 91,770</u> | <u>\$ 5,451</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS

June 30, 2006

With Comparative Totals as of June 30, 2005

| | Title I-D Delinquent | Title VI-B | Title VII Indian Education | Upward Bound | Youth in Detention |
|--|-------------------------|-------------------|-------------------------------|------------------|-----------------------|
| ASSETS | | | | | |
| Equity in Central Treasury | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts Receivable | - | - | - | - | - |
| Due from Other Governments | 30,983 | 955,524 | 84,178 | 19,965 | - |
| Inventory | - | - | - | - | - |
| Total Assets | \$ 30,983 | \$ 955,524 | \$ 84,178 | \$ 19,965 | \$ - |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ - | \$ 33 | \$ - | \$ - | \$ - |
| Deferred Revenue | - | - | - | - | - |
| Due to General Fund | 30,983 | 955,491 | 84,178 | 19,965 | - |
| Total Liabilities | 30,983 | 955,524 | 84,178 | 19,965 | - |
| Fund Balances: | | | | | |
| Reserved for encumbrances | - | - | - | - | - |
| Reserved for equipment | - | - | - | - | - |
| Reserved for inventory | - | - | - | - | - |
| Unreserved: | | | | | |
| Unreserved - undesignated | - | - | - | - | - |
| Total Fund Balances | - | - | - | - | - |
| Total Liabilities and Fund Balances | \$ 30,983 | \$ 955,524 | \$ 84,178 | \$ 19,965 | \$ - |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS

June 30, 2006

With Comparative Totals as of June 30, 2005

| | <u>Total June 30, 2006</u> | <u>Total June 30, 2005</u> |
|--|--------------------------------|--------------------------------|
| ASSETS | | |
| Equity in Central Treasury | \$ 668,603 | \$ 735,673 |
| Accounts Receivable | 6,693 | 17,095 |
| Due from Other Governments | 1,497,190 | 1,383,236 |
| Inventory | <u>326,270</u> | <u>282,368</u> |
| Total Assets | <u>\$ 2,498,756</u> | <u>\$ 2,418,372</u> |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts Payable | \$ 10,131 | \$ 2,631 |
| Deferred Revenue | 54,976 | - |
| Due to General Fund | <u>1,761,231</u> | <u>1,664,426</u> |
| Total Liabilities | <u>1,826,338</u> | <u>1,667,057</u> |
| Fund Balances: | | |
| Reserved for encumbrances | - | 4,850 |
| Reserved for equipment | - | - |
| Reserved for inventory | 15,642 | 15,642 |
| Unreserved: | | |
| Unreserved - undesignated | <u>656,776</u> | <u>730,823</u> |
| Total Fund Balances | <u>672,418</u> | <u>751,315</u> |
| Total Liabilities and Fund Balances | <u>\$ 2,498,756</u> | <u>\$ 2,418,372</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006

With Comparative Totals for Year Ended June 30, 2005

| | Alaska Community Centers Learning | Arctic Winter Games | Boarding Home Program | Building Trades |
|--|---|------------------------|-----------------------------|--------------------|
| Revenues: | | | | |
| Local | \$ - | \$ 308,918 | \$ - | \$ - |
| State | - | - | 17,592 | - |
| Federal-Direct | - | - | - | - |
| Federal-Through the State | 98,750 | - | - | - |
| Food sales | - | - | - | - |
| Corporate grants and user fees | - | - | - | - |
| Other | - | - | - | - |
| Total Revenues | <u>98,750</u> | <u>308,918</u> | <u>17,592</u> | <u>-</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 98,750 | 969 | - | - |
| School Administration | - | 2,787 | - | - |
| Data Processing Svcs | - | 6,199 | - | - |
| Supporting services - pupil | - | 4,480 | 17,592 | - |
| Community services | - | 6,712 | - | - |
| Operation of plant | - | 90,598 | - | - |
| Pupil transportation | - | - | - | - |
| Food services | - | 197,173 | - | - |
| Total Expenditures | <u>98,750</u> | <u>308,918</u> | <u>17,592</u> | <u>-</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers Out | - | - | - | - |
| Total Other Financing Sources (Uses): | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Changes In Fund Balances | - | - | - | - |
| Fund Balances, Beginning of Year | - | - | - | 15,642 |
| Fund Balances, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 15,642</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006

With Comparative Totals for Year Ended June 30, 2005

| | Carl Perkins | Charter Schools | Community Education |
|--|-----------------|--------------------|------------------------|
| Revenues: | | | |
| Local | \$ - | \$ - | \$ - |
| State | - | 132,940 | - |
| Federal-Direct | - | - | - |
| Federal-Through the State | 224,804 | 213,166 | - |
| Food sales | - | - | - |
| Corporate grants and user fees | - | - | 197,606 |
| Other | - | - | - |
| Total Revenues | <u>224,804</u> | <u>346,106</u> | <u>197,606</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction | 224,804 | 346,106 | - |
| School Administration | - | - | - |
| Data Processing Svcs | - | - | - |
| Supporting services - pupil | - | - | - |
| Community services | - | - | 237,910 |
| Operation of plant | - | - | - |
| Pupil transportation | - | - | - |
| Food services | - | - | - |
| Total Expenditures | <u>224,804</u> | <u>346,106</u> | <u>237,910</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>-</u> | <u>-</u> | <u>(40,304)</u> |
| Other Financing Sources (Uses): | | | |
| Transfers in | - | - | 39,819 |
| Transfers Out | - | - | - |
| Total Other Financing Sources (Uses): | <u>-</u> | <u>-</u> | <u>39,819</u> |
| Net Changes In Fund Balances | - | - | (485) |
| Fund Balances, Beginning of Year | - | - | 485 |
| Fund Balances, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

| Community Theater | Corporate Grants | EED Curriculum Training | Equipment | Food Service |
|-------------------|------------------|-------------------------|------------------|------------------|
| \$ - | \$ 30,000 | \$ - | \$ - | \$ - |
| - | - | 6,745 | - | - |
| - | - | - | - | - |
| - | - | - | - | 1,654,440 |
| - | - | - | - | 989,802 |
| 29,106 | 15,088 | - | - | - |
| - | - | - | - | - |
| <u>29,106</u> | <u>45,088</u> | <u>6,745</u> | <u>-</u> | <u>2,644,242</u> |
| - | 41,093 | 6,745 | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 33,945 | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | 2,985,532 |
| <u>33,945</u> | <u>41,093</u> | <u>6,745</u> | <u>-</u> | <u>2,985,532</u> |
| <u>(4,839)</u> | <u>3,995</u> | <u>-</u> | <u>-</u> | <u>(341,290)</u> |
| 4,839 | - | - | - | 341,290 |
| - | - | - | - | - |
| <u>4,839</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>341,290</u> |
| - | 3,995 | - | - | - |
| - | 25,931 | - | 26,293 | - |
| <u>\$ -</u> | <u>\$ 29,926</u> | <u>\$ -</u> | <u>\$ 26,293</u> | <u>\$ -</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006

With Comparative Totals for Year Ended June 30, 2005

| | Gear Up Kenai Peninsula | Governor's Alternative Schools | Governor's Drug Prevention | Legislative Equipment Fund | Migrant Education Summer |
|--|----------------------------|--------------------------------------|----------------------------------|----------------------------------|-----------------------------|
| Revenues: | | | | | |
| Local | \$ - | \$ - | \$ - | \$ 460,000 | \$ - |
| State | - | - | - | - | - |
| Federal-Direct | - | - | - | - | - |
| Federal-Through the State | 113,656 | 28,748 | 55,728 | - | 11,487 |
| Food sales | - | - | - | - | - |
| Corporate grants and user fees | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total Revenues | 113,656 | 28,748 | 55,728 | 460,000 | 11,487 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction | 113,656 | 28,748 | 55,728 | 349,133 | 11,487 |
| School Administration | - | - | - | - | - |
| Data Processing Svcs | - | - | - | - | - |
| Supporting services - pupil | - | - | - | - | - |
| Community services | - | - | - | - | - |
| Operation of plant | - | - | - | 110,867 | - |
| Pupil transportation | - | - | - | - | - |
| Food services | - | - | - | - | - |
| Total Expenditures | 113,656 | 28,748 | 55,728 | 460,000 | 11,487 |
| Excess (Deficiency) of Revenues over Expenditures | - | - | - | - | - |
| Other Financing Sources (Uses): | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers Out | - | - | - | - | - |
| Total Other Financing Sources (Uses): | - | - | - | - | - |
| Net Changes In Fund Balances | - | - | - | - | - |
| Fund Balances, Beginning of Year | - | - | - | - | - |
| Fund Balances, End of Year | \$ - | \$ - | \$ - | \$ - | \$ - |

| NSTA NASA | Pupil Transportation | School Improvement | Staff Development Mini-Grants | Statewide Alaska Mentorship | Title I-D At Risk |
|--------------|-------------------------|-----------------------|-------------------------------------|-----------------------------------|----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | 4,592,424 | - | 24,615 | 262,813 | - |
| - | - | - | - | - | - |
| - | - | 22,904 | - | - | 10,851 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 4,592,424 | 22,904 | 24,615 | 262,813 | 10,851 |
| - | - | 22,904 | 24,615 | 262,813 | 10,851 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 4,674,831 | - | - | - | - |
| - | - | - | - | - | - |
| - | 4,674,831 | 22,904 | 24,615 | 262,813 | 10,851 |
| - | (82,407) | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | (82,407) | - | - | - | - |
| - | 682,964 | - | - | - | - |
| \$ - | \$ 600,557 | \$ - | \$ - | \$ - | \$ - |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006

With Comparative Totals for Year Ended June 30, 2005

| | Title I-D Delinquent | Title VI-B | Title VII Indian Education | Upward Bound |
|--|-------------------------|------------------|-------------------------------|-----------------|
| Revenues: | | | | |
| Local | \$ - | \$ - | \$ - | \$ - |
| State | - | - | - | - |
| Federal - Direct | - | - | 270,719 | - |
| Federal - Through the State | 36,035 | 2,697,273 | - | 19,965 |
| Food sales | - | - | - | - |
| Corporate grants and user fees | - | - | - | - |
| Other | - | - | - | - |
| Total Revenues | <u>36,035</u> | <u>2,697,273</u> | <u>270,719</u> | <u>19,965</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 36,035 | 2,697,273 | 270,719 | 19,965 |
| School Administration | - | - | - | - |
| Data Processing Svcs | - | - | - | - |
| Supporting services - pupil | - | - | - | - |
| Community services | - | - | - | - |
| Operation of plant | - | - | - | - |
| Pupil transportation | - | - | - | - |
| Food services | - | - | - | - |
| Total Expenditures | <u>36,035</u> | <u>2,697,273</u> | <u>270,719</u> | <u>19,965</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers Out | - | - | - | - |
| Total Other Financing Sources (Uses): | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Changes In Fund Balances | - | - | - | - |
| Fund Balances, Beginning of Year | - | - | - | - |
| Fund Balances, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

