

SOUTHWEST REGION SCHOOLS

**Management Discussion and Analysis, Basic Financial
Statements, Required Supplementary Information, Additional
Supplementary Information and Compliance Reports**

Year Ended June 30, 2008

*Altman, Rogers
& Co.* CERTIFIED
PUBLIC
ACCOUNTANTS

SOUTHWEST REGION SCHOOLS

**Management Discussion and Analysis, Basic Financial
Statements, Required Supplementary Information, Additional
Supplementary Information and Compliance Reports**

Year Ended June 30, 2008

SOUTHWEST REGION SCHOOLS

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
Independent Auditors' Report		1-2
Management Discussion and Analysis (MD&A)		3-10
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets	A-1	11
Statement of Activities	B-1	12
Fund Financial Statements:		
Balance Sheet - Governmental Funds	C-1	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	D-1	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	D-2	15
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – School Operating Fund	E-1	16
Statement of Fiduciary Assets and Liabilities	F-1	17
Notes to Basic Financial Statements		18-36
Required Supplementary Information:		
Schedule of Funding Progress for PERS		38

SOUTHWEST REGION SCHOOLS

Table of Contents, Continued

	<u>Exhibit</u>	<u>Page</u>
Additional Supplementary Information:		
Major Funds:		
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – (Where Applicable):		
School Operating Fund	G-1	39-42
New Stuyahok School Replacement Capital Project Fund	G-2	43
Other Governmental Funds:		
Combining Balance Sheet	H-1	44-48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)	H-2	49-52
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual (where applicable):		
Special Revenue Funds:		
Student Transportation	H-3	53
Boarding Home	H-4	54
Staff Development	H-5	55
Food Service	H-6	56
Title I-A Basic	H-7	57
Title II Training and Recruitment	H-8	58
Title V-A Innovative Programs	H-9	59
Title II-D Enhancing Education Through Technology	H-10	60
Preschool Disabled	H-11	61
Title VI-B	H-12	62
Title I School Improvement	H-13	63
Title I-A Staff Development 10%	H-14	64
Migrant Education Book	H-15	65
Migrant Education Basic	H-16	66
Migrant Education – Summer	H-17	67
Carl Perkins FY07	H-18	68
Carl Perkins FY08	H-19	69
Title II-A English Language Acquisition	H-20	70

SOUTHWEST REGION SCHOOLS

Table of Contents, Continued

	<u>Exhibit</u>	<u>Page</u>
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual, (Where Applicable) (Continued)		
Special Revenue Funds:		
Title I-A Highly Qualified	H-21	71
Title II-D Competitive	H-22	72
Title I-A Supplemental	H-23	73
Johnson O'Malley	H-24	74
Indian Education	H-25	75
Alaska Native Home Based Education	H-26	76
Upward Bound	H-27	77
Teacher Housing	H-28	78
Student Computer Repair and Replacement	H-29	79
Yupik Math	H-30	80
Capital Project Funds:		
Impact Aid Construction	H-31	81
Replacement Cycle	H-32	82
Togiak Replacement	H-33	83
New Stuyahok Planning	H-34	84
Manokotak Construction	H-35	85
Schedule of Changes in Assets and Liabilities – Agency Funds	I-1	86
Schedule of Expenditures of Federal Awards	J-1	87-88
Schedule of State Financial Assistance	K-1	89

SOUTHWEST REGION SCHOOLS

Table of Contents, Continued

	<u>Exhibit</u>	<u>Page</u>
Compliance Reports:		
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		90-91
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>		92-93
Federal Schedule of Findings and Questioned Costs		94-95
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>		96-97
State Schedule of Finding and Questioned Costs		98
Independent Auditors' Report on Statement of Compliance with AS 14.14.020 and Other State Requirements		99-100
Independent Auditors' Report on Statement of Compliance with AS 14.17.505		101
Statement of Compliance - AS 14.17.505		102

Independent Auditors' Report

Members of the School Board
Southwest Region Schools
Dillingham, Alaska

Ladies and Gentlemen:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Southwest Region Schools (District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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.

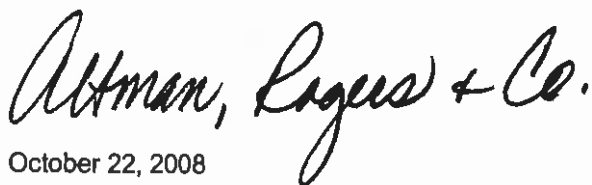
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Southwest Region Schools as of June 30, 2008, and the respective changes in financial position, thereof, and the respective budgetary comparison for the School Operating Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Members of the School Board
Southwest Region Schools

In accordance with *Government Auditing Standards*, we have also issued a report dated October 22, 2008 on our consideration of Southwest Region Schools' 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. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the other required supplementary information on pages 3 through 10 and 38, respectively, are not a required part of the basic financial statements but are supplementary information required by the *Governmental Accounting Standards 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 Southwest Region Schools' basic financial statements taken as a whole. The information listed in the Table of Contents as "Additional Supplementary Information" is presented for the purposes of additional analysis and is not a required part of the basic financial statements of Southwest Region Schools. The accompanying schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the accompanying Schedule of State Financial Assistance is presented for purposes of additional analysis as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.


October 22, 2008

SOUTHWEST REGION SCHOOLS

Management's Discussion and Analysis

June 30, 2008

The discussion and analysis of Southwest Region Schools financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Please read this discussion and analysis in conjunction with the District's financial statements in-order to fully understand the School District's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- The assets of the Southwest Region Schools exceeded its liabilities at the end of the fiscal year by \$84,486,197 (net assets). Of this amount, \$4,124,977 (unrestricted net assets) may be used to meet the government's ongoing obligations to students, teachers, citizens and creditors.
- In total, net assets increased \$8,270,268 which represents a 10.85 percent increase from FY 2007. All activities in the Southwest Region Schools are governmental activities. There were no business-type activities in FY 2008.
- General revenues accounted for \$16,352,923 or 51 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$15,806,204 or 49 percent of total revenues of \$32,159,127.
- The School District had \$23,888,859 in expenses related to governmental activities. A total of \$15,806,204 of these expenses were offset by program specific charges for services and grants. General revenues (primarily from unrestricted grants, investments, and earnings) of \$16,352,923 were adequate to provide for these programs.
- As of the close of FY 2008, the Southwest Region Schools' governmental funds reported combined ending fund balances of \$6,264,297. A significant portion of this amount is reserved for Inventory and Impact Aid. The unreserved balance available in the School Operating Fund has decreased from \$879,492 in 2007 to zero in 2008. The unreserved balance is available for spending at the District's discretion.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Southwest Region Schools' own programs. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the governmental-wide financial statements.

Notes to 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.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Southwest Region Schools' progress in paying its obligation to provide pension benefits to its employees. Required supplementary information can be found directly following the notes to the financial statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Table 1 reflects that total net assets exceeded liabilities by \$84,486,197.

By far the largest portion of the Southwest Region Schools' net assets (95 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). This is presented, less any related debt used to acquire those assets that is still outstanding. Southwest Region Schools uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

The following table provides a summary of the District's net assets for FY 2008 and FY 2007:

Table 1

Condensed Statement of Net Assets

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Assets:		
Current Assets	\$ 11,811,999	\$ 13,681,864
Capital Assets	<u>80,361,220</u>	<u>69,273,537</u>
Total Assets	\$ <u>92,173,219</u>	\$ <u>82,955,401</u>
Liabilities:		
Current Liabilities	5,547,752	6,635,724
Long-term Liabilities	<u>2,139,270</u>	<u>103,748</u>
Total Liabilities	\$ <u>7,687,022</u>	\$ <u>6,739,472</u>
Net Assets:		
Invested in capital assets	80,361,220	69,273,537
Unrestricted	<u>4,124,977</u>	<u>6,942,392</u>
Total Net Assets	\$ <u>84,486,197</u>	\$ <u>76,215,929</u>

Total assets increased by \$9,217,818 (11.11%) due primarily to capitalization of construction as of year end. Total liabilities increased by \$947,550 (14.10%) due to the increase in pension OPEB obligations. Total net assets increased by \$8,270,268 (10.85%).

A portion of the District's net assets (95 %) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets (\$4,124,977) may be used to meet the government's ongoing obligations to students and creditors.

At the end of the current fiscal year, the Southwest Region Schools are able to report positive balances in all categories of net assets.

Table 2 highlights the District's revenues and expenses for the fiscal year ended June 30, 2008. These two main components are subtracted to yield the change in net assets. This table utilizes the full accrual method of accounting.

Revenue is further divided into two major components: Program Revenue and General Revenue. Program revenue is defined as charges for services, operating and capital grants and contributions. General Revenue includes revenue and unrestricted grants such as state foundation support and federal appropriations.

Expenses are shown in programs including Instruction, Support Services, Administration, Operation and Maintenance, transportation, food service and Construction.

This table will present two fiscal years in side-by-side comparisons. This will enable the reader to draw further conclusions about this District's current financial status and possibly project future problems.

Table 2

Revenues:	<u>2008</u>	<u>2007</u>
Program revenues:		
Charges for services	\$ 399,538	\$ 51,870
Operating grants and contributions	2,257,748	3,518,675
Capital grants	13,148,918	9,256,511
General revenues:		
Investment earnings	145,284	309,262
E-Rate	1,113,857	954,781
Unrestricted grants	14,981,281	12,271,512
Miscellaneous	112,501	142,104
Gain (loss) on disposal	-	(680,420)
Total revenues	\$ <u>32,159,127</u>	\$ <u>25,824,295</u>
Functions/program expenses:		
Governmental activities:		
Instruction	\$ 9,447,530	\$ 6,888,354
Special education instruction	1,812,746	1,124,066
Special education support services	440,582	357,423
Support services-students	306,993	269,676
Support services-instruction	2,027,711	2,221,483
School administration	1,056,832	704,891
School administration support services	357,054	175,369
District administration	256,660	220,359
District administration support services	1,110,463	729,659
Operations and maintenance of plant	5,608,845	4,128,468
Student activities	371,529	291,079
Student transportation	406,579	357,644
Food services	685,335	594,817
Interest	-	1,281
Total expenses	\$ <u>23,888,859</u>	\$ <u>18,064,569</u>
Increase (decrease) in net assets	\$ <u>8,270,268</u>	\$ <u>7,759,726</u>

The general revenues accounted for 51 % of the District's total revenues with operating grants contributing 7 %, capital grants and contributions contributing 41 % and charges for services contributing 1.2 % of the District's total revenues. Total revenues increased by \$6,334,832 and total expenses increased by \$5,824,290 from 2007.

The increase in revenues in the current year is primarily the result of more construction and facility acquisition grants earned in 2008.

Financial Analysis of the Government's Funds

As noted earlier, the Southwest Region Schools uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of the Southwest Region Schools' governmental funds is to provide information on near-term inflows, 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 future spending.

As of the end of the current fiscal year, the Southwest Region Schools' governmental funds reported combined ending fund balances of \$6,264,297. Approximately 15 % of this total amount \$959,756 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

The School Operating Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the School Operating Fund was decreased from \$879,492 to \$0, while total School Operating Fund balance reached \$5,135,688. As a measure of the School Operating Fund liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 0 % of total School Operating Fund expenditures, while total fund balance represents 32.5% of that same amount.

School Operating Fund Budgetary Highlights

The District's budget is prepared according to Alaska law and is based on a modified accrual basis of accounting. The most significant budgeted fund is the School Operating Fund.

During the course of fiscal 2008 the School District amended its School Operating Fund budget. The School District uses a budgeting system designed to tightly control the total budget but provide flexibility for management.

The difference between the original budgeted expenditures and the final amended budgeted expenditures was an increase of \$1,182,310 or 9.13 % of total School Operating Fund expenditures.

