

**Kenai Peninsula Borough School
District
(A Component Unit of the Kenai Peninsula
Borough)**

Government Auditing Standards and Federal
Single Audit Reports
Year Ended June 30, 2025

The report accompanying these financial statements was issued by
BDO USA, P.C., a Virginia professional corporation, and the U.S. member of
BDO International Limited, a UK company limited by guarantee.



**Kenai Peninsula Borough School District
(A Component Unit of the Kenai Peninsula Borough)**

Government Auditing Standards and Federal Single Audit Reports
Year Ended June 30, 2025

Kenai Peninsula Borough School District
(A Component Unit of the Kenai Peninsula Borough)

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kenai Peninsula Borough School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

Anchorage, Alaska
November 13, 2025



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Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kenai Peninsula Borough School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We have issued our report thereon dated November 13, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

BDO USA, P.C.

Anchorage, Alaska
December 12, 2025

Kenai Peninsula Borough School District
(A Component Unit of the Kenai Peninsula Borough)

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Education				
Direct				
Indian Education Grants to Local Educational Agencies	84.060A		\$ -	\$ 384,386
Passed through Alaska Department of Education and Early Development:				
Title I Grants to Local Educational Agencies				
Neglected and Delinquent	84.010A	ND 25.KPSD.01	-	118,347
NCLB - Title I-A Basic	84.010	IP 25.KPSD.01	-	1,575,217
NCLB - Title I-A - Parent Involvement	84.010	IP 25.KPSD.01	-	23,600
NCLB - Title I-A Pre-K	84.010	IP 25.KPSD.01	-	437,454
NCLB - Title I-A Homeless	84.010	IP 25.KPSD.01	-	352,778
Title I-A, School Improvement	84.010	SI 25.KPSD.01	-	107,515
Admin Pool - Title I-A	84.010	IP 25.KPSD.01	-	154,832
Total ALN 84.010			-	2,769,743
Comprehensive Literacy Development:				
AK Literacy	84.371C	AL.25.KPSD.01	-	408,483
Supporting Effective Instruction State Grants				
Title II-A, Training & Recruiting	84.367	IP 25.KPSD.01	-	649,702
Title II-A, Training & Recruiting - Private Schools	84.367	IP 25.KPSD.01	-	3,919
Admin Pool - Title II-A	84.367	IP 25.KPSD.01	-	109,723
Total ALN 84.367			-	763,344
Special Education Cluster (IDEA):				
Special Education Grants to States				
Title VI-B IDEA	84.027	SE 25.KPSD.01	-	3,965,111
Title VI-B, IDEA Discretionary	84.027	DS 25.KPSD.01	-	21,000
Total ALN 84.027			-	3,986,111
Special Education Preschool Grants				
Title VI - B, IDEA Section 619	84.173	SE 25.KPSD.01	-	134,285
Total Special Education Cluster (IDEA)			-	4,120,396
Migrant Education State Grant Program				
Migrant Education Book	84.011A	MB 25.KPSD.01	-	16,000
Migrant Education Travel	84.011A	MB 25.KPSD.01	-	2,308
Title IC - Migrant	84.011	IP 25.KPSD.01	-	1,119,236
Admin Pool - Title IC	84.011	IP 25.KPSD.01	-	122,140
Total ALN 84.011			-	1,259,684
Education for Homeless Children and Youth				
EHCY Travel	84.196A	AH 25.KPSD.01	-	6,000
McKinney-Vento Homeless	84.196A	FR 25.KPSD.01	-	28,141
Total ALN 84.196A			-	34,141
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013A	IP 25.KPSD.01	-	32,150
Student Support and Academic Enrichment Program				
Title IV - A, Student Support and Academic Enrichment	84.424	IP 25.KPSD.01	-	378,463
Stronger Connections	84.424	CM 25.KPSD.01	-	167,134
Admin Pool - Title IV	84.424	IP 25.KPSD.01	-	8,013
Total ALN 84.424			-	553,610
English Language Acquisition State Grants				
Title IIIA - ELL	84.365	IP 25.KPSD.01	-	3,635
Admin Pool - Title III-A	84.365	IP 25.KPSD.01	-	498
Total ALN 84.365			-	4,133
Career and Technical Education - Basic Grants to States				
Carl Perkins	84.048	EK 25.KPSD.01	-	405,196

Kenai Peninsula Borough School District
(A Component Unit of the Kenai Peninsula Borough)

Schedule of Expenditures of Federal Awards, continued
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Education, continued				
COVID-19 Education Stabilization Fund				
COVID-19 Aleyeska Reading Program	84.425U	AR 24.KPSD.01	\$ -	\$ 26,131
COVID-19 McKinney - Vento Homeless Education ARP II	84.425W	AH 25.KPSD.01	- -	1,811
COVID-19 Total Education Stabilization Fund				- 27,942
Total U.S. Department of Education				- 10,763,208
National Endowment for the Arts				
Passed through Alaska Department of Education and Early Development:				
Promotion of the Arts Partnership Agreements	45.025	FY25AISI0001	- -	500
U.S. Department of Agriculture:				
Passed through Alaska Department of Education and Early Development:				
Child Nutrition Cluster:				
School Breakfast Program				
Child Nutrition	10.553	MA 25.024.01	- -	539,481
National School Lunch Program				
Child Nutrition	10.555	MA 25.024.01	- -	2,002,847
Commodities	10.555	FY2025	- -	149,649
Total ALN 10.555				- 2,152,496
Fresh Fruit & Vegetable Program	10.582	FF 25.KPSD.01/02	- -	221,032
Total Child Nutrition Cluster				- 2,913,009
State Administrative Expenses for Child Nutrition	10.560	FD 25.KPSD.01	- -	19,863
Total U.S. Department of Agriculture				- 2,932,872
U.S. Department of Health and Human Services:				
Passed through Alaska Department of Education and Early Development:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	SW 25.KPSD.01	- -	4,498
Total Expenditures of Federal Awards			\$ -	\$ 13,701,078

The accompanying notes are an integral part of this schedule.

Kenai Peninsula Borough School District
(A Component Unit of the Kenai Peninsula Borough)

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Kenai Peninsula Borough School District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Kenai Peninsula Borough School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Kenai Peninsula Borough School District.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

The Kenai Peninsula Borough School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Kenai Peninsula Borough School District
(A Component Unit of the Kenai Peninsula Borough)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes (none reported)

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

Material Weakness(es) identified? yes no

Significant deficiency(ies) identified? yes (none reported)

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal programs:

<i>Assistance Listing Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Agency</i>
84.027 / 84.173	Special Education Cluster (IDEA)	U.S. Department of Education

Dollar threshold used to distinguish between Type A and Type B Federal programs: \$ 750,000

Auditee qualified as low-risk auditee? yes no

Kenai Peninsula Borough School District
(A Component Unit of the Kenai Peninsula Borough)
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2025

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

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

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516(a)) that are required to be reported.