| Youth In Detention | Total June 30, 2006 | Total June 30, 2005 |
|-----------------------|------------------------|------------------------|
| \$ - | \$ 798,918 | \$ - |
| 206,573 | 5,243,702 | 5,160,238 |
| - | 270,719 | 296,681 |
| - | 5,187,807 | 4,749,888 |
| - | 989,802 | 995,196 |
| - | 241,800 | 284,106 |
| - | - | 17,203 |
| <u>206,573</u> | <u>12,732,748</u> | <u>11,503,312</u> |
| 206,573 | 4,828,967 | 4,071,859 |
| - | 2,787 | - |
| - | 6,199 | - |
| - | 22,072 | 8,359 |
| - | 278,567 | 249,130 |
| - | 201,465 | - |
| - | 4,674,831 | 4,410,850 |
| - | 3,182,705 | 2,804,057 |
| <u>206,573</u> | <u>13,197,593</u> | <u>11,544,255</u> |
| - | (464,845) | (40,943) |
| - | 385,948 | 279,225 |
| - | - | - |
| <u>-</u> | <u>385,948</u> | <u>279,225</u> |
| - | (78,897) | 238,282 |
| <u>-</u> | <u>751,315</u> | <u>513,033</u> |
| <u>\$ -</u> | <u>\$ 672,418</u> | <u>\$ 751,315</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
ALASKA COMMUNITY CENTERS LEARNING
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|-----------|---|----------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| Federal - Through the State | \$ - | \$ 131,986 | \$ 98,750 | \$ (33,236) | \$ 46,721 |
| Expenditures: | | | | | |
| Certified Salaries | - | 53,175 | 41,491 | 11,684 | 14,850 |
| Non-Certified Salaries | - | 23,534 | 14,961 | 8,573 | 3,065 |
| Employee Benefits | - | 24,838 | 21,155 | 3,683 | 6,327 |
| Professional - Technical Service | - | 7,500 | 3,918 | 3,582 | - |
| Staff Travel | - | 5,000 | 3,617 | 1,383 | - |
| Student Travel | - | 2,500 | 1,855 | 645 | 1,000 |
| Supplies and Materials | - | 10,479 | 7,980 | 2,499 | 18,407 |
| Indirect Costs | - | 4,660 | 3,487 | 1,173 | 1,586 |
| Equipment | - | 300 | 286 | 14 | 1,486 |
| Total Expenditures | - | 131,986 | 98,750 | 33,236 | 46,721 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ - | \$ - | - | \$ - | - |
| Fund Balance, Beginning of Year | | | - | | - |
| Fund Balance, End of Year | | | \$ - | | \$ - |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
 ARCTIC WINTER GAMES
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE-
 BUDGET (GAAP BASIS) AND ACTUAL
 YEAR ENDED JUNE 30, 2006
 With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|------------|---|----------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| Other Local Revenue | \$ - | \$ 304,965 | \$ 308,918 | \$ 3,953 | \$ - |
| Expenditures: | | | | | |
| Certified Salaries | - | 2,938 | 2,938 | - | - |
| Non-Certified Salaries | - | 81,820 | 81,823 | (3) | - |
| Employee Benefits | - | 6,694 | 6,695 | (1) | - |
| Staff Travel | - | 292 | 292 | - | - |
| Utility Services | - | 28 | 28 | - | - |
| Other Purchased Services | - | 3,638 | 3,638 | - | - |
| Supplies and Materials | - | 183,408 | 187,361 | (3,953) | - |
| Other Expenses | - | 525 | 525 | - | - |
| Equipment | - | 25,622 | 25,618 | 4 | - |
| Total Expenditures | - | 304,965 | 308,918 | (3,953) | - |
| Excess (Deficiency) of Revenues Over Expenditures | \$ - | \$ - | - | \$ - | - |
| Fund Balance, Beginning of Year | | | - | | - |
| Fund Balance, End of Year | | | \$ - | | \$ - |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
BOARDING HOME
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | Variance- Favorable (Unfavorable) | 2005 Actual |
|--|--------------------|-------------------|-----------|---|----------------|
| | Original Budget | Current Budget | Actual | | |
| Revenues: | | | | | |
| State | \$ 10,000 | \$ 10,000 | \$ 17,592 | \$ 7,592 | \$ 8,359 |
| Expenditures: | | | | | |
| Student Travel | 1,600 | 1,600 | 476 | 1,124 | 234 |
| Tuition and Stipends | 8,400 | 8,400 | 17,116 | (8,716) | 8,125 |
| Total Expenditures | 10,000 | 10,000 | 17,592 | (7,592) | 8,359 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ - | \$ - | - | \$ - | - |
| Fund Balance, Beginning of Year | | | - | | - |
| Fund Balance, End of Year | | | \$ - | | \$ - |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
 BUILDING TRADES
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE-
 BUDGET (GAAP BASIS) AND ACTUAL
 YEAR ENDED JUNE 30, 2006
 With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|------------------|---|------------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenue: | \$ - | \$ - | \$ - | \$ - | \$ - |
| Expenditures: | - | - | - | - | - |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> | - |
| Fund Balance, Beginning of Year | | | <u>15,642</u> | | <u>15,642</u> |
| Fund Balance, End of Year | | | <u>\$ 15,642</u> | | <u>\$ 15,642</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
 CARL PERKINS - BASIC
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE-
 BUDGET (GAAP BASIS) AND ACTUAL
 YEAR ENDED JUNE 30, 2006
 With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|------------|---|----------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| Federal - Through the State | \$ 225,193 | \$ 241,503 | \$ 224,804 | \$ (16,699) | \$ 236,098 |
| Expenditures: | | | | | |
| Certified Salaries | 86,802 | 81,302 | 76,779 | 4,523 | 77,828 |
| Non-Certified Salaries | 12,763 | 16,013 | 15,625 | 388 | 12,831 |
| Employee Benefits | 25,526 | 30,564 | 28,486 | 2,078 | 25,416 |
| Professional - Technical Service | 18,360 | 21,500 | 21,116 | 384 | 20,640 |
| Staff Travel | 7,609 | 25,797 | 22,786 | 3,011 | 10,076 |
| Student Travel | 734 | 6,700 | 3,392 | 3,308 | 7,261 |
| Utility Services | 714 | 700 | 651 | 49 | 615 |
| Purchased Services | 510 | 200 | 39 | 161 | 7,178 |
| Supplies and Materials | 23,191 | 32,420 | 30,339 | 2,081 | 32,280 |
| Other Expenses | 7,373 | - | - | - | - |
| Indirect Costs | 7,637 | 8,527 | 7,937 | 590 | 8,006 |
| Equipment | 33,974 | 17,780 | 17,654 | 126 | 33,967 |
| Total Expenditures | 225,193 | 241,503 | 224,804 | 16,699 | 236,098 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ - | \$ - | - | \$ - | - |
| Fund Balance, Beginning of Year | | | - | | - |
| Fund Balance, End of Year | | | \$ - | | \$ - |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
 CHARTER SCHOOLS - EED
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE-
 BUDGET (GAAP BASIS) AND ACTUAL
 YEAR ENDED JUNE 30, 2006
 With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|----------------|---|----------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| Prior Year Encumbrance Appropriation | \$ - | \$ 23,742 | \$ - | \$ (23,742) | \$ - |
| State | - | 132,940 | 132,940 | - | 69,324 |
| Federal - Through the State | 431,220 | 188,776 | 213,166 | 24,390 | 398,127 |
| Total Revenues | 431,220 | 345,458 | 346,106 | 648 | 467,451 |
| Expenditures: | | | | | |
| Certified Salaries | - | 38,365 | 38,365 | - | 24,494 |
| Non-Certified Salaries | 10,100 | 27,311 | 37,041 | (9,730) | 26,372 |
| Employee Benefits | 1,344 | 28,243 | 30,917 | (2,674) | 11,649 |
| Professional - Technical Service | 57,648 | 26,300 | 20,515 | 5,785 | 49,910 |
| Staff Travel | 41,654 | 34,313 | 34,116 | 197 | 26,735 |
| Utility Services | 5,658 | 1,000 | 415 | 585 | 1,940 |
| Energy | - | - | 4,183 | (4,183) | - |
| Purchased Services | 10,398 | 16,005 | 16,360 | (355) | 4,508 |
| Supplies and Materials | 231,869 | 106,240 | 115,497 | (9,257) | 220,994 |
| Other Expenses | 150 | 21,613 | - | 21,613 | - |
| Indirect Costs | 14,622 | 11,358 | 12,196 | (838) | 15,851 |
| Equipment | 57,777 | 34,710 | 36,501 | (1,791) | 84,998 |
| Total Expenditures | 431,220 | 345,458 | 346,106 | (648) | 467,451 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ - | \$ - | - | \$ - | - |
| Fund Balance, Beginning of Year | | | - | | - |
| Fund Balance, End of Year | | | <u>\$ -</u> | | <u>\$ -</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
COMMUNITY EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|----------------|---|----------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| User Fees | \$ 263,316 | \$ 263,316 | \$ 197,606 | \$ (65,710) | \$ 192,920 |
| Other Financing Sources: | | | | | |
| Operating Transfers In | - | - | 39,819 | 39,819 | 13,689 |
| Total Revenues and Other Financing Sources | <u>263,316</u> | <u>263,316</u> | <u>237,425</u> | <u>(25,891)</u> | <u>206,609</u> |
| Expenditures: | | | | | |
| Non-Certified Salaries | 147,436 | 147,436 | 154,223 | (6,787) | 125,744 |
| Employee Benefits | 63,449 | 63,449 | 61,719 | 1,730 | 52,812 |
| Professional - Technical Service | - | - | 2,900 | (2,900) | - |
| Staff Travel | - | - | - | - | - |
| Student Travel | - | - | 2,250 | (2,250) | 250 |
| Utility Services | 5,014 | 5,014 | 7,659 | (2,645) | 2,726 |
| Purchased Services | 21,300 | 21,300 | 7,882 | 13,418 | 6,757 |
| Supplies and Materials | 22,698 | 22,698 | 1,277 | 21,421 | 15,061 |
| Other Expenses | 2,280 | 2,280 | - | 2,280 | 2,774 |
| Indirect Costs | 1,139 | 1,139 | - | 1,139 | - |
| Equipment | - | - | - | - | - |
| Total Expenditures | <u>263,316</u> | <u>263,316</u> | <u>237,910</u> | <u>25,406</u> | <u>206,124</u> |
| Excess (Deficiency) of Revenue over Expenditures | <u>\$ -</u> | <u>\$ -</u> | (485) | <u>\$ (485)</u> | 485 |
| Fund Balance, Beginning of Year | | | <u>485</u> | | <u>-</u> |
| Fund Balance, End of Year | | | <u>\$ -</u> | | <u>\$ 485</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
COMMUNITY THEATER
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|---|--------------------|-------------------|---------------|---|----------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| Prior Year Ecum Approp | \$ - | \$ 7 | \$ - | \$ (7) | \$ - |
| User Fees | 54,907 | 54,907 | 29,106 | (25,801) | 43,006 |
| Other Financing Sources: | | | | | |
| Operating Transfers In | - | - | 4,839 | 4,839 | - |
| Total Revenue and Other Financing Sources | <u>54,907</u> | <u>54,914</u> | <u>33,945</u> | <u>(20,969)</u> | <u>43,006</u> |
| Expenditures: | | | | | |
| Non-Certified Salaries | 42,400 | 42,400 | 26,155 | 16,245 | 35,093 |
| Employee Benefits | 10,497 | 10,497 | 4,566 | 5,931 | 5,567 |
| Professional - Technical Service | - | - | - | - | - |
| Staff Travel | 850 | 850 | 513 | 337 | 269 |
| Student Travel | - | - | - | - | - |
| Utility Services | 550 | 550 | 1,477 | (927) | 1,477 |
| Purchased Services | - | 75 | 235 | (160) | 20 |
| Supplies and Materials | 610 | 542 | 999 | (457) | 580 |
| Other Expenses | - | - | - | - | - |
| Equipment | - | - | - | - | - |
| Total Expenditures | <u>54,907</u> | <u>54,914</u> | <u>33,945</u> | <u>20,969</u> | <u>43,006</u> |
| Excess (Deficiency) of Revenue over Expenditures | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> | - |
| Fund Balance, Beginning of Year | | | - | | - |
| Fund Balance, End of Year | | | <u>\$ -</u> | | <u>\$ -</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
CORPORATE GRANTS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|-----------|---|----------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| Corporate Grants | \$ - | \$ 43,019 | \$ 45,088 | \$ 2,069 | \$ 48,180 |
| Expenditures: | | | | | |
| Certified Salaries | - | 1,629 | 1,500 | 129 | 667 |
| Non-Certified Salaries | - | 388 | 388 | - | - |
| Employee Benefits | - | 401 | 356 | 45 | 105 |
| Professional - Technical Service | - | 3,800 | 3,314 | 486 | 7,687 |
| Staff Travel | - | 580 | 7,413 | (6,833) | 573 |
| Student Travel | - | 1,937 | 1,937 | - | 2,939 |
| Utility Services | - | - | 30 | (30) | - |
| Purchased Services | - | 388 | 248 | 140 | 725 |
| Supplies and Materials | - | 17,926 | 20,111 | (2,185) | 13,837 |
| Other Expenses | - | 10,246 | 72 | 10,174 | 46 |
| Indirect Costs | - | - | - | - | - |
| Equipment | - | 5,724 | 5,724 | - | 923 |
| Total Expenditures | - | 43,019 | 41,093 | 1,926 | 27,502 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ - | \$ - | 3,995 | \$ 3,995 | 20,678 |
| Fund Balance, Beginning of Year | | | 25,931 | | 5,253 |
| Fund Balance, End of Year | | | \$ 29,926 | | \$ 25,931 |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
EQUIPMENT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|-----------|---|----------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| Local | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other | - | - | - | - | 11,114 |
| Total Revenues | - | - | - | - | 11,114 |
| Expenditures: | | | | | |
| Non-Certified Salaries | - | - | - | - | - |
| Employee Benefits | - | - | - | - | - |
| Total Expenditures | - | - | - | - | - |
| Other Financing Uses: | | | | | |
| Operating transfers out - General Fund | - | - | - | - | - |
| Total Expenditures and Other Financing Uses | - | - | - | - | - |
| Excess (Deficiency) of Revenues Over Expenditures | \$ - | \$ - | - | \$ - | 11,114 |
| Fund Balance, Beginning of Year | | | 26,293 | | 15,179 |
| Residual Equity Transfers In - Operating Fund | | | - | | - |
| Fund Balance, End of Year | | | \$ 26,293 | | \$ 26,293 |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
FOOD SERVICE
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | |
|---|--------------------|-------------------|------------------|---|------------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | 2005 Actual |
| Revenues: | | | | | |
| Prior Year Ecum Approp | \$ - | \$ 9 | \$ - | \$ (9) | \$ - |
| Federal-Through the State | 1,309,396 | 1,672,745 | 1,538,046 | (134,699) | 1,492,767 |
| Sales | 1,672,745 | 1,214,142 | 989,802 | (224,340) | 995,196 |
| Other | 10,000 | 105,254 | 116,394 | 11,140 | 6,039 |
| Total Revenues | 2,992,141 | 2,992,150 | 2,644,242 | (347,908) | 2,494,002 |
| Other Financing Sources: | | | | | |
| Operating Transfers In | - | - | 341,290 | 341,290 | 265,536 |
| Total Revenues and Other Financing Sources | 2,992,141 | 2,992,150 | 2,985,532 | (6,618) | 2,759,538 |
| Expenditures: | | | | | |
| Non-Certified Salaries | 1,038,130 | 1,107,474 | 1,110,308 | (2,834) | 1,014,563 |
| Employee Benefits | 594,346 | 604,013 | 595,221 | 8,792 | 506,452 |
| Professional - Technical Service | - | - | - | - | 8,125 |
| Staff Travel | 8,500 | 8,500 | 6,243 | 2,257 | 7,624 |
| Utility Services | 4,750 | 4,690 | 3,564 | 1,126 | 3,878 |
| Purchased Services | 45,565 | 40,888 | 40,567 | 321 | 36,690 |
| Supplies and Materials | 1,259,250 | 1,169,241 | 1,174,278 | (5,037) | 1,144,377 |
| Other Expenses | 1,100 | 1,784 | 2,121 | (337) | 1,626 |
| Equipment | 40,500 | 55,560 | 53,230 | 2,330 | 45,070 |
| Total Expenditures | 2,992,141 | 2,992,150 | 2,985,532 | 6,618 | 2,768,405 |
| Excess (Deficiency) of Revenue over Expenditures | \$ - | \$ - | - | \$ - | (8,867) |
| Fund Balance, Beginning of Year | | | - | | 8,867 |
| Fund Balance, End of Year | | | \$ - | | \$ - |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
 GEAR UP KENAI PENINSULA
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE-
 BUDGET (GAAP BASIS) AND ACTUAL
 YEAR ENDED JUNE 30, 2006
 With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|------------|---|----------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| Federal-Through the State | - | \$ 124,800 | \$ 113,656 | \$ (11,144) | \$ - |
| Expenditures: | | | | | |
| Certified Salaries | - | 74,590 | 74,613 | (23) | - |
| Employee Benefits | - | 16,078 | 13,490 | 2,588 | - |
| Professional - Technical Service | - | 3,000 | 3,000 | - | - |