During the fiscal year the original budgeted revenues exceeded the final amended budgeted revenues by \$50,165 or 0.36 %. This decrease was due to an anticipated decrease in Foundation Program revenues and State pass-through funds. However, the actual revenues were \$2,407,749 greater than expected primarily due to increased State Funds.

Capital Assets

The Southwest Region Schools owns land, buildings and equipment used by the School District.

As of June 30, 2008, the District had invested \$80,361,220 in land, buildings, and equipment, all as governmental activities. The following table shows fiscal 2008 compared to 2007:

Capital Assets at June 30 **Net of Accumulated Depreciation**

	<u>2008</u>	<u>2007</u>
Land	\$ 2,386,618	\$ 2,386,618
Buildings	53,015,488	54,684,882
Machinery and equipment	885,228	959,908
Construction in progress	<u>24,073,886</u>	<u>11,242,129</u>
Total assets	\$ <u>80,361,220</u>	\$ <u>69,273,537</u>

Additional information on the District's capital assets can be found in the notes to the financial statements.

Contacting the School District's Financial Management

These financial statements and discussions are designed to provide our students, citizens, taxpayers, investors and creditors with a complete disclosure of the District's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please contact the District Business Manager, Southwest Region Schools, P.O. Box 90, Dillingham, Alaska 99576.

SOUTHWEST REGION SCHOOLS

Statement of Net Assets

June 30, 2008

	Governmental <u>Activities</u>
<u>Assets</u>	
Current:	
Cash and cash equivalents	\$ 9,009,436
Receivables	1,397,191
Interest receivable	59,952
Inventory	1,339,053
Prepaid items	6,367
Total current assets	<u>11,811,999</u>
Noncurrent:	
Capital assets	105,221,414
Accumulated depreciation	<u>(24,860,194)</u>
Total noncurrent assets	<u>80,361,220</u>
Total assets	<u>\$ 92,173,219</u>
<u>Liabilities</u>	
Current:	
Accounts payable	1,091,520
Accrued payroll liabilities	505,374
Due to:	
State of Alaska	589
Bristol Bay Distance Delivery	6,806
Deferred revenue	<u>3,943,463</u>
Total current liabilities	<u>5,547,752</u>
Noncurrent:	
Pension and OPEB obligations	<u>2,139,270</u>
Total liabilities	<u>7,687,022</u>
<u>Net Assets</u>	
Invested in capital assets	80,361,220
Unrestricted	<u>4,124,977</u>
Total net assets	<u>\$ 84,486,197</u>

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

SOUTHWEST REGION SCHOOLS

Statement of Activities

Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes
			Contributions	Contributions	in Net Assets
					Total
					Governmental
					Activities
Governmental Activities:					
Instruction	\$ 9,447,530	-	552,247	12,831,757	3,936,474
Special education instruction	1,812,746	-	18,413	-	(1,794,333)
Special education support services	440,582	-	207,961	-	(232,621)
Support services - students	306,993	-	53,118	-	(253,875)
Support services - instruction	2,027,711	-	771,807	-	(1,255,904)
School administration	1,056,832	-	-	-	(1,056,832)
School administration support services	357,054	-	-	-	(357,054)
District administration	256,660	-	-	-	(256,660)
District administration support services	1,110,463	-	42,024	-	(1,068,439)
Operations and maintenance of plant	5,608,845	349,745	76,529	317,161	(4,865,410)
Student activities	371,529	-	-	-	(371,529)
Student transportation services	406,579	-	213,753	-	(192,826)
Food service	685,335	49,793	321,896	-	(313,646)
Total governmental activities	\$ 23,888,859	399,538	2,257,748	13,148,918	(8,082,655)
General revenues:					
Unrestricted investment and interest earnings					145,284
E-Rate					1,113,857
Grants not restricted to specific programs					14,981,281
Miscellaneous					112,501
Total general revenues					16,352,923
Change in net assets					8,270,268
Net assets - beginning					76,215,929
Net assets - ending					\$ 84,486,197

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

SOUTHWEST REGION SCHOOLS

Balance Sheet - Governmental Funds

June 30, 2008

	School Operating Fund	New Stuyahok Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 3,509,436	5,500,000	-	9,009,436
Receivables	57,917	-	1,339,274	1,397,191
Interest receivable	-	59,952	-	59,952
Due from other funds	2,338,074	-	599,619	2,937,693
Inventory	1,262,436	-	76,617	1,339,053
Prepaid items	6,367	-	-	6,367
Total assets	\$ 7,174,230	5,559,952	2,015,510	14,749,692
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	928,674	31,530	131,316	1,091,520
Accrued payroll liabilities	503,443	-	1,931	505,374
Due to:				
State of Alaska	-	-	589	589
Bristol Bay Distance Delivery	6,806	-	-	6,806
Other funds	599,619	628,191	1,709,883	2,937,693
Deferred revenue	-	3,943,463	-	3,943,463
Total liabilities	2,038,542	4,603,184	1,843,719	8,485,445
Fund Balances (Deficits):				
Reserved for:				
Encumbrances	1,043	-	-	1,043
Inventory	1,262,436	-	76,617	1,339,053
Prepaid items	6,367	-	-	6,367
Scholarships	-	-	19,952	19,952
Construction	-	-	72,234	72,234
Impact aid	3,865,842	-	-	3,865,842
Unreserved, reported in:				
Special Revenue Funds	-	956,768	2,988	959,756
Total fund balances	5,135,688	956,768	171,791	6,264,247
Total liabilities and fund balances	\$ 7,174,230	5,559,952	2,015,510	

Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	80,361,220
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Pension and OPEB obligations	(2,139,270)
Net assets of governmental activities	\$ 84,486,197

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

SOUTHWEST REGION SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2008

	School Operating Fund	New Stuyahok School Replacement Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 1,371,642	317,161	420,520	2,109,323
State of Alaska	11,031,857	11,057,544	2,042,724	24,132,125
Federal sources	3,949,424	-	1,968,255	5,917,679
Total revenues	<u>16,352,923</u>	<u>11,374,705</u>	<u>4,431,499</u>	<u>32,159,127</u>
Expenditures:				
Current:				
Instruction	7,021,088	-	552,247	7,573,335
Special education instruction	1,349,969	-	18,413	1,368,382
Special education support services	200,267	-	207,961	408,228
Support services - students	184,300	-	53,118	237,418
Support services - instruction	1,165,590	-	769,562	1,935,152
School administration	1,056,832	-	-	1,056,832
School administration support services	187,014	-	-	187,014
District administration	256,660	-	-	256,660
District administration support services	737,287	-	42,024	779,311
Operations and maintenance of plant	3,246,897	-	1,071,632	4,318,529
Student transportation services	-	-	371,529	371,529
Student activities	406,579	-	-	406,579
Food service	-	-	685,335	685,335
Construction and facility acquisition	-	11,057,544	2,299,172	13,356,716
Total expenditures	<u>15,812,483</u>	<u>11,057,544</u>	<u>6,070,993</u>	<u>32,941,020</u>
Excess (deficiency) of revenues over expenditures	<u>540,440</u>	<u>317,161</u>	<u>(1,639,494)</u>	<u>(781,893)</u>
Other financing sources (uses):				
Transfers in	-	492,337	1,218,796	1,711,133
Transfers out	(1,218,793)	-	(492,340)	(1,711,133)
Net other financing sources (uses)	<u>(1,218,793)</u>	<u>492,337</u>	<u>726,456</u>	<u>-</u>
Net change in fund balances	(678,353)	809,498	(913,038)	(781,893)
Fund balances, beginning of year	<u>5,814,041</u>	<u>147,270</u>	<u>1,084,829</u>	<u>7,046,140</u>
Fund balances, end of year	<u>\$ 5,135,688</u>	<u>956,768</u>	<u>171,791</u>	<u>6,264,247</u>

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

SOUTHWEST REGION SCHOOLS

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Year Ended June 30, 2008

Net change in fund balances - total government funds \$ (781,893)

Amounts reported for *governmental activities* in the statement of activities are different because:

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.

This is the amount by which capital outlay exceeded depreciation in the current period:

Capital outlay	13,011,937	
Depreciation expense	<u>(1,924,254)</u>	
		11,087,683

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. The net effect of transactions involving capital assets is to decrease net assets.

Cost of assets sold	(116,148)	
Accumulated depreciation on sold assets	<u>116,148</u>	
		<u>-</u>

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Increase in net pension and OPEB obligations	<u>(2,035,522)</u>	
		<u>(2,035,522)</u>

Change in net assets of governmental activities \$ 8,270,268

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

SOUTHWEST REGION SCHOOLS

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

Year Ended June 30, 2008

	School Operating Fund			Variance with Final Budget- Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Local sources	\$ 1,685,400	1,694,779	1,371,642	(323,137)
State of Alaska	8,879,209	8,819,665	11,031,857	2,212,192
Federal sources	3,430,730	3,430,730	3,949,424	518,694
Total revenues	<u>13,995,339</u>	<u>13,945,174</u>	<u>16,352,923</u>	<u>2,407,749</u>
Expenditures:				
Current:				
Instruction	5,594,688	5,768,833	7,021,088	(1,252,255)
Special education instruction	1,145,484	1,119,477	1,349,969	(230,492)
Special education support services	160,953	255,682	200,267	55,415
Support services - students	-	140,099	184,300	(44,201)
Support services - Instruction	883,539	1,057,895	1,165,590	(107,695)
School administration	852,107	830,203	1,056,832	(226,629)
School administration support services	187,157	193,791	187,014	6,777
District administration	236,866	251,361	256,660	(5,299)
District administration support services	737,605	792,933	737,287	55,646
Operations and maintenance of plant	2,814,401	3,341,404	3,246,897	94,507
Student activities	342,217	385,649	406,579	(20,930)
Total expenditures	<u>12,955,017</u>	<u>14,137,327</u>	<u>15,812,483</u>	<u>(1,675,156)</u>
Excess of revenues over expenditures	<u>1,040,322</u>	<u>(192,153)</u>	<u>540,440</u>	<u>732,593</u>
Net other financing sources (uses) - transfers out	<u>(453,000)</u>	<u>(696,000)</u>	<u>(1,218,793)</u>	<u>(522,793)</u>
Net change in fund balance	\$ <u>587,322</u>	<u>(888,153)</u>	<u>(678,353)</u>	<u>209,800</u>
Fund balance, beginning of year			<u>5,814,041</u>	
Fund balance, end of year			\$ <u>5,135,688</u>	

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

SOUTHWEST REGION SCHOOLS

Statement of Fiduciary Assets and Liabilities

June 30, 2008

Assets

Cash and cash equivalents	\$	157,863
Due from Southwest Region Schools		6,806
Total assets	\$	<u>164,669</u>

Liabilities

Due to student groups		157,863
Due to Bristol Bay Distance Delivery		6,806
Total liabilities	\$	<u>164,669</u>

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

SOUTHWEST REGION SCHOOLS

Notes to Basic Financial Statements

June 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Southwest Region Schools (hereafter referred to as the District) have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

On July 1, 1976, the Legislature of the State of Alaska established the District. At that time, assets were turned over to the District by the State of Alaska through direct transfer and use permits.

As provided within State Statute, the District provides education to students within the established boundaries of the Southwest Region. It is governed by seven elected School Board members and is an independent reporting entity with nine attendance centers and no component units as defined in the Codification of Governmental Accounting and Financial Reporting Standards. The District is legally separate from and fiscally independent of other state and local governments. Consequently, the District's financial statements present only the funds of those organizational entities for which its elected governing board is financially accountable.

B. Government-wide and Fund Financial Statements

The Government-wide Financial Statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the School District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The School District does not presently have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operations or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

SOUTHWEST REGION SCHOOLS

Notes to Basic Financial Statements, Continued

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the Fund Financial Statements.

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

The Government-wide Financial Statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

Governmental Fund Financial Statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Summarized below are the major sources of revenue, which are susceptible to accrual and the applicable recognition policies:

Intergovernmental Revenue:

State of Alaska foundation revenue is recorded in the year to which it relates.

Federal Impact Aid receipts are recorded as revenues in the year received.

State of Alaska and federal government cost reimbursable grants and contracts and State of Alaska construction grant revenues are recorded to the extent of allowable expenditures in the period the expenditures are incurred.

SOUTHWEST REGION SCHOOLS

Notes to Basic Financial Statements, Continued

Local Revenues:

Contract income, earnings on investments, and discounts on long distance telephone and Internet service is recorded in the School Operating Fund unless otherwise specified by the funding source. Proceeds from the sale of lunches and facilities rent proceeds are recognized in the year received.

The District reports the following major governmental funds:

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

The *New Stuyahok School Replacement Capital Project Fund* accounts for the construction of the new school in New Stuyahok. This project is funded primarily through a state capital project grant.

Additionally, the District reports the following fund type:

The *Student Activity Agency Fund* and the *Bristol Bay Distance Delivery Fund* are Fiduciary Funds and are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the District holds for others in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The District has elected not to follow subsequent private-sector guidance.

The District follows the Uniform Chart of Accounts for School Districts as required by the State of Alaska, Department of Education and Early Development. This manual sets guidelines for financial reporting and requirements for basic accounting system, which are uniform throughout Alaska.

Estimates

The preparation of the Financial Statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

SOUTHWEST REGION SCHOOLS

Notes to Basic Financial Statements, Continued

D. Assets, Liabilities and Equity

1. Cash and Cash Equivalents

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

2. Short-term Interfund Receivables and Payables

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

3. Inventories and Prepaid Items

Teaching and maintenance supplies are recorded as expenditures when purchased, and there are no material inventory amounts of these supplies. Accounting for inventory of heating fuel and food supplies is on the consumption method. The consumption method records the expenditure when consumed rather than when purchased. Inventories are valued at the lower of cost or market using the first-in, first-out (FIFO) method. Reported inventories are equally offset by a fund balance reservation in the fund financial statements, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Payments made to vendors for services that are applicable to future accounting periods are recorded as prepaid items. The prepaid assets do not reflect current available resources and, thus, an equivalent portion of fund balance is reserved in the fund financial statements.

4. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the Government-wide Financial Statements at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Capital assets are defined by the District as assets with an initial, individual cost greater than \$5,000 and an estimated useful life greater than one year.

SOUTHWEST REGION SCHOOLS

Notes to Basic Financial Statements, Continued

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment are depreciated under the straight-line method with estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Buildings	50
Playground and school structures	20
Storage buildings	10
School equipment	10
Vehicles	10
Office equipment	5
Computer equipment	5

5. ***Deferred Revenue***

Deferred revenue in all other funds represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

6. ***Compensated Absences***

All regular employees accrue sick and vacation leave available for use while remaining in a permanent position. Sick and vacation leave pay is recorded as an expenditure during the period it is used. Employees' unused sick and vacation leave balances are carried forward and can be used during subsequent years if re-employed. There is no provision for payment or use of sick leave upon separation from employment. Vacation pay that is expected to be liquidated with expendable available resources is reported in the fund financial statements. Vacation pay not expected to be liquidated within one year is reported in the Government-wide Financial Statements.

7. ***Net Assets***

In the Government-wide Financial Statements, net assets are reported in three categories: net assets invested in capital assets (net of related debt, when applicable); restricted net assets; and unrestricted net assets.

SOUTHWEST REGION SCHOOLS

Notes to Basic Financial Statements, Continued

Net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

8. Fund Equity

In the Fund Financial Statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental fund types except Capital Project Funds, which adopt project-length budgets. All annual appropriations lapse at fiscal year end. Unexpended balances of grants from the state and federal governments for the Special Revenue Funds lapse at June 30 with certain federally funded grants which have September 30 year ends. These grants have budgets, which cross over two fiscal years.

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

The Business Manager submits to the District School Board (School Board), at such time as the School Board directs, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the School Board to obtain the comments of residents of the District. The proposed budget is revised and approved by the School Board. The School Board submits the approved budget to the State Commissioner of Education and Early Development by July 15th of the fiscal year being reported.

The appropriated budget is prepared by fund, function and object. The District's administration may make transfers of appropriations within a fund. Transfers of appropriations between funds require the approval of the School Board. The legal level of budgetary control is the fund level.

SOUTHWEST REGION SCHOOLS

Notes to Basic Financial Statements, Continued

The School Board authorizes formal budget revisions several times each year to adjust the revenues and expenditures to available resources and program needs. The final revised and approved budget, which reflects only minor amendments, is presented in these financial statements. Expenditure authority for the School Operating is limited to the functional level. There are no specific line item or category limitations.

The following functions had expenditures in excess of appropriations in the School Operating Fund:

Annual budgets of the various Special Revenue Funds are prepared in connection with the application for the special programs' grant application and are reviewed and approved by the School Board. Expenditure authority for Special Revenue Fund programs is limited to the actual combined revenues, transfers from other funds, and available fund balance in the program.

Project budgets are adopted for the various Capital Project Funds based on the lives of the construction projects. Because an annual budget for these funds is not adopted, the Capital Project Funds do not have a presentation of Budget to Actual expenditures. Expenditure authority is limited to the actual combined revenues, transfers from other funds, and available fund balance in the project.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the School Operating and Special Revenue Funds. Encumbrances, if any, outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

B. Expenditures in Excess of Appropriations

		Final Budgeted Expenditure <u>Amounts</u>	Actual <u>Amounts</u>	Variance with Final Budget <u>Positive (Negative)</u>
Instruction	\$	5,768,833	7,021,088	(1,252,255)
Special education instruction		1,119,477	1,349,969	(230,492)
Support services - students		140,099	184,300	(44,201)
Support services - instruction		1,057,895	1,165,590	(107,695)
School administration		830,203	1,056,832	(226,629)
District administration		251,361	256,660	(5,299)
Student activities		385,649	406,579	(20,930)

SOUTHWEST REGION SCHOOLS

Notes to Basic Financial Statements, Continued

The following Special Revenue Funds had expenditures in excess of appropriations:

	Final Budgeted Expenditure <u>Amounts</u>	Actual <u>Amounts</u>	Variance with Final Budget Positive <u>(Negative)</u>
Special Revenue Funds:			
Student Transportation	\$ 353,753	371,529	(17,776)
Food Service	685,000	685,335	(335)
Teacher Housing	-	1,071,632	(1,071,632)

Current year revenues and available fund balance financed the excess expenditures.

C. Deficit Fund Balance

The Teacher Housing Special Revenue Fund had a deficit fund balance at June 30, 2008 of \$465,887. Repairs and upgrades to several units throughout the District were completed in 2008. The District expects to fund the deficit in the fund through transfers from the School Operating Fund.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Cash Equivalents

All deposits are carried at fair value plus accrued interest. The School Districts' deposit and investment policy requires all deposits to be fully insured or collateralized.

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Cash and cash equivalents:		
Unrestricted:		
Petty cash	\$ 277	-
Certificate of deposit	5,500,000	5,500,000
Demand deposits	3,509,159	4,472,278
Total cash and cash equivalents	\$ <u>9,009,436</u>	<u>9,972,278</u>

Custodial Credit Risk

The District bank balances are insured by federal depository insurance to a maximum of \$100,000. Any amount in excess of \$100,000 is collateralized with securities held by the District's agent in the District's name.

SOUTHWEST REGION SCHOOLS

Notes to Basic Financial Statements, Continued

B. Receivables

Receivables as of year end for the government's individual major funds and other governmental funds are as follows:

	School Operating Fund	New Stuyahok School Replacement Capital Project Fund	Other Governmental Funds	Total
Grants	\$ -	-	1,339,274	1,339,274
Fuel loans	57,917	-	-	57,917
Interest receivable	-	59,952	-	59,952
Total	\$ <u>57,917</u>	<u>59,952</u>	<u>1,339,274</u>	<u>1,457,143</u>

Management has determined that all receivables are collectable; therefore no allowance for doubtful accounts has been established.

SOUTHWEST REGION SCHOOLS

Notes to Basic Financial Statements, Continued

C. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2008</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,386,618	-	-	2,386,618
Construction in progress	11,242,129	12,831,757	-	24,073,886
Total capital assets, not being depreciated	13,628,747	12,831,757	-	26,460,504
Capital assets being depreciated:				
Buildings	77,211,984	-	-	77,211,984
Equipment	1,484,894	180,180	116,148	1,548,926
Total capital assets being depreciated	78,696,878	180,180	116,148	78,760,910
Less accumulated depreciation:				
Buildings	22,527,102	1,669,394	-	24,196,496
Equipment	524,986	254,860	116,148	663,698
Total accumulated depreciation	23,052,088	1,924,254	116,148	24,860,194
Total capital assets being depreciated, net	55,644,790	(1,744,074)	-	53,900,716
Total capital assets, net	\$ 69,273,537	11,087,683	-	80,361,220

Depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instruction	\$ 1,669,394
Support services - instruction	3,349
District administration support services	24,274
Operations and maintenance of plant	227,237
Total depreciation expense	\$ 1,924,254

SOUTHWEST REGION SCHOOLS

Notes to Basic Financial Statements, Continued

D. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables of a short-term nature (payable within one year) are shown as "Due From Other Funds" and "Due To Other Funds" in each of the individual funds. These balances at June 30, 2008 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
School Operating Fund	New Stuyahok Capital Project Fund	628,191
	Other Governmental Funds	1,709,883
Other Governmental Funds	School Operating Fund	<u>599,619</u>
		\$ <u>2,937,693</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

<u>Transfers In</u>			
	<u>New Stuyahok Replacement School Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<u>Transfers Out</u>			
School Operating Fund	\$ -	1,218,793	1,218,793
Other Governmental Funds	<u>492,337</u>	<u>3</u>	<u>492,440</u>
	\$ <u>492,337</u>	<u>1,218,796</u>	<u>1,711,133</u>

Transfers were made in accordance with budgetary authorizations to transfer monies from the School Operating Fund to finance various programs including Student Transportation, Food Service, Teacher Housing and one of the capital project funds. There was also a transfer from Other Governmental Funds to the New Stuyahok School Capital Project Fund.

SOUTHWEST REGION SCHOOLS

Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION

B. Risk Management

The District faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability, i.e., errors and omissions, (d) environmental damage, (e) workers compensation, and (f) medical/dental/vision costs for employees. The District mitigates significant risk of loss through the acquisition of commercial insurance policies. The District is currently insured through the Alaska National Insurance Company, which covers property and contents, torts, general and auto liability, school leaders' errors and omissions, workers compensation, and earthquake and flood. The District maintains other commercial insurance policies relating to faithful performance blanket bonds covering all employees and travel accidents. Settlements have not exceeded insurance coverage for any of the past three fiscal years.

C. Related Party Transactions

A member of the School Board is related to and works for the owner of Alaska Island Air which provides transportation services for the School District. The amount of services for the year ended June 30, 2008 was \$105,675.

D. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor, principally the federal and State government. Any disallowed claims, including amounts already collected, may constitute a liability of the School Operating Fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

E. Employee Retirement Systems and Plans

The School District has adopted Governmental Accounting Standards Board (GASB) Statement No. 27, Accounting for Pension by State and Local Governmental Employees and GASB 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions. GASB No. 27 and GASB No. 45 establish uniform standards for the measurement, recognition and display of pension and other post-employment benefits other than pensions (healthcare) expenditures/expense and related liabilities, assets, note disclosure and applicable required supplementary information in the financial reports of state and local governmental employers.