| Staff Travel | - | 21,576 | 17,368 | 4,208 | - |
| Utility Services | - | 150 | - | 150 | - |
| Supplies and Materials | - | 5,000 | 1,172 | 3,828 | - |
| Indirect Costs | - | 4,406 | 4,013 | 393 | - |
| Total Expenditures | - | 124,800 | 113,656 | 11,144 | - |
| Excess (Deficiency) of Revenues Over Expenditures | \$ - | \$ - | - | \$ - | - |
| Fund Balance, Beginning of Year | | | - | | - |
| Fund Balance, End of Year | | | \$ - | | \$ - |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
GOVERNOR'S ALTERNATIVE SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|-----------|---|----------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| Federal-Through the State | \$ - | \$ 29,046 | \$ 28,748 | \$ (298) | \$ - |
| Expenditures: | | | | | |
| Certified Salaries | - | 20,158 | 20,159 | (1) | - |
| Employee Benefits | - | 7,762 | 7,474 | 288 | - |
| Supplies and Materials | - | 100 | 100 | - | - |
| Indirect Costs | - | 1,026 | 1,015 | 11 | - |
| Total Expenditures | - | 29,046 | 28,748 | 298 | - |
| Excess (Deficiency) of Revenues Over Expenditures | \$ - | \$ - | - | \$ - | - |
| Fund Balance, Beginning of Year | | | - | | - |
| Fund Balance, End of Year | | | \$ - | | \$ - |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
GOVERNOR'S DRUG PREVENTION
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|-----------|---|----------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| Federal-Through the State | \$ 42,800 | \$ 56,337 | \$ 55,728 | \$ (609) | \$ 39,990 |
| Expenditures: | | | | | |
| Professional - Technical Service | 41,194 | 41,200 | 41,189 | 11 | 39,191 |
| Student Travel | - | 2,369 | 2,006 | 363 | - |
| Supplies and Materials | - | 9,963 | 9,936 | 27 | - |
| Indirect Costs | 1,606 | 1,105 | 1,093 | 12 | 799 |
| Equipment | - | 1,700 | 1,504 | 196 | - |
| Total Expenditures | 42,800 | 56,337 | 55,728 | 609 | 39,990 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ - | \$ - | - | \$ - | - |
| Fund Balance, Beginning of Year | | | - | | - |
| Fund Balance, End of Year | | | \$ - | | \$ - |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
 LEGISLATIVE EQUIPMENT
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE-
 BUDGET (GAAP BASIS) AND ACTUAL
 YEAR ENDED JUNE 30, 2006
 With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|-------------|---|----------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| State | \$ - | \$ 460,000 | \$ 460,000 | \$ - | \$ - |
| Expenditures: | | | | | |
| Utility Services | - | - | 533 | (533) | - |
| Supplies and Materials | - | 339,904 | 252,632 | 87,272 | - |
| Equipment | - | 120,096 | 206,835 | (86,739) | - |
| Total Expenditures | - | 460,000 | 460,000 | - | - |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> | - |
| Fund Balance, Beginning of Year | | | - | | - |
| Fund Balance, End of Year | | | <u>\$ -</u> | | <u>\$ -</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
MIGRANT EDUCATION - SUMMER
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|-----------|---|----------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| Federal-Through the State | \$ - | \$ 28,485 | \$ 11,487 | \$ (16,998) | \$ 5,571 |
| Expenditures: | | | | | |
| Certified Salaries | - | 1,500 | 1,500 | - | - |
| Non-Certified Salaries | - | 1,053 | 1,053 | - | - |
| Employee Benefits | - | 615 | 418 | 197 | - |
| Professional - Technical Service | - | 12,000 | 2,500 | 9,500 | - |
| Staff Travel | - | 2,600 | 2,374 | 226 | - |
| Purchased Services | - | 1,375 | - | 1,375 | 1,370 |
| Supplies and Materials | - | 6,272 | 1,299 | 4,973 | 4,201 |
| Indirect Costs | - | 1,175 | 451 | 724 | - |
| Equipment - Technology | - | 1,895 | 1,892 | 3 | - |
| Total Expenditures | - | 28,485 | 11,487 | 16,998 | 5,571 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ - | \$ - | - | \$ - | - |
| Fund Balance, Beginning of Year | | | - | | - |
| Fund Balance, End of Year | | | \$ - | | \$ - |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
NSTA/NASA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|--------|---|----------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| Federal-Through the State | \$ - | \$ 10,000 | \$ - | \$ (10,000) | \$ - |
| Expenditures: | | | | | |
| Supplies and Materials | - | 225 | - | 225 | - |
| Equipment | - | 9,775 | - | 9,775 | - |
| Total Expenditures | - | 10,000 | - | 10,000 | - |
| Excess (Deficiency) of Revenues Over Expenditures | \$ - | \$ - | - | \$ - | - |
| Fund Balance, Beginning of Year | | | - | | - |
| Fund Balance, End of Year | | | \$ - | | \$ - |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
PUPIL TRANSPORTATION
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|---|---------------------|-------------------|-------------------|---|-------------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenue: | | | | | |
| State | \$ 4,671,558 | \$ 4,671,558 | \$ 4,592,424 | \$ (79,134) | \$ 4,625,672 |
| Other | - | 214,491 | - | (214,491) | 50 |
| Total Revenue | <u>4,671,558</u> | <u>4,886,049</u> | <u>4,592,424</u> | <u>(293,625)</u> | <u>4,625,722</u> |
| Other Financing Sources | | | | | |
| Operating Transfer In | - | - | - | - | - |
| Total Revenues and Other Financing Sources | <u>4,671,558</u> | <u>4,886,049</u> | <u>4,592,424</u> | <u>(293,625)</u> | <u>4,625,722</u> |
| Expenditures: | | | | | |
| Non-Certified Salaries | 85,670 | 86,260 | 94,319 | (8,059) | 76,143 |
| Employee Benefits | 21,038 | 38,794 | 37,813 | 981 | 26,125 |
| Professional - Technical Service | - | 16,093 | 16,090 | 3 | 1,959 |
| Staff Travel | 3,200 | 8,750 | 6,559 | 2,191 | 5,429 |
| Utility Services | 1,200 | 1,575 | 975 | 600 | 857 |
| Purchased Services | 4,764,591 | 4,716,662 | 4,504,171 | 212,491 | 4,293,409 |
| Supplies and Materials | 2,400 | 14,265 | 12,756 | 1,509 | 2,732 |
| Other Expenses | 3,100 | 3,650 | 1,854 | 1,796 | 1,763 |
| Equipment | - | - | 294 | (294) | 2,433 |
| Total Expenditures | <u>4,881,199</u> | <u>4,886,049</u> | <u>4,674,831</u> | <u>211,218</u> | <u>4,410,850</u> |
| Excess (Deficiency) of Revenue over Expenditures | <u>\$ (209,641)</u> | <u>\$ -</u> | <u>(82,407)</u> | <u>\$ (82,407)</u> | <u>214,872</u> |
| Fund Balance, Beginning of Year | | | <u>682,964</u> | | <u>468,092</u> |
| Fund Balance, End of Year | | | <u>\$ 600,557</u> | | <u>\$ 682,964</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
SCHOOL IMPROVEMENT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|-----------|---|----------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| Federal - Through the State | \$ - | \$ 24,715 | \$ 22,904 | \$ (1,811) | \$ 39,320 |
| Expenditures: | | | | | |
| Professional - Technical Service | - | - | - | - | - |
| Staff Travel | - | 44 | 44 | - | - |
| Student Travel | - | 79 | 79 | - | - |
| Supplies and Materials | - | 23,177 | 21,972 | 1,205 | 37,987 |
| Other Expenses | - | 72 | - | 72 | - |
| Indirect Costs | - | 873 | 809 | 64 | - |
| Equipment | - | 470 | - | 470 | 1,333 |
| Total Expenditures | - | 24,715 | 22,904 | 1,811 | 39,320 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ - | \$ - | - | \$ - | - |
| Fund Balance, Beginning of Year | | | - | | - |
| Fund Balance, End of Year | | | \$ - | | \$ - |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
 STAFF DEVELOPMENT MINI-GRANTS
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE-
 BUDGET (GAAP BASIS) AND ACTUAL
 YEAR ENDED JUNE 30, 2006
 With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|---------------|---|----------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| State | \$ - | \$ - | \$ 24,615 | \$ 24,615 | \$ 2,486 |
| Federal-Through the State | - | 29,277 | - | (29,277) | 12,771 |
| Total Revenues | - | 29,277 | 24,615 | (4,662) | 15,257 |
| Expenditures: | | | | | |
| Certified Salaries | - | 5,380 | 1,750 | 3,630 | 1,000 |
| Non-Certified Salaries | - | 184 | 2,310 | (2,126) | 1,755 |
| Employee Benefits | - | 553 | 311 | 242 | 201 |
| Staff Travel | - | 23,160 | 20,244 | 2,916 | 11,989 |
| Other Expenses | - | - | - | - | 312 |
| Total Expenditures | - | 29,277 | 24,615 | 4,662 | 15,257 |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> | - |
| Fund Balance, Beginning of Year | | | - | | - |
| Fund Balance, End of Year | | | <u>\$ -</u> | | <u>\$ -</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
STATEWIDE ALASKA MENTORSHIP
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | Variance- Favorable (Unfavorable) | 2005 Actual |
|--|--------------------|-------------------|----------------|---|----------------|
| | Original Budget | Current Budget | Actual | | |
| Revenues: | | | | | |
| State | \$ 242,133 | \$ 262,898 | \$ 262,813 | \$ (85) | \$ 244,854 |
| Expenditures: | | | | | |
| Certified Salaries | 183,975 | 191,586 | 192,970 | (1,384) | 185,304 |
| Employee Benefits | 57,996 | 70,712 | 69,643 | 1,069 | 59,350 |
| Supplies and Materials | 162 | 600 | 200 | 400 | 200 |
| Total Expenditures | <u>242,133</u> | <u>262,898</u> | <u>262,813</u> | <u>85</u> | <u>244,854</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> | - |
| Fund Balance, Beginning of Year | | | - | | - |
| Fund Balance, End of Year | | | <u>\$ -</u> | | <u>\$ -</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
TITLE I-D, AT RISK
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|-----------|---|----------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| Federal-Through the State | \$ - | \$ 22,959 | \$ 10,851 | \$ (12,108) | \$ 44,083 |
| Expenditures: | | | | | |
| Professional-Technical Services | - | 19,294 | 10,468 | 8,826 | 38,468 |
| Supplies and Materials | - | - | - | - | 4,120 |
| Other Expenses | - | 2,854 | - | 2,854 | - |
| Indirect Costs | - | 811 | 383 | 428 | 1,495 |
| Equipment | - | - | - | - | - |
| Total Expenditures | - | 22,959 | 10,851 | 12,108 | 44,083 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ - | \$ - | - | \$ - | - |
| Fund Balance, Beginning of Year | | | - | | - |
| Fund Balance, End of Year | | | \$ - | | \$ - |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
TITLE I-D, DELINQUENT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|-----------|---|----------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| Federal-Through the State | \$ - | \$ 65,830 | \$ 36,035 | \$ (29,795) | \$ 38,758 |
| Expenditures: | | | | | |
| Certified Salaries | - | 4,300 | - | 4,300 | 250 |
| Non Certified Salaries | - | 2,700 | - | 2,700 | - |
| Employee Benefits | - | 1,410 | - | 1,410 | 19 |
| Professional-Technical Services | - | 32,000 | 19,938 | 12,062 | 21,080 |
| Staff Travel | - | 1,000 | - | 1,000 | 734 |
| Purchased Services | - | 300 | 97 | 203 | - |
| Supplies and Materials | - | 13,196 | 8,311 | 4,885 | 15,361 |
| Indirect Costs | - | 2,324 | 1,272 | 1,052 | - |
| Equipment | - | 8,600 | 6,417 | 2,183 | 1,314 |
| Total Expenditures | - | 65,830 | 36,035 | 29,795 | 38,758 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ - | \$ - | - | \$ - | - |
| Fund Balance, Beginning of Year | | | - | | - |
| Fund Balance, End of Year | | | \$ - | | \$ - |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
TITLE VI-B
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|------------------|---|------------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| Federal-Through the State | \$ 3,364,249 | \$ 3,129,912 | \$ 2,697,273 | \$ (432,639) | \$ 2,093,370 |
| Expenditures: | | | | | |
| Certified Salaries | 791,276 | 598,286 | 537,660 | 60,626 | 425,032 |
| Non-Certified Salaries | 1,053,868 | 1,193,201 | 1,119,245 | 73,956 | 878,612 |
| Employee Benefits | 831,702 | 977,409 | 857,731 | 119,678 | 611,554 |
| Professional - Technical Service | - | 50,000 | 420 | 49,580 | - |
| Staff Travel | 165,000 | 70,354 | 17,348 | 53,006 | 15,443 |
| Student Travel | 1,100 | 10,000 | - | 10,000 | 79 |
| Utility Services | 550 | - | - | - | 136 |
| Purchased Services | 12,650 | 6,000 | 2,288 | 3,712 | 3,295 |
| Supplies and Materials | 251,022 | 62,170 | 49,792 | 12,378 | 41,065 |
| Other Expenses | 11,000 | 538 | - | 538 | 500 |
| Indirect Costs | 114,081 | 110,275 | 94,999 | 15,276 | 70,987 |
| Equipment | 132,000 | 51,679 | 17,790 | 33,889 | 46,667 |
| Total Expenditures | <u>3,364,249</u> | <u>3,129,912</u> | <u>2,697,273</u> | <u>432,639</u> | <u>2,093,370</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> | <u>-</u> |
| Fund Balance, Beginning of Year | | | <u>-</u> | | <u>-</u> |
| Fund Balance, End of Year | | | <u>\$ -</u> | | <u>\$ -</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
TITLE VII - INDIAN EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | Variance- Favorable (Unfavorable) | 2005 Actual |
|--|--------------------|-------------------|------------|---|----------------|
| | Original Budget | Current Budget | Actual | | |
| Revenues: | | | | | |
| Federal-Direct | \$ 364,363 | \$ 291,215 | \$ 270,719 | \$ (20,496) | \$ 296,681 |
| Expenditures: | | | | | |
| Certified Salaries | - | 22,789 | 22,777 | 12 | - |
| Non-Certified Salaries | 225,947 | 151,065 | 139,134 | 11,931 | 185,107 |
| Employee Benefits | 112,871 | 98,937 | 93,882 | 5,055 | 87,636 |
| Professional - Technical Service | 1,090 | - | - | - | - |
| Staff Travel | 2,180 | 2,600 | 2,143 | 457 | 3,139 |
| Student Travel | - | 1,656 | 331 | 1,325 | 1,177 |
| Utility Services | 545 | 530 | 367 | 163 | 756 |
| Purchased Services | 763 | 331 | 331 | - | 778 |
| Supplies and Materials | 3,038 | 2,909 | 2,080 | 829 | 4,422 |
| Other Expenses | 4,484 | 116 | 116 | - | 647 |
| Indirect Costs | 12,355 | 10,282 | 9,558 | 724 | 10,060 |
| Equipment | 1,090 | - | - | - | 2,959 |
| Total Expenditures | 364,363 | 291,215 | 270,719 | 20,496 | 296,681 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ - | \$ - | - | \$ - | - |
| Fund Balance, Beginning of Year | | | - | | - |
| Fund Balance, End of Year | | | \$ - | | \$ - |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
UPWARD BOUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2006
With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|-----------|---|----------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| Federal-Through the State | \$ - | \$ 27,778 | \$ 19,965 | \$ (7,813) | \$ 27,999 |
| Expenditures: | | | | | |
| Certified Salaries | - | 12,200 | 9,960 | 2,240 | 9,200 |
| Non-Certified Salaries | - | 168 | 168 | - | 3,116 |
| Employee Benefits | - | 2,791 | 2,245 | 546 | 2,135 |
| Professional-Technical Services | - | 1,307 | 1,306 | 1 | 6,794 |
| Student Travel | - | 1,407 | 594 | 813 | 834 |
| Supplies and Materials | - | 1,785 | 322 | 1,463 | 5,920 |
| Other Expenses | - | 8,120 | 5,370 | 2,750 | - |
| Total Expenditures | - | 27,778 | 19,965 | 7,813 | 27,999 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ - | \$ - | - | \$ - | - |
| Fund Balance, Beginning of Year | | | - | | - |
| Fund Balance, End of Year | | | \$ - | | \$ - |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
 YOUTH IN DETENTION
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE-
 BUDGET (GAAP BASIS) AND ACTUAL
 YEAR ENDED JUNE 30, 2006
 With Comparative Actual Totals for Year Ended June 30, 2005