SOUTHWEST REGION SCHOOLS

Notes to Basic Financial Statements, Continued

All full-time employees and certain permanent part-time employees of the School District participate in either the State of Alaska Public Employees' Retirement System (PERS) or the State of Alaska Teachers' Retirement System (TRS). In addition to the pension plan both systems also administer a post-employment healthcare benefit plan.

Summary of Significant Accounting Policies. The financial statements for PERS and TRS are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The District's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair market value or estimated fair market value.

Alaska Public Employee Retirement System (PERS) – Defined Benefit Plan

Plan Description. Southwest Region Schools contributes to the Alaska Public Employees Retirement System (PERS), which includes both an agent multiple employer defined benefit pension plan administered by the Commissioner of Administration and the Public Employee's Retirement Board. There are currently 160 employers participating in PERS, including the State of Alaska and 159 political subdivisions and public organizations. PERS provides retirement, disability, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions is assigned to the Alaska Retirement Management Board (ARMB) issues publicly available financial reports that include financial statements and required supplementary information for PERS including 10-year trend information. These reports may be obtained from the system at Pouch C, Juneau, Alaska 99811.

Benefits vest with five years of credited service. Employees enrolled prior to July 1, 1986 with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. For employees enrolled after June 30, 1986 but before July 1, 2006, the normal and early retirement ages are 60 and 55, respectively. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit.

Retirement benefits are calculated by multiplying the average monthly compensation (AMC) times credited PERS service times the percentage multiplier. The AMC is determined by averaging the salaries earned during the three highest (three highest for Police/Fire members or members hired prior to July 1, 1996) consecutive payroll years. Members must earn at least 115 days of credit in the last year worked to include it in the AMC calculation. The PERS pays a minimum benefit of \$25 per month for each year of service when the calculated benefit is less.

SOUTHWEST REGION SCHOOLS

Notes to Basic Financial Statements, Continued

The percentage multipliers for police/fire personnel are 2% for the first ten years of service and 2.5% for all service over 10 years. The percentage multipliers for all other participants are 2% for the first ten years, 2.25% for the next ten years, and 2.5% for all remaining service earned on or after July 1, 1986. All service before that date is calculated at 2%.

Post-employment healthcare benefits are provided without cost to all members first enrolled before July 1, 1986. Members first enrolled after June 30, 1986 and who have not reached age 60 may elect to pay for major medical benefits.

Pension benefits are adjusted each year based upon increases in the Consumer Price Index (CPI) for the prior year. The increase in the benefits is 75% of the CPI increase up to a 9% maximum for recipients who are at least age 65 or on disability or 50% of the increase up to a 6% maximum for recipients who are at least age 60 but under age 65 or who have been receiving benefits for at least five years. Starting at age 65, or at any age for those employed before July 1, 1986, a retired employee who remains in Alaska is eligible for an additional allowance equal to 10% of the base benefit or \$50 a month, whichever is greater.

Post Retirement Pension Adjustments. Post retirement pension adjustments (PRPAs) are granted annually to eligible benefit recipients when the consumer price index (CPI) increases during the preceding calendar year. PRPAs are calculated by multiplying the recipient's base benefit, including past PRPAs, times:

- (a) 75% of the CPI increase in the preceding calendar year or 9%, whichever is less, if the recipient is at least 65 or on PERS disability; or
- (b) 50% of the CPI increase in the preceding calendar year or 6%, whichever is less, if the recipient is at least 60, or has been receiving benefits for at least five years.

Ad hoc PRPAs, up to a maximum of 4%, may be granted to eligible recipients who first entered the PERS before July 1, 1986, if the CPI increases and the financial condition of the fund will permit an increase. In a year where an ad hoc PRPA is granted, eligible recipients will receive the higher of the two calculations.

Funding Policy. PERS members are required to contribute 6.75% (4.92% pension cost and 1.83% post-employment health cost) of their annual covered salary and Southwest Region Schools is required to contribute at an actuarial determined rate; the current rate is 25.61% (18.69% pension cost and 6.92% post-employment health cost). The legislature capped the rate at 22%, with the State of Alaska contributing an on-behalf payment for the difference between the actuarial required contribution and the cap. The contribution requirements of plan members and Southwest Region Schools are established and may be amended by the ARMB.

SOUTHWEST REGION SCHOOLS

Notes to Basic Financial Statements, Continued

Annual Pension and OPEB Cost. For 2008, the District's annual pension and OPEB costs was \$440,057 for PERS. Actual and required contributions were \$440,057. The required contribution was determined as part of the June 30, 2006 actuarial valuation using the Projected United Credit actuarial cost method. The actuarial assumptions included (a) 3.5% inflation rate (b) 8.25% investment rate of return (net of expenses), (c) projected salary increases of 5.5% (3.5% for inflation and 2.0% for productivity and merit), (c) health cost trend inflation of 8.5% for 2008, 8.0% for 2009 and 7.5% for 2010. The actuarial value of PERS assets was determined by the valuation method that recognizes 20% of the investment gain or loss in each of the current and preceding four years. The unfunded accrued liability is amortized over a 25-year fixed period, using the level percentage of pay method. Any funded surpluses are amortized over 25 years. Consistent with GASB standards the net amortization period for all gains and losses will not exceed 30 years.

Funded Status and Funded Progress. The funded status of the District as of June 30, 2006 (the latest information available), is as follows:

	<u>Pension</u>	<u>OPEB</u>	<u>Total</u>
Actuarial accrued liability (AAL)	\$ 8,321,075	11,729,702	20,050,777
Actuarial value of plan assets	<u>9,684,086</u>	<u>4,145,014</u>	<u>13,829,100</u>
Unfunded actuarial accrued liability (UAAL)	\$ <u>(1,363,011)</u>	<u>7,584,688</u>	<u>6,221,677</u>
Funded ratio (actuarial value of plan assets/AAL)	116%	35%	
Covered payroll (active plan members)	\$ 3,318,295	3,318,295	
UAAL as a percentage of covered payroll	N/A%	229%	

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about future investment returns, inflation, mortality and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities.

SOUTHWEST REGION SCHOOLS

Notes to Basic Financial Statements, Continued

The District's annual Pension and OPEB costs for the current year are as follows:

	<u>Pension</u>	<u>OPEB</u>	<u>Total</u>
Annual required contribution (ARC)	\$ 321,242	118,815	440,057
Interest on the net pension obligation (NPO)	6,248	2,311	8,559
Adjustment to annual required contribution	(12,015)	(4,444)	(16,459)
GASB 43 Adjustment to annual required contribution			
required contribution	<u>(2,924,462)</u>	<u>4,967,884</u>	<u>2,043,422</u>
Annual pension cost (APC)	(2,608,987)	5,084,566	2,475,579
Contributions made	<u>(321,242)</u>	<u>(118,815)</u>	<u>(440,057)</u>
Increase (decrease) in net obligation	(2,930,229)	4,965,751	2,035,522
Net obligation – beginning of year	<u>75,736</u>	<u>28,012</u>	<u>103,748</u>
Net obligation – end of year	\$ <u>(2,854,493)</u>	<u>4,993,763</u>	<u>2,139,270</u>

The District's annual costs, the percentage of annual cost contributed to the plan and the net obligation for the past three years is as follows:

	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Overpayment)</u>
Pension	6/30/06	313,419	74%	82,319
	6/30/07	287,770	102%	75,736
	6/30/08	(2,608,987)	1,000+%	(2,845,493)
OPEB	6/30/06	115,921	74%	30,447
	6/30/07	106,435	102%	28,012
	6/30/08	5,084,565	2%	4,993,762

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions are techniques used that are designed to reduce short-term volatility in the long-term perspective of the calculations.

On Behalf Payment. The State of Alaska made a payment in the amount of \$80,620 on behalf of the School District applied to lower the actuarial required contribution.

Changes in Method from Prior Valuation. The actuarial cost method for financial statement presentation was changed from Projected Unit Credit to Entry Age Normal effective with June 30, 2006 valuation in order to be in compliance with reporting guidelines established in GASB 43.

SOUTHWEST REGION SCHOOLS

Notes to Basic Financial Statements, Continued

Alaska Public Employee Retirement System (PERS) – Defined Contribution Plan

Plan Description and Funding Requirements. School Districts and Public Employers in the State of Alaska have a defined contribution retirement plan for new hires first enrolled on or after July 1, 2006. Plan members make mandatory contributions of 8% of gross eligible compensation. State statutes require the employer to contribute 5% of employees' eligible compensation. Additionally, employers are required to contribute 0.99% for the retiree medical plan, 0.58% for occupational and death and disability benefits and 3% of employers average annual employee compensation to the health reimbursement arrangement (HRA). The employer effective contribution rate is between 19.57% and 22%. Plan members are 100% vested with their contributions. Members become vested in employers' contributions as follows:

- 2 years of service – 25%
- 3 years of service – 50%
- 4 years of service – 75%
- 5 years of service – 100%

Plan provisions and contribution requirements and amendments are established by the Alaska Retirement Management Board (ARMB). Total contributions for the year ended June 30, 2008 are as follows:

	<u>Employer</u>	<u>Employee</u>
Defined contribution	\$ 16,598	26,557
Retiree medical plan	3,286	-
Occupational health and disability benefits	1,925	-
Health reimbursement agreement (HRA)	16,250	-
Defined benefit unfunded liability (DBUL)	34,973	-

Actual contributions were equal to the annual required contributions .

Teachers Retirement System (TRS) - Defined Benefit Plan

Plan Description. Southwest Region School District contributes to the Teacher's Retirement System (TRS), a cost sharing multiple-employer defined benefit plan administered by the Commissioner of Administration and the ARMB. Currently, there are 58 employers participating in TRS, including the State of Alaska and 53 school districts. TRS provides retirement benefits including disability and death benefits and post-employment healthcare to plan members and beneficiaries. The authority to establish and amend benefit provisions is assigned to the Teachers' Retirement Board. The ARMB issues a publicly available financial report that includes financial statements and required supplementary information for TRS. This report may be obtained from the system at Pouch C, Juneau, Alaska 99811.

SOUTHWEST REGION SCHOOLS

Notes to Basic Financial Statements, Continued

Pension Benefits. Employees hired prior to July 1, 1990, are entitled to annual pension benefits beginning at normal retirement age 55, or early retirement age 50. For employees hired after June 30, 1990 but before July 1, 2006, the normal and early retirement ages are 60 and 55, respectively. Employees may also retire at any age and receive a normal benefit when they accumulate the required credited service. The benefit related to all years of credited service prior to July 1, 1990 and for years of service through a total of 20 years is equal to 2% of their highest three-year average annual compensation for each year of service. The benefit for each year over 20 years of service subsequent to June 30, 1990 but before July 1, 2006, is equal to 2.5% of their highest three-year average annual compensation for each year of service. Employees may elect to receive their pension benefits in the form of a joint or survivor annuity. Effective January 1, 1987, a married member who retires must receive his or her benefit in the form of a joint and survivor annuity unless the member's spouse consents to another form of benefit.

Minimum benefits for employees eligible for retirement are \$25 per month for each year of credited service. In addition, TRS also provides death and disability benefits.

Post Retirement Pension Adjustments. Effective in fiscal year 1991, automatic post retirement pension adjustment (PRPA) was granted to all current and future retirees. The PRPA amount may not exceed the lesser of (a) the actual cost of living increase (percentage) from the date of retirement until the effective date of the PRPA; or (b) 4.00% of the base benefits for each full year that the member has been retired and a prorated percentage for each partial year. However, the PRPA percentage is offset by the percentage of all prior PRPA's that have been granted. TRS members receiving a retirement, disability or survivor benefit, who remain in Alaska, are eligible for an additional allowance equal to 10.00% of the base benefit.