| | 2006 | | | | 2005 Actual |
|--|--------------------|-------------------|------------|---|----------------|
| | Original Budget | Current Budget | Actual | Variance- Favorable (Unfavorable) | |
| Revenues: | | | | | |
| State | 208,639 | \$ 206,573 | \$ 206,573 | \$ - | \$ 206,573 |
| Expenditures: | | | | | |
| Certified Salaries | 92,596 | 116,060 | 120,267 | (4,207) | 102,325 |
| Non-Certified Salaries | 29,956 | 24,800 | 24,528 | 272 | 31,121 |
| Employee Benefits | 36,590 | 49,445 | 48,490 | 955 | 41,105 |
| Professional - Technical Service | 2,020 | 5,712 | 5,795 | (83) | 25 |
| Travel | 3,333 | - | - | - | - |
| Purchased Services | - | - | - | - | - |
| Supplies and Materials | 22,929 | 3,262 | 200 | 3,062 | 19,475 |
| Indirect Costs | 7,075 | 7,294 | 7,293 | 1 | 7,005 |
| Equipment | 14,140 | - | - | - | 5,517 |
| Total Expenditures | 208,639 | 206,573 | 206,573 | - | 206,573 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ - | \$ - | - | \$ - | - |
| Fund Balance, Beginning of Year | | | - | | - |
| Fund Balance, End of Year | | | \$ - | | \$ - |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
 FIDUCIARY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 Year Ended June 30, 2005

| <u>Student Activity</u> | <u>Total June 30, 2004</u> | <u>Revenues</u> | <u>Deductions</u> | <u>Total June 30, 2005</u> |
|----------------------------|--------------------------------|---------------------|---------------------|--------------------------------|
| Assets: | | | | |
| Equity in Central Treasury | <u>\$ 1,998,222</u> | <u>\$ 4,019,859</u> | <u>\$ 3,953,981</u> | <u>\$ 2,064,100</u> |
| Liabilities: | | | | |
| Amount Due Others | <u>\$ 1,998,222</u> | <u>\$ 4,019,859</u> | <u>\$ 3,953,981</u> | <u>\$ 2,064,100</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS
 Year Ended June 30, 2006

| | General Capital Assets June 30, 2005 | Additions | Deletions | Transfers | General Capital Assets June 30, 2006 |
|----------------|--|-------------------|---------------------|-------------|--|
| Administration | \$ 1,125,121 | \$ 142,090 | \$ (36,539) | \$ 100,664 | \$ 1,331,336 |
| Schools | 3,455,608 | 150,565 | (115,357) | (100,664) | 3,390,152 |
| | <u>\$ 4,580,729</u> | <u>\$ 292,655</u> | <u>\$ (151,896)</u> | <u>\$ -</u> | <u>\$ 4,721,488</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
SCHEDULE OF GENERAL CAPITAL ASSETS - BY LOCATION
June 30, 2006

| | Equipment | | Equipment |
|-----------------------|--------------|------------------------------|--------------|
| Administration: | | Kenai: | |
| District Office and | | Mt. View Elementary | 50,501 |
| Warehouse | \$ 1,331,336 | Sears Elementary | 30,942 |
| Total Administration | 1,331,336 | Middle School | 66,096 |
| | | High School | 348,375 |
| | | Kenai Alternative | 7,487 |
| | | Total Kenai | 503,401 |
| Schools: | | | |
| Outside Cities: | | | |
| Aurora Borealis | 43,080 | | |
| Chapman Elementary | 15,263 | Seldovia: | |
| Hope | 18,930 | Susan B. English | 31,859 |
| Kachemak Selo | 7,487 | Total Seldovia | 31,859 |
| Kalifornsky Beach | 62,477 | | |
| McNeil Canyon | 27,587 | | |
| Moose Pass | 6,694 | Seward: | |
| Nanwalek | 12,567 | Elementary | 51,728 |
| Nikiski Elementary | 6,396 | Middle | 29,247 |
| Nikiski High | 430,423 | High School | 303,107 |
| Nikiski North Star | 57,786 | Spring Creek | 12,876 |
| Nikolaevsk | 27,064 | Total Seward | 396,958 |
| Ninilchik | 35,519 | | |
| Port Graham | 17,878 | Soldotna: | |
| Skyview High | 372,527 | Elementary | 46,393 |
| Sterling | 29,527 | Redoubt Elementary | 43,143 |
| Tebughna | 19,000 | Middle School | 124,584 |
| Tustumena | 24,360 | High School | 450,957 |
| Voznesenka | 21,140 | Total Soldotna | 665,077 |
| Total Outside Cities | 1,235,705 | | |
| | | Total Schools | 3,390,152 |
| | | | |
| Homer: | | Total General Capital Assets | \$ 4,721,488 |
| Paul Banks Elementary | 15,519 | | |
| High School | 454,939 | | |
| Middle School | 38,115 | | |
| West Homer Elementary | 41,092 | | |
| Homer Flex | 7,487 | | |
| Total Homer | 557,152 | | |

SPECIAL REVENUE FUNDS

Alaska Community Learning Centers is a competitive grant program which supports after school learning opportunities for Title I eligible schools. Programs must provide academic support, healthy snacks, recreational opportunities and a safe environment.

Arctic Winter Games is a circumpolar sport competition for northern and arctic athletes. District facilities were used to house and feed athletes, coaches and volunteers, and as venues for sport and cultural activities.

Boarding Home provides host families for Port Graham juniors and seniors to attend a large high school to complete their high school diploma. Host families receive a monthly reimbursement through the state for their services to these students.

Building Trades was established as a vocational education program to teach students the vocational skills required for constructing houses.

Carl Perkins - Basic programs provide improved vocational education for economically disadvantaged, physically challenged, English language learners, seasonal migrant families, at-risk students, parenting and/or pregnant youth, and students of under-represented minorities and gender.

Charter School - EED grants provide funding for planning, implementation, and supplemental needs of charter school independent educational programs.

Community Education provides opportunities for community education and use of school facilities for such activities.

Community Theater fund was established to account for community use of three theaters in the Central Peninsula area.

Corporate Grants encompass funds received from private businesses and organizations and are most commonly grant awards for teacher-written grants for the classroom.

Equipment was established by the Board of Education to track funds related to equipment purchases in support of the Districts technology plan. The State of Alaska Department of Education and Early Development requires expenditures be recorded in the operating fund.

Food Service programs provide for daily lunches to students and staff.

Gear Up Kenai Peninsula provides academic and career support for students who are not achieving at their true potential and are economically disadvantaged. Students receive academic and career support and families receive information on post secondary planning within their means.

Governor's Alternative Schools provides an At-Risk counselor to provide educational-guidance services to high risk youth.

Governor's Drug Prevention funds the cost of a privately contracted coordinator who provides case management, direct supervision of pregnancy, parenting, and life skills education, counseling, intervention and maintenance of program records for students at Kenai Alternative High School.

Legislative Equipment Fund SB46 awarded direct funding for schools to be used for equipment, curriculum, critical incident supplies and other items needed for school programs.

Migrant Education Summer provides supplemental academic support for migrant eligible students and their families. Support includes supplemental reading and math programs, water safety, tutoring and distance education.

NTSA/NASA (National Science Teachers Association/National Aeronautics and Space Administration) schools from across the country are eligible to partner with NASA in a program designed to bring engaging mathematics, sciences, and technology learning to educators, students, and families.

Pupil Transportation programs provide for transporting students to and from school.

School Improvement funds provide additional supplemental support for Title I schools not making Adequate Yearly Progress. Support generally consists of after school tutoring and reading skills software.

Staff Development Mini-Grants provide funding for travel costs of employees attending meetings and conferences sponsored by the State Department of Education.

Statewide Alaska Mentorship is a program funded by EED, providing three full-time positions for teacher mentors in our district. By mentoring new teachers, Alaska can improve the quality of instruction, increase teacher retention and improve student achievement.

Title I-D, At-Risk funds are used to provide vocational training for incarcerated youth so that they can be gainfully employed upon release from prison.

Title I-D, Delinquent provides funds for transition services to incarcerated and adjudicated youth. Program activities include personal support as they re-enter public school, and career exploration support as well as training in healthy leisure time activities.

Title VI-B provides funds for the overall improvement of service for students receiving Special Education.

Title VII, Indian Education programs provide math, reading, writing, and study skills tutorials to eligible Alaska Native and/or Native American students.

Upward Bound is a program designed to assist students with college potential who need additional academic preparation, advisement, and encouragement to succeed in high school and later, in college.

Youth In Detention provides the additional funding for the extended instructional, administrative, and operational activities associated with a year-round school program for incarcerated students.

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

COMPARATIVE SCHEDULE OF CAPITAL ASSETS - BY SOURCES
 June 30, 2006 and 2005

| | <u>2006</u> | <u>2005</u> |
|---|---------------------|---------------------|
| General Capital Assets: | | |
| Equipment | <u>\$ 4,721,488</u> | <u>\$ 4,580,729</u> |
| Investments in General Capital Assets from: | | |
| General Obligation Bonds | \$ 972,041 | \$ 990,951 |
| State and Federal Grants | 1,473,974 | 1,424,767 |
| General Fund Revenue | <u>2,275,473</u> | <u>2,165,011</u> |
| Total Investment in General Capital Assets: | <u>\$ 4,721,488</u> | <u>\$ 4,580,729</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 YEAR ENDED JUNE 30, 2006

| <u>State Grantor</u> | <u>Program Number</u> | <u>Amount Expended During the Year Ended June 30, 2006</u> |
|---|-----------------------|--|
| Department of Education: | | |
| Boarding Home | BH 0624001 | \$ 17,592 |
| Charter Schools: | | |
| Fireweed Charter | GF | 53,921 |
| Kaleidoscope State | GF | 56,882 |
| Soldotna Montessori Charter | GF | 22,402 |
| EED Curriculum Training | 561698 | 6,745 |
| Foundation * | | 49,779,054 |
| Pupil Transportation * | | 4,674,831 |
| Learning Opportunity | | 224,126 |
| Legislative Equipment Fund * | GF | 460,000 |
| Staff Development Contract | 561524 | 6,761 |
| Statewide Mentorship | 561588 | 262,813 |
| Youth In Detention - Kenai Youth Facility | EY 06.024.01 | 61,670 |
| Youth In Detention - Spring Creek | EY 06.024.02 | <u>144,902</u> |
| Total Department of Education | | <u>55,771,699</u> |
| Total State Financial Assistance | | <u>\$ 55,771,699</u> |

* State major program

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

| <u>Federal Grantor</u> | <u>Federal Grant Number</u> | <u>Pass Through Grantor's Number</u> | <u>Amount Expended During the Year Ended June 30, 2006</u> |
|--|-----------------------------|--------------------------------------|--|
| U.S. Department of Education: | | | |
| Gear Up Kenai Peninsula | 84.334A | P334A050216 | \$ 113,656 |
| Title VII, Indian Education | 84.060A | B060A050799 | <u>270,719</u> |
| Total U.S. Department of Education | | | <u>384,375</u> |
| Passed Through Alaska | | | |
| Department of Education: | | | |
| Alaska Community Centers Learning | 84.287C | AC 06.024.01 | 98,750 |
| Carl Perkins Basic | 84.048A | EK 06.024.01 | 224,804 |
| Charter Schools: | | | |
| Kaleidoscope Charter Implem. (05 Qtr 5) | 84.282A | CS 05.024.3M | 24,494 |
| Kaleidoscope Supplemental | 84.282A | CS 06.024.3M | 98,322 |
| Soldotna Montessori Supplemental | 84.282A | CS 06.024.IM | <u>90,349</u> |
| | | | 213,165 |
| Governor's Alternative Schools Grant | 84.186B | AS 06.024.01 | 28,748 |
| Governor's Drug Prevention | 84.186B | DA 06.024.01 | 55,728 |
| Migrant Summer | 84.011 | MS 05.024.01 | 11,487 |
| NCLB - Title I (FY05 Qtr 5) | 84.010 | IP 05.024.01 | 417,485 |
| NCLB - Title I | 84.010 | IP 06.024.01 | 2,061,125 |
| NCLB - Title I-A Highly Qualified | 84.010 | IP 06.024.01 | 19,569 |
| NCLB - Title I-A SES Choice | 84.010 | IP 06.024.01 | 5,681 |
| NCLB- Title I-C Migrant | 84.011 | IP 06.024.01 | 198,059 |
| NCLB - Title II-A, Training & Recruiting * | 84.367 | IP 06.024.01 | 908,010 |
| NCLB - Title II-D Enhancing Educ. Thru Tech | 84.318 | IP 06.024.01 | 97,563 |
| NCLB - Title IV Drug Free Schools | 84.186 | IP 06.024.01 | 124,569 |
| NCLB - Title V-A, Innovative Education | 84.298 | IP 06.024.01 | <u>179,877</u> |
| | | | 4,011,938 |
| Preschool Disabled * | 84.173A | SE 06.024.01 | 62,452 |
| School Improvement | 84.010 | CA 06.024.01 | 22,904 |
| Staff Development | 84.369 | 561524 | 2,549 |
| | 84.027A | 561524 | 5,176 |
| | 84.048A | 561524 | 1,743 |
| | 84.186A | 561524 | 682 |
| | 84.357A | 561524 | 2,613 |
| | 84.367A | 561524 | 2,678 |
| | 84.369A | 561524 | 577 |
| | 84.215K | 561524 | 1,134 |
| | 84.326X | 561524 | <u>611</u> |
| | | | 17,763 |
| Title I-D, Delinquent & At Risk | 84.010 | CD 06.024.01 | 10,851 |
| Title I-D, Delinquent (Transitional) | 84.013A | CO 06.024.01 | 36,035 |
| Title VI-B * | 84.027A | SE 06.024.01 | <u>2,634,821</u> |
| Total Passed Through Alaska Department Of Education | | | <u>7,429,446</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