Funding Policy and On Behalf Payment. Active plan members are required to contribute 8.65% of their annual covered salary and Southwest Region Schools is required to contribute at an actuarially determined rate. The current rate is 54.03%. The State of Alaska made a payment in the amount of \$2,082,217 on behalf of the District that lowered the annual required contribution of the District to 12.56%.

Annual Pension Cost. The School District's contributions to TRS for the years ending June 30, 2008, 2007 and 2006 were \$826,456, \$1,042,532 and \$973,093, respectively, equal to the required contributions for each year.

SOUTHWEST REGION SCHOOLS

Notes to Basic Financial Statements, Continued

Teachers Retirement System (TRS) – Defined Contribution Plan

Plan Description and Funding Requirements. School Districts and Public Employers in the State of Alaska have a defined contribution retirement plan for new hires first enrolled on or after July 1, 2006. Plan members make mandatory contributions of 8% of gross eligible compensation. State statutes require the employer to contribute 7% of employees' eligible compensation. Additionally, employers are required to contribute 0.99% for the retiree medical plan, 0.62% for occupational death and disability and 3% of employers average annual employee compensation to the health reimbursement arrangement (HRA). The employers effective contribution rate is 12.56%. Plan members are 100% vested with their contributions. Members become vested in employers' contributions as follows:

2 years of service – 25%
3 years of service – 50%
4 years of service – 75%
5 years of service – 100%

Plan provisions and contribution requirements and amendments are established by the Alaska Retirement Management Board (ARMB). Total contributions for the year ended June 30, 2008 are as follows:

	<u>Employer</u>	<u>Employee</u>
Defined contribution	\$ 92,841	-
Retiree medical plan	13,130	-
Occupational death and disability	8,223	-
Health reimbursement agreement (HRA)	43,514	-
Defined benefit unfunded liability (DBUL)	8,876	-

Actual contributions were equal to the annual required contributions.

(This page was left blank intentionally)

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHWEST REGION SCHOOLS

Schedule of Funding Progress for PERS

June 30, 2008

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actual Accrued Liability (AAL) (b)	(Overfunded) Underfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Coverage Payroll (b-a)/c
Pension:						
06/30/04	6,286,000	8,085,000	1,799,000	78%	2,360,000	76%
06/30/05	4,544,396	6,105,847	1,561,451	74%	2,442,792	64%
06/30/06	9,684,086	8,321,075	(1,363,011)	116%	3,318,295	N/A
OPEB:						
06/30/04	4,433,000	5,701,000	1,268,000	78%	2,360,000	54%
06/30/05	7,615,863	10,232,668	2,616,805	74%	2,442,792	107%
06/30/06	4,145,014	11,729,702	7,854,688	35%	3,318,295	229%

(This page was left blank intentionally)

ADDITIONAL SUPPLEMENTARY INFORMATION

SOUTHWEST REGION SCHOOLS

Exhibit G-1

School Operating Fund

Schedule of Revenues, Expenditures and
Changes In Fund Balance - Budget and Actual

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Local sources:			
Contract Income	\$ 76,000	76,000	-
Earnings on Investments	620,000	145,284	(474,716)
E-rate	989,400	1,113,857	124,457
Other	9,379	36,501	27,122
Total local sources	1,694,779	1,371,642	(323,137)
State of Alaska:			
Foundation program	8,819,665	7,577,451	(1,242,214)
Quality schools	-	30,465	30,465
Other	-	3,423,941	3,423,941
Total State of Alaska	8,819,665	11,031,857	2,212,192
Federal:			
Direct sources - Impact Aid	3,430,730	3,943,250	512,520
Medicaid	-	6,174	6,174
Total federal	3,430,730	3,949,424	518,694
Total revenues	13,945,174	16,352,923	2,407,749
Expenditures:			
Instruction:			
Certificated salaries	3,004,928	3,040,426	(35,498)
Non-certificated salaries	281,061	256,501	24,560
Employee benefits	1,160,942	2,413,515	(1,252,573)
Transportation allowance	2,138	1,624	514
Professional and technical services	8,004	280	7,724
Staff travel	19,873	15,526	4,347
Student travel	-	410	(410)
Utility services	980,010	1,004,751	(24,741)
Other purchased services	-	-	-
Supplies, materials and media	296,000	281,496	14,504
Other	5,000	-	5,000
Equipment	10,877	6,559	4,318
Total Instruction	5,768,833	7,021,088	(1,252,255)
Special education instruction:			
Certificated salaries	469,860	463,870	5,990
Non-certificated salaries	343,787	352,131	(8,344)
Employee benefits	289,498	521,673	(232,175)
Transportation allowance	5,416	4,049	1,367
Professional and technical services	1,816	1,816	-
Supplies, materials and media	9,100	6,430	2,670
Total special education instruction	1,119,477	1,349,969	(230,492)
Special education support services:			
Certificated salaries	-	-	-
Non-certificated salaries	37,080	38,396	(1,316)
Employee benefits	16,596	49,801	(33,205)
Transportation allowance	406	406	-
Professional and technical services	181,799	98,127	83,672
Staff travel	16,600	9,768	6,832
Supplies, materials and media	3,201	2,031	1,170
Equipment	-	1,738	(1,738)
Total special education support services	255,682	200,267	55,415

SOUTHWEST REGION SCHOOLS

Exhibit G-1, Continued

School Operating Fund

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

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Expenditures, continued:			
Support services - students:			
Certificated salaries	\$ 106,143	101,800	4,343
Employee benefits	31,610	80,114	(48,504)
Transportation allowance	460	-	460
Staff travel	1,486	2,386	(900)
Supplies, materials and media	400	-	400
Total support services - students	<u>140,099</u>	<u>184,300</u>	<u>(44,201)</u>
Support services - instruction:			
Certificated salaries	249,100	224,581	24,519
Non-certificated salaries	46,975	55,854	(8,879)
Employee benefits	124,937	332,716	(207,779)
Transportation allowance	2,030	2,412	(382)
Professional and technical services	105,063	113,018	(7,955)
Staff travel	127,409	67,251	60,158
Utility services	186,970	198,593	(11,623)
Other purchased services	52,194	42,925	9,269
Supplies, materials and media	38,974	45,617	(6,643)
Other	16,871	5,350	11,521
Equipment	107,372	77,273	30,099
Total support services - instruction	<u>1,057,895</u>	<u>1,165,590</u>	<u>(107,695)</u>
School administration:			
Certificated salaries	564,883	583,392	(18,509)
Employee benefits	176,063	408,939	(232,876)
Transportation allowance	3,580	4,362	(782)
Staff travel	13,720	1,134	12,586
Utility services	43,375	37,457	5,918
Other purchased services	8,900	779	8,121
Supplies, materials and media	1,489	2,576	(1,087)
Equipment	18,193	18,193	-
Total school administration	<u>830,203</u>	<u>1,056,832</u>	<u>(226,629)</u>
School administration support services:			
Non-certificated salaries	154,271	146,709	7,562
Employee benefits	37,841	40,305	(2,464)
Equipment	1,679	-	1,679
Total school administration support services	<u>193,791</u>	<u>187,014</u>	<u>6,777</u>
District administration:			
Certificated salaries	103,021	100,786	2,235
Employee benefits	36,472	74,180	(37,708)
Housing allowance	2,714	2,714	-
Transportation allowance	406	-	406
Professional and technical services	220	220	-
Staff travel	56,559	48,431	8,128
Utility services	500	517	(17)
Other purchased services	1,542	-	1,542
Supplies, materials and media	8,704	3,221	5,483
Tuition and stipends	18,000	10,800	7,200
Other	12,781	12,767	14
Equipment	10,442	3,024	7,418
Total district administration	<u>251,361</u>	<u>256,660</u>	<u>(5,299)</u>

SOUTHWEST REGION SCHOOLS

Exhibit G-1, Continued

School Operating Fund

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

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Expenditures, continued:			
District administration support services:			
Certificated salaries	\$ 67,509	61,883	5,626
Non-certificated salaries	300,225	298,413	1,812
Employee benefits	127,367	132,536	(5,169)
Professional and technical services	84,445	60,437	24,008
Staff travel	48,247	41,382	6,865
Utility services	19,030	18,849	181
Other purchased services	43,857	17,646	26,211
Insurance and bond premiums	60,400	54,069	6,331
Supplies, materials and media	76,437	71,926	4,511
Tuition and stipends	4,000	-	4,000
Other	2,180	3,552	(1,372)
Equipment	19,236	18,528	708
Indirect cost recovery	(60,000)	(41,934)	(18,066)
Total district administration support services	<u>792,933</u>	<u>737,287</u>	<u>55,646</u>
Operations and maintenance of plant:			
Non-certificated salaries	811,712	662,986	148,726
Employee benefits	242,223	217,861	24,362
Transportation allowance	600	-	600
Professional and technical services	40,000	9,660	30,340
Staff travel	75,000	100,601	(25,601)
Utility services	51,170	41,088	10,082
Energy	1,453,800	1,244,716	209,084
Other purchased services	155,567	418,327	(262,760)
Insurance and bond premiums	225,000	208,606	16,394
Supplies, materials and media	245,332	283,652	(38,320)
Equipment	41,000	59,400	(18,400)
Total operations and maintenance of plant	<u>3,341,404</u>	<u>3,246,897</u>	<u>94,507</u>
Student activities:			
Certificated salaries	50,459	68,336	(17,877)
Non-certificated salaries	29	29	-
Employee benefits	10,195	40,838	(30,643)
Professional and technical services	4,442	4,442	-
Staff travel	3,176	4,233	(1,057)
Student travel	306,657	274,885	31,772
Other purchased services	1,040	2,200	(1,160)
Insurance and bond premiums	1,356	505	851
Supplies, materials and media	5,830	8,075	(2,245)
Other	2,465	3,036	(571)
Total student activities	<u>385,649</u>	<u>406,579</u>	<u>(20,930)</u>
Total expenditures	<u>14,137,327</u>	<u>15,812,483</u>	<u>(1,675,156)</u>
Excess of revenues over expenditures	<u>(192,153)</u>	<u>540,440</u>	<u>732,593</u>

(continued)

SOUTHWEST REGION SCHOOLS

Exhibit G-1, Continued

School Operating Fund

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

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Other financing sources (uses):			
Transfers out:			
Special Revenue Funds:			
Student Transportation	\$ (140,000)	(140,000)	-
Food Service	(305,000)	(333,611)	(28,611)
Scholarships	(1,000)	-	1,000
Teacher Housing	(250,000)	(250,000)	-
Replacement Cycle Capital Project Fund	-	(495,182)	(495,182)
Net other financing sources (uses)	<u>(696,000)</u>	<u>(1,218,793)</u>	<u>(522,793)</u>
Net change in fund balance	\$ <u>(888,153)</u>	(678,353)	<u>209,800</u>
Fund balance, beginning of year		<u>5,814,041</u>	
Fund balance, end of year		\$ <u>5,135,688</u>	

SOUTHWEST REGION SCHOOLS

Exhibit G-2

New Stuyahok School Replacement Capital Project Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance

Year Ended June 30, 2008

Revenues:

Earnings on investments	\$ 317,161
State of Alaska	11,057,544
Total revenues	<u>11,374,705</u>

Expenditures:

Construction and facilities acquisition:

Certificated salaries	5,304
Non-certificated salaries	134,242
Employee benefits	51,957
Housing allowance	6,123
Professional and technical services	57,640
Staff travel	17,739
Other purchased services	10,672,132
Equipment	112,407
Total expenditures	<u>11,057,544</u>