| <u>Federal Grantor</u> | <u>Federal Grant Number</u> | <u>Pass Through Grantor's Number</u> | <u>Amount Expended During the Year Ended June 30, 2006</u> |
|---|---------------------------------|--|--|
| Passed Through Univ. of AK: | | | |
| UAF-Upward Bound - Seward | 84.047A | FP 600143 | 8,246 |
| UAF-Upward Bound - Nikiski | 84.047A | FP 600142 | 10,424 |
| UAF-Upward Bound - Nanwalek | 84.047A | FP 600141 | <u>1,295</u> |
| Total Passed Through Univ. of AK | | | <u>19,965</u> |
| Total Department of Education | | | <u>7,833,786</u> |
| U.S. Department of Agriculture: | | | |
| Passed Through Alaska Department of Education: | | | |
| Food Service | 10.555 | MA 06.024.01 | 2,869,138 |
| Commodities | 10.555 | | 116,394 |
| Staff Development | 10.560 | | <u>91</u> |
| Total U.S. Department of Agriculture | | | <u>2,985,623</u> |
| U.S. Department of Health & Social Services: | | | |
| Passed Through Alaska Department of Education: | | | |
| Medicaid Direct Reimbursements | 93.778 | | 343,999 |
| Medicaid-Allowance : State of Alaska | 93.778 | | (153,662) |
| Medicaid | 93.778 | | <u>336,581</u> |
| Total U.S. Department of Health & Social Services | | | <u>526,918</u> |
| Total Federal Financial Assistance | | | <u>\$ 11,346,327</u> |
| * Federal major program | | | |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

Statistical Section

This part of the Kenai Peninsula Borough School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

| | |
|-----------|--|
| Table I | General Fund Operating Revenues By Source |
| Table II | Tax Revenues By Source |
| Table III | Total Expenditures by Function |
| Table IV | Operating Expenditures and Other Financing Uses by Program |

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, property tax.

| | |
|------------|---|
| Table V | Assessed Value and Estimated Actual Value of Taxable Property |
| Table VI | Property Tax Rates and Tax Levies, Direct and Overlapping Governments |
| Table VII | Principal Property Taxpayers |
| Table VIII | Property Tax Levies and Collections |

Debt Capacity

These schedules present information to help the reader assess the affordability of the Borough's current level of outstanding debt and the District's ability to issue additional debt in the future.

| | |
|----------|--|
| Table IX | Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures |
| Table X | Ratio of Net Area Wide General Bonded Debt to Assessed Value and Net Bonded Debt per Capita and Student Capita |
| Table XI | Computation of Direct Debt |

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

| | |
|------------|---|
| Table XII | Demographic and Economic Statistics |
| Table XIII | Average Daily Membership as Compared to Assessed Valuation Showing Assess Valuation Support per Student |
| Table XIV | Average Per Pupil Operating Expenditures |
| Table XV | Average Pupil/Teacher Ratio |

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the government provides and the activities it performs.

This data not available at date of printing

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TABLE I

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
GENERAL FUND OPERATING REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)

| <u>Fiscal Year</u> | <u>Local Government Grant</u> | <u>Federal Grants</u> | <u>State Grants</u> | <u>Other Revenue</u> | <u>Total</u> |
|--------------------|-----------------------------------|-----------------------|---------------------|----------------------|--------------|
| 1996-97 | 27,594,063 | 123,294 | 43,544,162 | 105,939 | 71,367,458 |
| 1997-98 | 28,084,830 | 167,021 | 43,515,941 | 107,438 | 71,875,230 |
| 1998-99 | 29,476,785 | 134,029 | 43,289,714 | 80,757 | 72,981,285 |
| 1999-00 | 29,294,461 | 136,059 | 43,385,383 | 874,576 | 73,690,479 |
| 2000-01 | 29,628,226 | 211,710 | 42,536,731 | 352,504 | 72,729,171 |
| 2001-02 | 30,189,118 | 235,236 | 43,948,821 | 2,382,574 | 76,755,749 |
| 2002-03 | 30,618,860 | 279,021 | 43,992,698 | 1,039,837 | 75,930,416 |
| 2003-04 | 31,635,539 | 281,073 | 42,355,439 | 379,700 | 74,651,751 |
| 2004-05 | 33,744,607 | 212,193 | 46,467,673 | 951,400 | 81,375,873 |
| 2005-06 | 34,973,682 | 544,168 | 50,113,534 | 1,088,740 | 86,720,124 |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

**TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

| <u>Fiscal Year</u> | <u>Total Taxes</u> | <u>General Property Tax</u> | <u>General Sales Tax</u> | <u>Motor Vehicle Tax</u> | <u>In Lieu Tax</u> |
|--------------------|--------------------|---------------------------------|------------------------------|------------------------------|--------------------|
| 1996-97 | 48,502,024 | 35,534,260 | 11,383,289 | 602,195 | 982,280 |
| 1997-98 | 51,052,118 | 37,473,330 | 11,917,497 | 717,745 | 943,546 |
| 1998-99 | 50,205,104 | 35,908,942 | 12,606,181 | 736,875 | 953,106 |
| 1999-00 | 51,348,862 | 36,621,773 | 12,814,417 | 937,344 | 975,328 |
| 2000-01 | 53,872,674 | 38,207,989 | 13,708,974 | 928,423 | 1,027,288 |
| 2001-02 | 53,854,005 | 37,943,100 | 14,407,262 | * | 1,503,643 |
| 2002-03 | 44,735,605 | 40,961,761 | 14,375,828 | * | 1,579,494 |
| 2003-04 | 59,206,384 | 42,493,681 | 14,910,977 | * | 1,801,726 |
| 2004-05 | 60,223,062 | 42,702,040 | 15,670,832 | * | 1,850,190 |
| 2005-06 | 62,848,624 | 44,202,701 | 16,755,426 | * | 1,890,497 |

This information was obtained from the Kenai Peninsula Borough.

* Due to changes in reporting requirements, Motor Vehicle Taxes are now included in General Property Tax.

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

**TOTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year | School Operations * | Borough Operations | Total |
|----------------|------------------------|-----------------------|------------|
| 1996-97 | 65,918,880 | 5,827,990 | 71,746,870 |
| 1997-98 | 65,145,832 | 6,197,730 | 71,343,562 |
| 1998-99 | 66,906,942 | 6,009,525 | 72,916,467 |
| 1999-00 | 67,311,423 | 5,922,125 | 73,233,548 |
| 2000-01 | 67,253,454 | 5,903,320 | 73,156,774 |
| 2001-02 | 70,420,154 | 6,086,948 | 76,507,102 |
| 2002-03 | 68,337,352 | 6,092,718 | 74,430,070 |
| 2003-04 | 69,738,607 | 6,515,368 | 76,253,975 |
| 2004-05 | 71,950,359 | 7,092,658 | 79,043,017 |
| 2004-05 | 78,284,197 | 7,276,981 | 85,561,178 |

The above information was derived from the Kenai Peninsula Borough School District General Fund and from the Kenai Peninsula Borough General, Capitol Projects, and Debt Service Funds.

* Uncombined data

TABLE IV

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

OPERATING EXPENDITURES AND OTHER FINANCING USES BY PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

| Fiscal Year | Regular Instruction | Bilingual Instruction | Gifted/Talented Instruction | Alternative Instruction | Vocational Instruction | Special Education Instruction | Special Education Support Svcs-Student | Guidance Services | Health Services |
|-------------|---------------------|-----------------------|-----------------------------|-------------------------|------------------------|-------------------------------|--|-------------------|-----------------|
| 1996-97 | 30,947,404 | 521,674 | 858,452 | 288,349 | 1,935,245 | 6,812,090 | 2,313,646 | 1,060,933 | 1,072,923 |
| 1997-98 | 32,567,606 | 380,591 | 907,599 | 281,982 | 1,796,910 | 7,750,330 | 1,400,829 | 1,053,249 | 910,405 |
| 1998-99 | 32,908,342 | 489,791 | 884,464 | 319,838 | 1,690,652 | 6,220,888 | 2,821,280 | 1,067,724 | 952,324 |
| 1999-00 | 32,728,102 | 464,842 | 880,215 | 919,855 | 1,657,086 | 6,389,524 | 2,799,527 | 1,007,207 | 978,516 |
| 2000-01 | 31,427,066 | 460,482 | 900,958 | 1,629,742 | 1,585,191 | 6,353,689 | 3,026,170 | 1,066,422 | 908,028 |
| 2001-02 | 34,596,404 | 464,916 | 880,281 | 1,570,406 | 1,523,866 | 6,430,994 | 2,973,143 | 1,102,312 | 875,429 |
| 2002-03 | 31,929,739 | 508,088 | 906,604 | 1,360,517 | 1,580,422 | 6,809,909 | 2,958,230 | 1,108,060 | 926,265 |
| 2003-04 | 30,337,994 | 557,316 | 920,160 | 1,714,505 | 1,333,939 | 7,480,489 | 3,251,051 | 1,000,884 | 972,284 |
| 2004-05 | 37,402,666 | *** | *** | *** | *** | 8,129,066 | 3,082,683 | *** | *** |
| 2005-06 | 40,582,039 | *** | *** | *** | *** | 8,584,176 | 3,208,595 | *** | *** |

| Fiscal Year | Support Services - Pupil | Support Services - Instruction | Library Services | Inservice | School Admin. | School Admin. - Support | District Admin. | District Admin. Support Services | Support Services - General |
|-------------|--------------------------|--------------------------------|------------------|-----------|---------------|-------------------------|-----------------|----------------------------------|----------------------------|
| 1996-97 | *** | 1,302,341 | 1,397,343 | 21,001 | - | *** | *** | *** | 8,781,315 |
| 1997-98 | *** | 832,306 | 1,450,301 | 25,374 | - | *** | *** | *** | 8,646,609 |
| 1998-99 | *** | 765,720 | 1,439,951 | 29,056 | - | *** | *** | *** | 8,619,261 |
| 1999-00 | *** | 706,061 | 1,314,748 | 18,544 | - | *** | *** | *** | 9,029,331 |
| 2000-01 | *** | 698,439 | 1,408,029 | 22,815 | 3,269,450 | *** | *** | *** | 5,763,395 |
| 2001-02 | *** | 528,666 | 1,401,713 | 17,660 | 3,306,541 | *** | *** | *** | 5,897,106 |
| 2002-03 | *** | 547,298 | 1,365,058 | 18,192 | 3,420,590 | *** | *** | *** | 5,750,012 |
| 2003-04 | *** | 552,489 | 1,094,368 | 10,813 | 3,635,245 | *** | *** | *** | 6,256,017 |
| 2004-05 | 1,949,832 | 1,575,098 | *** | *** | 4,085,433 | 2,895,324 | 774,266 | 2,701,133 | *** |
| 2005-06 | 2,570,227 | 1,939,417 | *** | *** | 4,447,682 | 3,186,117 | 806,948 | 3,393,748 | *** |

| Fiscal Year | Operation & Maintenance of Plant | Non- Programmed Charges | Pupil Activities | Total |
|-------------|----------------------------------|-------------------------|------------------|------------|
| 1996-97 | 13,095,976 | 403,875 | 1,338,178 | 72,150,745 |
| 1997-98 | 13,339,471 | 574,441 | - | 71,918,003 |
| 1998-99 | 13,334,967 | 307,364 | 1,386,316 | 73,237,938 |
| 1999-00 | 12,919,194 | 293,962 | 1,420,796 | 73,527,510 |
| 2000-01 | 13,226,426 | 240,399 | 1,410,472 | 73,397,173 |
| 2001-02 | 13,548,988 | 120,727 | 1,388,677 | 76,627,829 |
| 2002-03 | 13,601,441 | 189,044 | 1,450,601 | 74,430,070 |
| 2003-04 | 13,853,049 | 2,199,589 | 1,083,783 | 76,253,975 |
| 2004-05 | 15,027,828 | 279,225 | 1,140,463 | 79,043,017 |
| 2005-06 | 15,257,048 | 385,948 | 1,199,233 | 85,561,178 |