Excess of revenues over expenditures 317,161

Other financing sources -

transfers in - New Stuyahok Planning Capital Project Fund 492,337

Net change in fund balance 809,498

Fund balance, beginning of year 147,270Fund balance, end of year \$ 956,768

SOUTHWEST REGION SCHOOLS

Other Governmental Funds

Combining Balance Sheet

June 30, 2008

	Special Revenue Funds							
	Student Transportation	P.L. 81-874 Settlement	Staff Development	Food Service	Title I-A Basic	Title II-A Training and Recruitment	Title V-A Innovative Program	Title II-D Enhancing Education
Assets								
Accounts receivable	-	-	7,022	56,258	68,466	47,397	4,974	23,408
Due from School Operating Fund	20,039	439,711	-	-	-	-	-	-
Inventory	-	-	-	76,617	-	-	-	-
	<u>20,039</u>	<u>439,711</u>	<u>7,022</u>	<u>132,875</u>	<u>68,466</u>	<u>47,397</u>	<u>4,974</u>	<u>23,408</u>
Liabilities and Fund Balances (Deficits)								
Liabilities:								
Accounts payable	-	-	-	1,173	-	-	-	-
Payroll liabilities	-	-	-	1,931	-	-	-	-
Due to State of Alaska	-	-	-	-	-	-	-	-
Due to School Operating Fund	-	-	7,022	53,154	68,466	47,397	4,974	23,408
Total liabilities	<u>-</u>	<u>-</u>	<u>7,022</u>	<u>56,258</u>	<u>68,466</u>	<u>47,397</u>	<u>4,974</u>	<u>23,408</u>
Fund balances (deficits):								
Reserved:								
Inventory	-	-	-	76,617	-	-	-	-
Scholarships	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Unreserved - undesignated	20,039	439,711	-	-	-	-	-	-
Total fund balances (deficits)	<u>20,039</u>	<u>439,711</u>	<u>-</u>	<u>76,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>20,039</u>	<u>439,711</u>	<u>7,022</u>	<u>132,875</u>	<u>68,466</u>	<u>47,397</u>	<u>4,974</u>	<u>23,408</u>

(continued)

SOUTHWEST REGION SCHOOLS

Other Governmental Funds

Combining Balance Sheet, Continued

	Special Revenue Funds					
	Preschool Disabled	Title VI-B	Title I School Improvement	Title I-A Staff Develop- ment 10%	Migrant Education Basic	Carl Perkins FY07 FY08
<u>Assets</u>						
Accounts receivable	\$ 9,482	47,919	40,550	20,762	61,610	20,089
Due from School Operating Fund	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
	<u>9,482</u>	<u>47,919</u>	<u>40,550</u>	<u>20,762</u>	<u>61,610</u>	<u>20,089</u>
<u>Liabilities and Fund Balances (Deficits)</u>						
Liabilities:						
Accounts payable	-	-	15,106	-	-	2,035
Payroll liabilities	-	-	-	-	-	-
Due to State of Alaska	-	-	-	-	-	-
Due to School Operating Fund	9,482	47,919	25,444	20,762	61,610	18,054
Total liabilities	<u>9,482</u>	<u>47,919</u>	<u>40,550</u>	<u>20,762</u>	<u>61,610</u>	<u>20,089</u>
Fund balances (deficits):						
Reserved:						
Inventory	-	-	-	-	-	-
Scholarships	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Unreserved - undesignated	-	-	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>9,482</u>	<u>47,919</u>	<u>40,550</u>	<u>20,762</u>	<u>61,610</u>	<u>20,089</u>

(continued)

SOUTHWEST REGION SCHOOLS

Other Governmental Funds

Combining Balance Sheet, Continued

Special Revenue Funds						
Assets	Title I-A Highly Qualified	Title II-D Competitive	Title I-A Supplemental	Johnson O'Malley	Indian Education	Alaska Native Home Based Education
Accounts receivable	\$ 10,081	16,950	65,503	29,287	41,725	21,118
Due from School Operating Fund	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
	<u>10,081</u>	<u>16,950</u>	<u>65,503</u>	<u>29,287</u>	<u>41,725</u>	<u>21,118</u>
<u>Liabilities and Fund Balances (Deficits)</u>						
Liabilities:						
Accounts payable	-	1,086	20,625	-	979	-
Payroll liabilities	-	-	-	-	-	-
Due to State of Alaska	-	-	-	-	-	-
Due to School Operating Fund	10,081	15,864	44,878	29,287	40,746	21,118
Total liabilities	<u>10,081</u>	<u>16,950</u>	<u>65,503</u>	<u>29,287</u>	<u>41,725</u>	<u>21,118</u>
Fund balances (deficits):						
Reserved:						
Inventory	-	-	-	-	-	-
Scholarships	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Unreserved - undesignated	-	-	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,081</u>	<u>16,950</u>	<u>65,503</u>	<u>29,287</u>	<u>41,725</u>	<u>21,118</u>

(continued)

SOUTHWEST REGION SCHOOLS

Other Governmental Funds

Combining Balance Sheet, Continued

<u>Assets</u>	<u>Dorian Ross Scholarship</u>	<u>Super- intendent's Scholarship</u>	<u>Upward Bound</u>	<u>Teacher Housing</u>	<u>Student Computer Repair and Replacement</u>	<u>Yupik Math</u>	<u>Totals</u>
Accounts receivable	-	-	985	-	-	340	593,926
Due from School Operating Fund	7,888	12,064	-	-	9,125	-	489,416
Inventory	-	-	-	-	-	-	76,617
	<u>7,888</u>	<u>12,064</u>	<u>985</u>	<u>-</u>	<u>9,125</u>	<u>340</u>	<u>1,159,959</u>
	\$						
<u>Liabilities and Fund Balances (Deficits)</u>							
Liabilities:							
Accounts payable	-	-	-	45,776	-	-	86,780
Payroll liabilities	-	-	-	-	-	-	1,931
Due to State of Alaska	-	-	-	-	-	-	589
Due to School Operating Fund	-	-	985	420,111	-	340	971,102
Total liabilities	<u>-</u>	<u>-</u>	<u>985</u>	<u>465,887</u>	<u>-</u>	<u>340</u>	<u>1,060,402</u>
Fund balances (deficits):							
Reserved:							
Inventory	-	-	-	-	-	-	76,617
Scholarships	7,888	12,064	-	-	-	-	19,952
Construction	-	-	-	-	-	-	-
Unreserved - undesignated	-	-	-	(465,887)	9,125	-	2,988
Total fund balances (deficits)	<u>7,888</u>	<u>12,064</u>	<u>-</u>	<u>(465,887)</u>	<u>9,125</u>	<u>-</u>	<u>99,557</u>
	<u>7,888</u>	<u>12,064</u>	<u>985</u>	<u>-</u>	<u>9,125</u>	<u>340</u>	<u>1,159,959</u>
	\$						

(continued)

SOUTHWEST REGION SCHOOLS

Other Governmental Funds

Combining Balance Sheet, Continued

<u>Assets</u>	<u>Capital Project Funds</u>				<u>Total Other Governmental Funds</u>
	<u>Impact Aid Construction</u>	<u>Replacement Cycle</u>	<u>Togiak Replacement</u>	<u>Totals</u>	
Accounts receivable	\$ -	-	745,348	745,348	1,339,274
Due from School Operating Fund	72,434	37,769	-	110,203	599,619
Inventory	-	-	-	-	76,617
	<u>\$ 72,434</u>	<u>37,769</u>	<u>745,348</u>	<u>855,551</u>	<u>2,015,510</u>
<u>Liabilities and Fund Balances (Deficits)</u>					
<u>Liabilities:</u>					
Accounts payable	200	37,769	6,567	44,536	131,316
Payroll liabilities	-	-	-	-	1,931
Due to State of Alaska	-	-	-	-	589
Due to School Operating Fund	-	-	738,781	738,781	1,709,883
Total liabilities	<u>200</u>	<u>37,769</u>	<u>745,348</u>	<u>783,317</u>	<u>1,843,719</u>
<u>Fund balances (deficits):</u>					
<u>Reserved:</u>					
Inventory	-	-	-	-	76,617
Scholarships	-	-	-	-	19,952
Construction	72,234	-	-	72,234	72,234
Unreserved - undesignated	-	-	-	-	2,988
Total fund balances (deficits)	<u>72,234</u>	<u>-</u>	<u>-</u>	<u>72,234</u>	<u>171,791</u>
	<u>\$ 72,434</u>	<u>37,769</u>	<u>745,348</u>	<u>855,551</u>	<u>2,015,510</u>

SOUTHWEST REGION SCHOOLS

Other Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

Year Ended June 30, 2008

	Special Revenue Funds						
	Student Transportation	P.L. 81-874 Settlement	Boarding Home	Staff Development	Food Service	Title I-A Basic	Title II-A Training and Recruitment
Revenues:							
Local sources	-	-	-	15,389	49,793	-	-
State of Alaska	213,753	-	54,758	-	-	-	-
Federal sources	-	-	-	-	321,896	304,417	141,491
Total revenues	<u>213,753</u>	<u>-</u>	<u>54,758</u>	<u>15,389</u>	<u>371,689</u>	<u>304,417</u>	<u>141,491</u>
Expenditures:							
Current:							
Instruction	-	-	-	-	-	104,610	-
Special education Instruction	-	-	-	-	-	-	-
Special education support services	-	-	-	-	-	-	-
Support services - students	-	-	53,118	-	-	-	-
Support services - instruction	-	-	-	15,389	-	190,682	137,250
District administration support services	-	-	1,640	-	-	9,125	4,241
Operations and maintenance of plant	-	-	-	-	-	-	-
Student transportation services	371,529	-	-	-	-	-	-
Food service	-	-	-	-	685,335	-	-
Construction and facility acquisition	-	-	-	-	-	-	-
Total expenditures	<u>371,529</u>	<u>-</u>	<u>54,758</u>	<u>15,389</u>	<u>685,335</u>	<u>304,417</u>	<u>141,491</u>
Excess (deficiency) of revenues over expenditures	(157,776)	-	-	-	(313,646)	-	-
Other financing sources (uses):							
Transfers In	140,000	-	-	-	333,611	-	-
Transfers out	-	-	-	-	-	-	-
Net other financing sources (uses)	<u>140,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>333,611</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(17,776)	-	-	-	19,965	-	-
Fund balances (deficits), beginning of year	37,815	439,711	-	-	56,652	-	-
Fund balances (deficits), end of year	<u>\$ 20,039</u>	<u>439,711</u>	<u>-</u>	<u>-</u>	<u>76,617</u>	<u>-</u>	<u>-</u>
							(continued)

(continued)

SOUTHWEST REGION SCHOOLS

Other Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits), Continued

	Special Revenue Funds							
	Title V-A Innovative Programs	Title II-D Enhancing Education Through Technology	Preschool Disabled	Title VI-B	Title I School Improvement	Title I-A Staff Develop- ment 10%	Migrant Education Book	Migrant Education Basic
Revenues:								
Local sources	-	-	-	-	-	-	-	-
State of Alaska	-	-	-	-	-	-	-	-
Federal sources	5,000	23,408	29,339	204,029	65,169	49,099	1,290	138,434
Total revenues	5,000	23,408	29,339	204,029	65,169	49,099	1,290	138,434
Expenditures:								
Current:								
Instruction	-	-	-	-	65,169	-	-	50,282
Special education Instruction	-	-	18,413	-	-	-	-	-
Special education support services	-	-	10,047	197,914	-	-	-	-
Support services - students	-	-	-	-	-	-	-	-
Support services - Instruction	4,850	22,706	-	-	-	47,627	1,290	84,003
District administration support services	150	702	879	6,115	-	1,472	-	4,149
Operations and maintenance of plant	-	-	-	-	-	-	-	-
Student transportation services	-	-	-	-	-	-	-	-
Food service	-	-	-	-	-	-	-	-
Construction and facility acquisition	-	-	-	-	-	-	-	-
Total expenditures	5,000	23,408	29,339	204,029	65,169	49,099	1,290	138,434
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-	-
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Net other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-	-
Fund balances (deficits), beginning of year	-	-	-	-	-	-	-	-
Fund balances (deficits), end of year	-	-	-	-	-	-	-	-
\$								

(continued)

SOUTHWEST REGION SCHOOLS

Other Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits), Continued

	Migrant Education Summer	Special Revenue Funds									
		Carl Perkins		Title III-A		Title I-A		Title II-D		Title I-A	
		FY07	FY08	English Language Acquisition	Highly Qualified	Competitive	Supplemental	Johnson O'Malley	Indian Education	Alaska Native Home Based Education	Dorlan Rosa Scholarship
Revenues:											Superintendent's Scholarship
Local sources	\$	-	-	-	-	-	-	-	-	-	-
State of Alaska		34,099	23,480	20,117	19,805	38,378	90,951	29,287	190,572	138,532	-
Federal sources		34,099	23,480	20,117	19,805	38,378	90,951	29,287	190,572	138,532	-
Total revenues											
Expenditures:											
Current:											
Instruction	2,573	-	8,493	-	12,518	-	82,900	29,287	48,353	133,481	-
Special education instruction	-	-	-	-	-	-	-	-	-	-	-
Special education support services	-	-	-	-	-	-	-	-	-	-	-
Support services - students	-	-	-	-	-	-	-	-	-	-	-
Support services - instruction	3,314	33,592	14,284	20,117	6,693	37,226	5,725	-	138,499	2,990	-
District administration support services	90	507	703	-	594	1,150	2,728	-	5,720	2,081	-
Operations and maintenance of plant	-	-	-	-	-	-	-	-	-	-	-
Student transportation services	-	-	-	-	-	-	-	-	-	-	-
Food service	-	-	-	-	-	-	-	-	-	-	-
Construction and facility acquisition	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	5,977	34,099	23,480	20,117	19,805	38,378	90,951	29,287	190,572	138,532	-
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-	-	-	-	-
Other financing source (uses)											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Net other financing source (uses)	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-	-	-	-	-
Fund balances (deficits), beginning of year	-	-	-	-	-	-	-	-	-	-	12,084
Fund balances (deficits), end of year	\$	-	-	-	-	-	-	-	-	-	7,868

(continued)

SOUTHWEST REGION SCHOOLS

Other Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits), Continued

	Special Revenue Funds					Capital Projects Funds					Total Other Governmental Funds	
	Upward Bound	Teacher Housing	Computer Repair and Replacement	Yupik Math	Totals	Impact Aid Construction	Replacement Cycle	Toplak Replacement	New Stuyahok Planning	Mandolok Construction		Totals
Revenues:												
Local sources	-	349,745	5,590	-	420,517	-	-	-	-	3	3	420,520
State of Alaska	-	-	-	-	268,511	-	-	-	-	-	-	2,042,724
Federal sources	11,641	-	-	5,340	1,891,729	76,526	-	1,774,213	-	-	76,526	1,969,255
Total revenues	11,641	349,745	5,590	5,340	2,560,757	76,526	-	1,774,213	-	-	1,850,742	4,431,459
Expenditures:												
Current:												
Instruction	11,641	-	-	5,340	552,247	-	-	-	-	-	-	552,247
Special education instruction	-	-	-	-	18,413	-	-	-	-	-	-	18,413
Special education support services	-	-	-	-	207,961	-	-	-	-	-	-	207,961
Support services - students	-	-	-	-	53,116	-	-	-	-	-	-	53,116
Support services - instruction	-	-	3,345	-	769,562	-	-	-	-	-	-	769,562
District administration support services	-	-	-	-	42,024	-	-	-	-	-	-	42,024
Operations and maintenance of plant	1,071,632	-	-	-	1,071,632	-	-	-	-	-	-	1,071,632
Student transportation services	-	-	-	-	371,526	-	-	-	-	-	-	371,526
Food service	-	-	-	-	685,335	-	-	-	-	-	-	685,335
Construction and facility acquisition	-	-	-	-	-	56,881	468,078	1,774,213	-	-	2,299,172	2,299,172
Total expenditures	11,641	1,071,632	3,345	5,340	3,771,621	56,881	468,078	1,774,213	-	-	2,299,172	6,070,993
Excess (deficiency) of revenues over expenditures	-	(721,887)	2,245	-	(1,191,064)	18,645	(468,078)	-	-	3	(448,430)	(1,639,494)
Other financing sources (uses)												
Transfers in	-	250,000	-	-	723,611	-	495,185	-	-	-	495,185	1,218,796
Transfers out	-	(250,000)	-	-	(723,611)	-	(495,185)	-	(492,337)	(3)	(492,340)	(492,340)
Net other financing sources (uses)	-	-	-	-	-	-	-	-	(492,337)	(3)	2,845	726,456
Net change in fund balances	-	(471,887)	2,245	-	(467,453)	19,645	27,107	-	(492,337)	-	(445,586)	(913,038)
Fund balances (deficits), beginning of year	-	8,000	6,880	-	567,010	52,589	(27,107)	-	492,337	-	517,819	1,084,829
Fund balances (deficits), end of year	\$ -	(465,887)	9,125	-	99,557	72,234	-	-	-	-	72,234	171,791

SOUTHWEST REGION SCHOOLS

Student Transportation Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - State of Alaska	\$ 213,753	213,753	-
Expenditures:			
Student transportation:			
Non-certificated salaries	9,700	9,617	83
Employee benefits	2,285	2,330	(45)
Other purchased services	335,968	339,580	(3,612)
Supplies, materials, and media	5,800	20,002	(14,202)
Total expenditures	353,753	371,529	(17,776)
Excess (deficiency) of revenues over expenditures	(140,000)	(157,776)	(17,776)
Other financing sources - transfers in - School Operating Fund	140,000	140,000	-
Net change in fund balance	\$ -	(17,776)	(17,776)
Fund balance, beginning of year		37,815	
Fund balance, end of year		\$ 20,039	

SOUTHWEST REGION SCHOOLS

Boarding Home Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - State of Alaska	\$ 66,505	54,758	(11,747)
Expenditures:			
Support services - students:			
Student travel	1,800	50	1,750
Tuition and stipends	62,712	53,068	9,644
Total support services - students	64,512	53,118	11,394
District administration support services - indirect costs	1,993	1,640	353
Total expenditures	66,505	54,758	11,747
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHWEST REGION SCHOOLS

Staff Development Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - local sources	\$ 15,447	15,389	(58)
Expenditures:			
Support services - instruction:			
Non-certificated salaries	832	824	8
Employee benefits	105	101	4
Staff travel	14,510	14,464	46
Total expenditures	15,447	15,389	58
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHWEST REGION SCHOOLS

Food Service Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local Sources:			
Type A lunch sales	\$ 5,000	3,575	(1,425)
A la carte sales - BBNA	50,000	46,218	(3,782)
Total local sources	55,000	49,793	(5,207)
Federal sources passed through the State of Alaska -			
Type A reimbursement	325,000	321,896	(3,104)
Total revenues	380,000	371,689	(8,311)
Expenditures:			
Food service:			
Non-certificated salaries	338,000	240,161	97,839
Employee benefits	-	66,057	(66,057)
Staff travel	15,000	9,177	5,823
Energy	-	22,027	(22,027)
Other purchased services	10,000	5,179	4,821
Supplies, materials, and media	302,000	327,445	(25,445)
Equipment	20,000	15,289	4,711
Total expenditures	685,000	685,335	(335)
Excess (deficiency) of revenues over expenditures	(305,000)	(313,646)	(8,646)
Other financing sources -			
transfers in - School Operating Fund	305,000	333,611	28,611
Net change in fund balance	\$ -	19,965	19,965
Fund balance, beginning of year		56,652	
Fund balance, end of year		\$ 76,617	

SOUTHWEST REGION SCHOOLS

Title I-A Basic Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - federal sources passed through the State of Alaska	\$ 304,417	304,417	-
Expenditures:			
Instruction:			
Certificated salaries	55,500	50,875	4,625
Non-certificated salaries	32,399	33,096	(697)
Employee benefits	16,765	20,639	(3,874)
Total instruction	104,664	104,610	54
Support services - instruction:			
Certificated salaries	123,645	127,853	(4,208)
Non-certificated salaries	15,101	15,101	-
Employee benefits	51,882	47,728	4,154
Total support services - instruction	190,628	190,682	(54)
District administration support services - indirect costs	9,125	9,125	-
Total expenditures	304,417	304,417	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHWEST REGION SCHOOLS

Title II Training and Recruitment Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - federal sources passed through the State of Alaska	\$ 141,491	141,491	-
Expenditures:			
Support services - instruction:			
Certificated salaries	60,000	65,874	(5,874)
Employee benefits	22,336	23,455	(1,119)
Professional and technical services	20,290	20,312	(22)
Staff travel	22,895	18,559	4,336
Supplies, materials, and media	5,638	5,639	(1)
Other	6,091	3,411	2,680
Total support services - instruction	137,250	137,250	-
District administration support services - indirect costs	4,241	4,241	-
Total expenditures	141,491	141,491	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHWEST REGION SCHOOLS

Title V-A Innovative Programs Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted <u>Amounts</u>	Actual <u>Amounts</u>	Variance with Final Budget- Positive <u>(Negative)</u>
Revenues - federal sources passed through the State of Alaska	\$ <u>5,000</u>	<u>5,000</u>	<u>-</u>
Expenditures:			
Support services - instruction - supplies, materials, and media	<u>4,850</u>	<u>4,850</u>	<u>-</u>
District administration support services - indirect costs	<u>150</u>	<u>150</u>	<u>-</u>
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

SOUTHWEST REGION SCHOOLS

Title II-D Enhancing Education Through Technology Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - federal sources passed through the State of Alaska	\$ 23,408	23,408	-
Expenditures:			
Support services - instruction - utility services	22,706	22,706	-
District administration support services - indirect costs	702	702	-
Total expenditures	23,408	23,408	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHWEST REGION SCHOOLS

Preschool Disabled Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - federal sources passed through the State of Alaska	\$ 29,339	29,339	-
Expenditures:			
Special education instruction:			
Non-certificated salaries	13,978	14,782	(804)
Employee benefits	4,772	3,631	1,141
Total special education instruction	18,750	18,413	337
Special education support services - students:			
Staff travel	3,160	3,474	(314)
Supplies, materials, and media	6,550	6,573	(23)
Total special education support services - students	9,710	10,047	(337)
District administration support services - indirect costs	879	879	-
Total expenditures	29,339	29,339	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHWEST REGION SCHOOLS

Title VI-B Special Revenue Fund

Schedule of Revenues, Expenditures and Changes In Fund Balance -
Budget and Actual

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - federal sources passed through the State of Alaska	\$ 204,030	204,029	(1)
Expenditures:			
Special education support services - students:			
Certificated salaries	88,500	82,583	5,917
Employee benefits	22,483	21,665	818
Professional and technical services	64,765	71,241	(6,476)
Staff travel	11,238	11,497	(259)
Supplies, materials and media	10,928	10,928	-
Total special education support services - students	197,914	197,914	-
District administration support services - indirect costs	6,116	6,115	1
Total expenditures	204,030	204,029	1
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHWEST REGION SCHOOLS

Title I - School Improvement Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - federal sources passed through the State of Alaska	\$ 65,169	65,169	-
Expenditures:			
Instruction:			
Certificated salaries	6,100	6,303	(203)
Non-certificated salaries	5,000	5,006	(6)
Employee benefits	2,541	1,908	633
Supplies, materials and media	46,528	47,481	(953)
Equipment	5,000	4,471	529
Total expenditures	65,169	65,169	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHWEST REGION SCHOOLS

Title I-A Staff Development 10% Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - federal sources passed through the State of Alaska	\$ 49,099	49,099	-
Expenditures:			
Support services - instruction:			
Certificated salaries	23,300	25,630	(2,330)
Employee benefits	9,320	7,581	1,739
Travel	11,507	12,067	(560)
Other	3,500	2,349	1,151
Total support services - instruction	47,627	47,627	-
District administration support services - indirect costs	1,472	1,472	-
Total expenditures	49,099	49,099	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHWEST REGION SCHOOLS