*** Program categories have changed as per State requirements as of fiscal year 2004-05

TABLE V

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)**

| Fiscal Year | Assessed Values | | | Tax Exempt Values | | Total Taxable Assessed Value | Total Direct Tax Rate | Assessed Value as a Percentage of Actual Value |
|-------------|-----------------|-------------|-------------------|-------------------|-------------------|------------------------------|-----------------------|--|
| | Real Property | Oil Related | Personal Property | Real Property | Personal Property | | | |
| 1996-97 | 2,488,042 | 506,796 | 347,952 | 96,923 | 5,941 | 3,239,923 | 8.30 | 96.92% |
| 1997-98 | 2,530,599 | 559,137 | 362,327 | 94,394 | 4,743 | 3,352,926 | 8.30 | 97.13% |
| 1998-99 | 2,652,617 | 515,033 | 347,934 | 116,982 | 255 | 3,398,347 | 8.00 | 96.67% |
| 1999-00 | 2,812,154 | 448,685 | 257,051 | 127,824 | 31,762 | 3,358,304 | 8.00 | 95.46% |
| 2000-01 | 2,976,229 | 465,766 | 279,242 | 140,756 | 32,097 | 3,548,384 | 7.50 | 95.35% |
| 2001-02 | 3,027,956 | 606,604 | 285,653 | 161,085 | 41,258 | 3,717,713 | 7.00 | 94.83% |
| 2002-03 | 3,290,671 | 680,522 | 290,369 | 176,523 | 40,998 | 4,044,041 | 6.50 | 94.90% |
| 2003-04 | 3,509,442 | 673,367 | 276,616 | 196,210 | 40,844 | 4,222,404 | 6.50 | 94.68% |
| 2004-05 | 3,656,476 | 611,303 | 253,567 | 215,076 | 42,051 | 4,264,247 | 6.50 | 94.31% |
| 2005-06 | 4,009,648 | 561,689 | 285,351 | 304,702 | 44,210 | 4,507,776 | 6.50 | 92.82% |

This information was obtained from the Kenai Peninsula Borough.

The Borough maintains taxing authority; the School District has no taxing authority.

TABLE VI

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
PROPERTY TAX RATES AND TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(Unaudited)

| TAX RATE (MILLS) | | | | | | | |
|------------------|---------|---------------|---------------|---------------------|-------------------|----------------------|---------------------|
| Fiscal Year | Borough | City of Homer | City of Kenai | City of Seldovia | City of Seward | City of Kachemak* | City of Soldotna |
| 1996-97 | 8.30 | 5.50 | 3.50 | 7.25 | 3.00 | 1.00 | 1.65 |
| 1997-98 | 8.30 | 5.50 | 3.50 | 7.25 | 3.12 | 1.00 | 1.65 |
| 1998-99 | 8.00 | 5.50 | 3.50 | 7.25 | 3.12 | 1.00 | 1.65 |
| 1999-00 | 8.00 | 5.50 | 3.50 | 7.25 | 3.12 | 1.00 | 1.65 |
| 2000-01 | 7.50 | 5.50 | 3.50 | 7.25 | 3.12 | 1.00 | 1.65 |
| 2001-02 | 7.00 | 5.50 | 3.50 | 7.25 | 3.12 | 1.00 | 1.65 |
| 2002-03 | 6.50 | 5.00 | 3.50 | 7.25 | 3.12 | 1.00 | 1.65 |
| 2003-04 | 6.50 | 5.00 | 5.00 | 7.25 | 3.12 | 1.00 | 1.65 |
| 2004-05 | 6.50 | 4.50 | 4.50 | 7.25 | 3.12 | 1.00 | 1.65 |
| 2005-06 | 6.50 | 4.50 | 4.50 | 7.25 | 3.12 | 2.00 | 1.65 |

Taxes are payable when billed. Payment in full is due on or before October 15 and becomes delinquent thereafter. At the option of the taxpayer, taxes may be paid in two equal installments. If the taxpayer elects this option, the first one-half of the taxes payable must be paid on or before September 15. The second one-half taxes then become due on or before November 15 and become delinquent thereafter. If the first one-half of the taxes payable are not paid by September 15, payment of taxes in full becomes due on or before October 15. Late payment penalty of 5% of the taxes due shall be added to all delinquent taxes on the day they become delinquent and an additional penalty of 5% of the taxes due shall be added to any tax more than 30 days delinquent. Interest shall be calculated at 10% per year from the date that the taxes would have ordinarily come due.

This information was obtained from the Kenai Peninsula Borough.

* Real Property Tax

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

TABLE VII

PRINCIPAL PROPERTY TAXPAYERS
June 30, 2006
(Unaudited)

| Taxpayer | 2006 | | | 1996 | | |
|-----------------------------|-------------------------|------|--|----------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value (1) | Rank | Percentage of Total Taxable Assessed Value |
| Tesoro Alaska Company | \$ 232,415,562 | 1 | 5.16% | \$ 617,508,627 | 1 | 19.83% |
| UNOCAL | 198,945,387 | 2 | 4.41% | 86,708,501 | 3 | 2.78% |
| ConocoPhillips Co. | 168,304,581 | 3 | 3.73% | 101,248,336 | 2 | 3.25% |
| Marathon Oil | 96,303,157 | 4 | 2.14% | - | - | - |
| Agrium | 77,322,261 | 5 | 1.72% | - | - | - |
| BP Exploration Alaska, Inc. | 69,316,173 | 6 | 1.54% | - | - | - |
| ACS of the Northland, Inc. | 67,667,803 | 7 | 1.50% | - | - | - |
| XTO Energy Inc | 41,297,440 | 8 | 0.92% | 41,698,717 | 5 | 1.34% |
| Kenai Kachemak Pipeline | 37,435,042 | 9 | 0.83% | - | - | - |
| Alaska Pipeline Company | 19,489,137 | 10 | 0.43% | 16,313,043 | 10 | 0.52% |
| Totals | <u>\$ 1,008,496,543</u> | | <u>22.38%</u> | <u>\$ 863,477,224</u> | | <u>27.73%</u> |

This information obtained from the Kenai Peninsula Borough.

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year | Collected in the Fiscal Year of the Levy | | | Collections in Subsequent Years | Total Collections to Date | |
|-------------|--|------------|--------------------|---------------------------------|---------------------------|--------------------|
| | Total Tax Levy for Fiscal Year | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| * 1995-96 | - | - | - | - | - | - |
| * 1996-97 | - | - | - | - | - | - |
| * 1997-98 | - | - | - | - | - | - |
| 1998-99 | 26,721,777 | 26,118,599 | 97.743% | 601,206 | 26,719,805 | 99.993% |
| 1999-00 | 26,792,683 | 26,212,896 | 97.836% | 576,860 | 26,789,756 | 99.989% |
| 2000-01 | 26,611,167 | 26,132,333 | 98.201% | 475,365 | 26,607,698 | 99.987% |
| 2001-02 | 26,096,387 | 25,644,795 | 98.270% | 445,959 | 26,090,754 | 99.978% |
| 2002-03 | 26,370,536 | 25,879,204 | 98.137% | 483,573 | 26,362,777 | 99.971% |
| 2003-04 | 27,558,497 | 27,062,845 | 98.201% | 481,867 | 27,544,712 | 99.950% |
| 2004-05 | 27,820,350 | 27,446,158 | 98.655% | 330,468 | 27,776,626 | 99.843% |
| 2005-06 | 29,357,626 | 28,978,909 | 98.710% | - | 28,978,909 | 98.710% |

This information was obtained from the Kenai Peninsula Borough.

* Data not available at this time

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year | Principal | Interest | Total Debt Service | Total General Expenditures* | Ratio of Debt Service to General Expenditures (Percent) |
|-------------|------------|-----------|-----------------------|--------------------------------|---|
| 1996-97 | 8,220,000 | 4,619,380 | 12,839,380 | 113,531,185 | 11.31 |
| 1997-98 | 9,255,000 | 3,572,471 | 12,827,471 | 115,426,942 | 11.11 |
| 1998-99 | 9,965,000 | 2,868,433 | 12,833,433 | 116,558,089 | 11.01 |
| 1999-00 | 10,730,000 | 2,100,391 | 12,830,391 | 120,520,131 | 10.65 |
| 2000-01 | 10,855,000 | 1,283,882 | 12,138,882 | 122,897,538 | 9.88 |
| 2001-02 | 2,480,000 | 836,801 | 3,316,801 | 120,009,199 | 2.76 |
| 2002-03 | 2,575,000 | 661,595 | 3,236,595 | 123,057,279 | 2.63 |
| 2003-04 | 3,840,000 | 1,285,814 | 5,125,814 | 125,504,858 | 4.08 |
| 2004-05 | 3,375,000 | 1,231,528 | 4,606,528 | 130,842,385 | 3.52 |
| 2005-06 | 3,485,000 | 1,065,369 | 4,550,369 | 144,518,951 | 3.52 |

This information was obtained from the Kenai Peninsula Borough.

* Includes General, Special Revenue, Debt Service Funds and School District.

TABLE X

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

**RATIO OF NET AREA WIDE GENERAL BONDED DEBT TO ASSESSED VALUE AND
NET BONDED DEBT PER CAPITA AND STUDENT CAPITA
LAST TEN FISCAL YEARS
(Unaudited)**

| <u>Fiscal Year</u> | <u>Population*</u> | <u>Average Daily Membership</u> | <u>Assessed Value</u> | <u>Net Bonded Debt</u> | <u>Ratio of Net Bonded Debt To Assessed Value</u> | <u>Net Bonded Debt Per Capita</u> | <u>Net Bonded Debt Per Student Capita</u> |
|--------------------|--------------------|-------------------------------------|-----------------------|------------------------|---|---|---|
| 1996-97 | 46,790 | 10,342 | 3,239,923,000 | 47,030,000 | 1.45% | 1,005 | 4,547 |
| 1997-98 | 48,098 | 10,377 | 3,352,926,000 | 38,050,000 | 1.13% | 791 | 3,667 |
| 1998-99 | 48,952 | 10,182 | 3,398,347,000 | 28,375,000 | 0.83% | 580 | 2,787 |
| 1999-00 | 49,691 | 9,982 | 3,358,304,000 | 19,315,000 | 0.58% | 389 | 1,935 |
| 2000-01 | 50,005 * | 9,947 | 3,548,384,000 | 15,889,000 | 0.45% | 317 | 1,597 |
| 2001-02 | 50,621 * | 9,799 | 3,717,713,000 | 13,409,000 | 0.36% | 262 | 1,368 |
| 2002-03 | 51,398 * | 9,632 | 4,044,041,000 | 17,874,000 | 0.44% | 341 | 1,856 |
| 2003-04 | 50,980 * | 9,562 | 4,222,404,000 | 87,009,000 | 2.06% | 1,707 | 9,099 |
| 2004-05 | 51,224 ** | 9,527 | 4,264,247,000 | 82,014,000 | 1.92% | 1,601 | 8,609 |
| 2005-06 | 51,224 ** | 9,389 | 4,507,776,000 | 79,019,000 | 1.75% | 1,543 | 8,416 |

This information was obtained from the Kenai Peninsula Borough.

* Data provided by the State of Alaska Department of Community & Economic Development.

** Population figures from 2000-01 through 2003-04 have been changed from an average to the population on July 1 of the preceding calendar year.

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

COMPUTATION OF DIRECT DEBT
 June 30, 2006
 (Unaudited)

| Governmental Unit | Net Debt Outstanding | Percentage Application to this Governmental Unit | Share of Debt |
|-------------------------------------|--------------------------|---|--------------------------|
| Kenai Peninsula Borough: | | | |
| Direct Debt: | | | |
| Bonded Debt: | | | |
| Education | \$ 16,764,000 | 100% | \$ 16,764,000 |
| Solid Waste | 5,110,000 | 100% | \$ 5,110,000 |
| Public Safety | 2,500,000 | | \$ 2,500,000 |
| Enterprise funds: | | | |
| Central Peninsula General Hospital* | 45,020,000 | 100% | \$ 45,020,000 |
| South Peninsula Hospital* | <u>9,625,000</u> | 100% | \$ 9,625,000 |
| Total Bonded Debt and Direct Debt | <u><u>79,019,000</u></u> | | <u><u>79,019,000</u></u> |

* General Obligation debt repaid through general property taxes of the service area.

This information was obtained from the Kenai Peninsula Borough.

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
YEAR ENDED JUNE 30, 2006
(Unaudited)

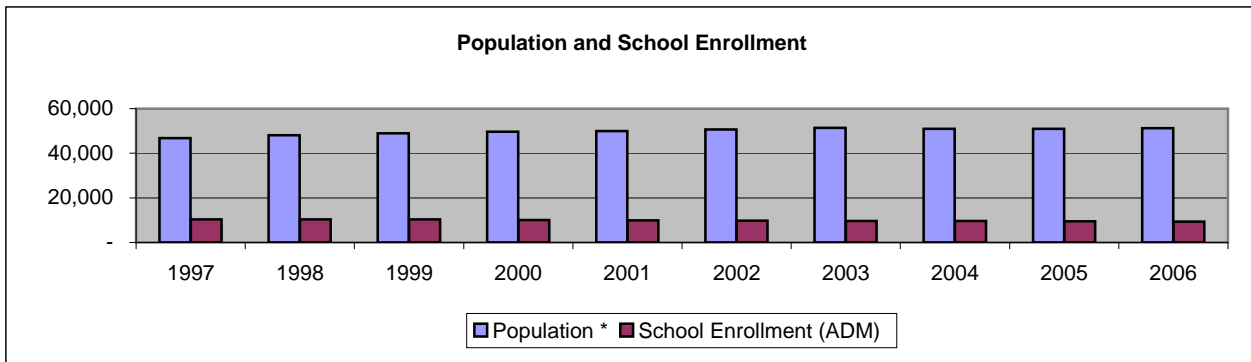
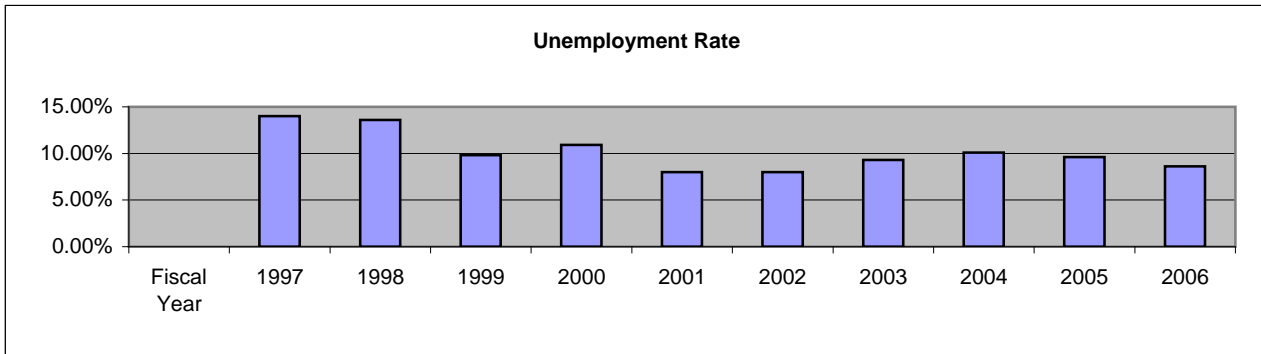
DEMOGRAPHIC DATA

| Fiscal Year | Population * | Median Age ** | School Enrollment (ADM) | Unemployment rate ** |
|-------------|--------------|---------------|-------------------------|----------------------|
| 1997 | 46,790 | 33.6 | 10,383 | 14.00% |
| 1998 | 48,098 | 35.1 | 10,405 | 13.60% |
| 1999 | 48,952 | 35.4 | 10,405 | 9.80% |
| 2000 | 49,691 | 36.1 | 9,982 | 10.90% |
| 2001 | 50,005 ** | 36.3 | 9,947 | 8.00% |
| 2002 | 50,621 ** | 36.3 | 9,799 | 8.00% |
| 2003 | 51,398 ** | 36.7 | 9,632 | 9.30% |
| 2004 | 50,980 ** | 36.7 | 9,562 | 10.10% |
| 2005 | 50,980 ** | 36.7 | 9,527 | 9.60% |
| 2006 | 51,224 ** | 36.3 | 9,389 | 8.60% |

This information obtained from the Kenai Peninsula Borough.

* Data is provided by the State of Alaska Department of Community & Economic Development

** Data is provided by the State of Alaska Department of Labor & Workforce Development and is the average rate for the previous calendar year. The Department has changed their method of calculating unemployment rates effective retroactive to 2001.



KENAI PENINSULA BOROUGH SCHOOL DISTRICT

**AVERAGE DAILY MEMBERSHIP AS COMPARED TO ASSESSED VALUATION
SHOWING ASSESSED VALUATION SUPPORT PER STUDENT
LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year | Average Daily Membership Grades K-12 | Percentage Average Daily Membership Increase (Decrease) Over Previous Year | Assessed Valuation | Assessed Valuation Percentage Increase (Decrease) Over Previous Year | Assessed Valuation Support Per Student Capita |
|-------------|--|---|--------------------|---|---|
| 1996-97 | 10,342 | 0.6 | 3,203,338,142 | 5.4 | 309,741 |
| 1997-98 | 10,377 | 0.3 | 3,347,501,616 | 4.5 | 322,589 |
| 1998-99 | 10,182 | (1.9) | 3,345,565,050 | (.1) | 328,576 |
| 1999-00 | 9,982 | (1.9) | 3,355,946,678 | .3 | 336,200 |
| 2000-01 | 9,947 | (0.4) | 3,549,198,919 | (5.4) | 356,811 |
| 2001-02 | 9,799 | (1.5) | 3,728,772,943 | 5.1 | 380,526 |
| 2002-03 | 9,632 | (1.7) | 3,957,173,965 | 6.1 | 410,836 |
| 2003-04 | 9,562 | (0.7) | 4,236,549,880 | 7.1 | 443,061 |
| 2004-05 | 9,527 | (0.4) | 4,223,854,000 | 1.0 | 443,356 |
| 2005-06 | 9,389 | (1.4) | 4,507,776,000 | 1.1 | 480,112 |

TABLE XIII (CONTINUED)

DATE OF INCORPORATION ~ January 1, 1964

AUTHORITY OF INCORPORATION ~ State of Alaska Borough Act of 1961

AREA ~ Approximately 25,600 square miles

| SCHOOLS | <u>Type of School</u> | Number of Schools | ADM Enrollment |
|---------|---------------------------------|----------------------|-------------------|
| | High Schools | 6 | 2,723 |
| | Middle Schools | 4 | 1,265 |
| | Elementary Schools | 15 | 3,366 |
| | Combined Elementary/High School | 10 | 690 |
| | Charter Schools | 4 | 466 |
| | Alternative Schools | 4 | 171 |
| | Correspondence Schools | 1 | 708 |
| | Total | <u>44</u> | <u>9,389</u> |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT
AVERAGE PER PUPIL OPERATING EXPENDITURES
LAST TEN FISCAL YEARS
(Unaudited)

| Fiscal Year | Total Operating Expenditures | Operating Expenditures Percentage Increase Over Previous Year | Average Daily Membership Grades K-12 | Operating Expenditures Per Student Capita | Operating Expenditures Per Student Capita Percentage Increase Over Previous Year |
|-------------|------------------------------|---|--------------------------------------|---|--|
| 1996-97 | 72,150,745 | (0.02) | 10,342 | 6,976 | (0.70) |
| 1997-98 | 71,918,003 | (0.03) | 10,377 | 6,931 | (0.20) |
| 1998-99 | 73,237,898 | 1.80 | 10,182 | 7,193 | 0.40 |
| 1999-00 | 73,527,510 | 0.40 | 9,982 | 7,366 | 2.40 |
| 2000-01 | 73,397,173 | (0.20) | 9,947 | 7,379 | 0.20 |
| 2001-02 | 76,116,629 | 0.04 | 9,799 | 7,768 | 0.05 |
| 2002-03 | 74,430,070 | (0.02) | 9632 | 7,727 | (0.01) |
| 2003-04 | 76,253,975 | 0.02 | 9562 | 7,975 | 0.03 |
| 2004-05 | 79,043,017 | 0.04 | 9527 | 8,297 | 0.04 |
| 2005-06 | 85,561,178 | 0.08 | 9389 | 9,113 | 0.10 |

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

AVERAGE PUPIL/TEACHER RATIO
LAST TEN FISCAL YEARS
(Unaudited)

| <u>Fiscal Year</u> | <u>Professional Teaching Staff</u> | <u>Average Daily Membership Grades K-12</u> | <u>Ratio of Pupils to Teaching staff</u> |
|--------------------|------------------------------------|---|--|
| 1996-97 | 693.35 | 10,342 | 14.92 |
| 1997-98 | 708.50 | 10,377 | 14.65 |
| 1998-99 | 701.15 | 10,182 | 14.52 |
| 1999-00 | 697.74 | 9,982 | 14.31 |
| 2000-01 | 691.17 | 9,947 | 14.39 |
| 2001-02 | 692.03 | 9,799 | 14.16 |
| 2002-03 | 694.36 | 9,632 | 13.87 |
| 2003-04 | 643.59 | 9,562 | 14.86 |
| 2004-05 | 608.75 | 9,527 | 15.65 |
| 2005-06 | 645.69 | 9,389 | 14.54 |