Migrant Education Book Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - federal sources passed through the State of Alaska	\$ 1,290	1,290	-
Expenditures:			
Support services - instruction - supplies, materials, and media	<u>1,290</u>	<u>1,290</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

SOUTHWEST REGION SCHOOLS

Migrant Education Basic Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - federal sources passed through the State of Alaska	\$ 138,434	138,434	-
Expenditures:			
Instruction:			
Non-certificated salaries	30,932	38,956	(8,024)
Employee benefits	8,018	11,098	(3,080)
Supplies, materials, and media	221	228	(7)
Total instruction	39,171	50,282	(11,111)
Support services - instruction:			
Certificated salaries	59,000	64,813	(5,813)
Non-certificated salaries	6,000	1,515	4,485
Employee benefits	24,022	15,137	8,885
Staff travel	5,360	2,015	3,345
Supplies, materials, and media	732	523	209
Total support services - instruction	95,114	84,003	11,111
District administration support services - indirect costs	4,149	4,149	-
Total expenditures	138,434	138,434	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHWEST REGION SCHOOLS

Migrant Education Summer Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - federal sources passed through the State of Alaska	\$ 5,977	5,977	-
Expenditures:			
Instruction:			
Certificated salaries	2,250	2,250	-
Employee benefits	191	191	-
Supplies, material and media	132	132	-
Total instruction	2,573	2,573	-
Support services - instruction:			
Staff travel	180	180	-
Supplies, materials, and media	3,134	3,134	-
Total support services - instruction	3,314	3,314	-
District administration support services - indirect costs	90	90	-
Total expenditures	5,977	5,977	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHWEST REGION SCHOOLS

Carl Perkins FY07 Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - federal sources passed through the State of Alaska	\$ 40,232	34,099	(6,133)
Expenditures:			
Instruction:			
Staff travel	580	-	580
Support services - instruction:			
Staff travel	4,054	3,220	834
Supplies, materials, and media	30,000	26,672	3,328
Equipment	5,000	3,700	1,300
Total support services - Instruction	39,054	33,592	5,462
District administration support services - indirect costs	598	507	91
Total expenditures	40,232	34,099	6,133
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year	\$ -	-	

SOUTHWEST REGION SCHOOLS

Carl Perkins FY08 Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - federal sources passed through the State of Alaska	\$ 34,201	23,460	(10,741)
Expenditures:			
Instruction:			
Supplies	-	8,493	(8,493)
Support services - instruction:			
Staff travel	1,941	1,941	-
Supplies, materials, and media	31,235	12,323	18,912
Total support services - instruction	33,176	14,264	18,912
District administration support services - indirect costs	1,025	703	322
Total expenditures	34,201	23,460	10,741
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHWEST REGION SCHOOLS

Title III-A English Language Acquisition

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - federal sources passed through the State of Alaska	\$ 20,117	20,117	-
Expenditures:			
Support services - instruction:			
Certificated salaries	14,000	14,000	-
Employee benefits	6,117	6,117	-
Total expenditures	20,117	20,117	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHWEST REGION SCHOOLS

Title I-A Highly Qualified Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - federal sources passed through the State of Alaska	\$ 24,560	19,805	(4,755)
Expenditures:			
Instruction:			
Staff travel	2,235	240	1,995
Communications	3,273	3,273	-
Tuition and stipends	12,000	9,005	2,995
Total instruction	17,508	12,518	4,990
Support services - instruction:			
Staff travel	6,000	5,907	93
Supplies, material, and media	316	170	146
Other	-	616	(616)
Total support services - instruction	6,316	6,693	(377)
District administration support services - indirect costs	736	594	142
Total expenditures	24,560	19,805	4,755
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHWEST REGION SCHOOLS

Title II-D Competitive Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - federal sources passed through the State of Alaska	\$ 38,376	38,376	-
Expenditures:			
Support services - instruction:			
Certificated salaries	3,363	3,363	-
Employee benefits	555	555	-
Staff travel	10,784	10,526	258
Other purchased services	-	258	(258)
Supplies, materials, and media	3,883	3,883	-
Equipment	18,641	18,641	-
Total support services - instruction	37,226	37,226	-
District administration support services - Indirect costs	1,150	1,150	-
Total expenditures	38,376	38,376	-
Excess of revenues over expenditures	\$ (38,376)	(38,376)	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ (38,376)	

SOUTHWEST REGION SCHOOLS

Title I-A Supplemental Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - federal sources passed through the State of Alaska	\$ 98,199	90,951	(7,248)
Expenditures:			
Instruction -			
professional and technical services	82,500	82,500	-
Support services - instruction -			
other purchased services	12,756	5,725	7,031
District administration support services -			
indirect costs	2,943	2,726	217
Total expenditures	98,199	90,951	7,248
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHWEST REGION SCHOOLS

Johnson O'Malley Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - direct federal sources	\$ 29,287	29,287	-
Expenditures:			
Instruction:			
Certificated salaries	500	500	-
Non-certificated salaries	340	340	-
Employee benefits	141	141	-
Staff travel	516	516	-
Student travel	10,153	10,153	-
Other purchased services	1,040	1,040	-
Supplies, materials, and media	11,612	11,612	-
Equipment	4,985	4,985	-
Total expenditures	29,287	29,287	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHWEST REGION SCHOOLS

Indian Education Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - direct federal sources	\$ 190,673	190,572	(101)
Expenditures:			
Instruction:			
Non-certificated salaries	27,508	33,845	(6,337)
Employee benefits	6,568	7,907	(1,339)
Other purchased services	-	420	(420)
Supplies, materials, and media	1,000	4,181	(3,181)
Total instruction	35,076	46,353	(11,277)
Support services - instruction:			
Certificated salaries	75,000	76,643	(1,643)
Non-certificated salaries	17,556	14,487	3,069
Employee benefits	26,368	23,448	2,920
Staff travel	17,000	11,562	5,438
Supplies, materials, and media	13,953	12,359	1,594
Total support services - instruction	149,877	138,499	11,378
District administration support services - indirect costs	5,720	5,720	-
Total expenditures	190,673	190,572	101
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHWEST REGION SCHOOLS

Alaska Native Home Based Education Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - direct federal sources	\$ 138,532	138,532	-
Expenditures:			
Instruction:			
Certificated salaries	-	788	(788)
Non-certificated salaries	99,486	101,915	(2,429)
Employee benefits	27,907	26,446	1,461
Staff travel	4,000	4,332	(332)
Total instruction	131,393	133,481	(2,088)
Support services - instruction:			
Certificated salaries	3,160	1,106	2,054
Employee benefits	-	167	(167)
Staff travel	1,638	1,437	201
Other	280	280	-
Total support services - instruction	5,078	2,990	2,088
District administration support services - indirect costs	2,061	2,061	-
Total expenditures	138,532	138,532	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHWEST REGION SCHOOLS

Upward Bound Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - federal sources passed through the University of Alaska Fairbanks	\$ 19,800	11,641	(8,159)
Expenditures:			
Instruction:			
Certificated salaries	10,400	6,300	4,100
Employee benefits	1,850	1,040	810
Supplies, materials, and media	2,050	270	1,780
Tuition and stipends	5,500	4,031	1,469
Total expenditures	19,800	11,641	8,159
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHWEST REGION SCHOOLS

Teacher Housing Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) -
Budget and Actual

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - local sources	\$ -	349,745	349,745
Expenditures:			
Operations and maintenance of plant:			
Non-certificated salaries	-	130,381	(130,381)
Employee benefits	-	30,844	(30,844)
Staff travel	-	29,877	(29,877)
Utility services	-	4,982	(4,982)
Energy	-	282,251	(282,251)
Other purchased services	-	259,548	(259,548)
Supplies, materials, and media	-	254,170	(254,170)
Equipment	-	79,579	(79,579)
Total expenditures	-	1,071,632	(1,071,632)
Excess (deficiency) of revenues over expenditures	-	(721,887)	(721,887)
Other financing sources - transfers in - School Operating Fund	-	250,000	250,000
Net change in fund balance	\$ -	(471,887)	(471,887)
Fund balance, beginning of year		6,000	
Fund balance (deficit), end of year		\$ (465,887)	

SOUTHWEST REGION SCHOOLS

Student Computer Repair and Replacement Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - local sources	\$ 6,880	5,590	(1,290)
Expenditures:			
\ Support services - instruction:			
Supplies, materials, and media	<u>6,880</u>	<u>3,345</u>	<u>3,535</u>
Excess of revenues over expenditures	\$ <u>-</u>	2,245	<u>2,245</u>
Fund balance, beginning of year		<u>6,880</u>	
Fund balance, end of year		\$ <u>9,125</u>	

SOUTHWEST REGION SCHOOLS

Yupik Math Special Revenue Fund

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

Year Ended June 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - federal sources passed through the University of Alaska Fairbanks	\$ 10,000	5,340	(4,660)
Expenditures:			
Instruction:			
Certificated salaries	3,000	1,500	1,500
Non-certificated salaries	1,400	693	707
Employee benefits	650	321	329
Staff travel	4,450	2,406	2,044
Supplies, materials, and media	500	420	80
Total expenditures	10,000	5,340	4,660
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHWEST REGION SCHOOLS

Impact Aid Construction Capital Project Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance

Year Ended June 30, 2008

Revenues - federal sources - Impact Aid	\$	<u>76,526</u>
Expenditures:		
Construction and facilities acquisition:		
Other purchased services		54,594
Non-certificated salaries		1,756
Employee benefits		<u>531</u>
Total expenditures		<u>56,881</u>
Excess of revenues over expenditures		19,645
Fund balance, beginning of year		<u>52,589</u>
Fund balance, end of year	\$	<u><u>72,234</u></u>

SOUTHWEST REGION SCHOOLS

Replacement Cycle Capital Project Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance (Deficit)

Year Ended June 30, 2008

Revenues	\$ <u>-</u>
Expenditures:	
Construction and facilities acquisition:	
Non-certificated salaries	4,595
Employee benefits	1,676
Staff travel	450
Other purchased services	300,066
Supplies, materials and media	53,718
Equipment	107,573
Total expenditures	<u>468,078</u>
Excess (deficiency) of revenues over expenditures	(468,078)
Other financing sources -	
transfers in:	
School Operating Fund	495,182
Manokotak Construction Capital Project Fund	3
Total other financing sources	<u>495,185</u>
Net change in fund balance	27,107
Fund balance (deficit), beginning of year	<u>(27,107)</u>
Fund balance, end of year	\$ <u><u>-</u></u>

SOUTHWEST REGION SCHOOLS

Togiak Replacement Capital Project Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance

Year Ended June 30, 2008

Revenues - State of Alaska	\$	<u>1,774,213</u>
Expenditures:		
Construction and facilities acquisition:		
Non-certificated salaries		18,382
Employee benefits		7,979
Housing allowance/subsidy		571
Professional and technical services		8,804
Other purchased services		1,695,891
Supplies, materials and media		<u>42,586</u>
Total expenditures		<u>1,774,213</u>
Excess of revenues over expenditures		-
Fund balance, beginning of year		<u>-</u>
Fund balance, end of year	\$	<u><u>-</u></u>

SOUTHWEST REGION SCHOOLS

Exhibit H-34

New Stuyahok Planning Capital Project Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance

Year Ended June 30, 2008

Revenues	\$ -
Expenditures	<u>-</u>
Excess of revenues over expenditures	-
Other financing sources (uses) - transfers out:	
New Stuyahok School Replacement Capital Project Fund	<u>(492,337)</u>
Fund balance, beginning of year	<u>492,337</u>
Fund balance, end of year	\$ <u><u>-</u></u>

SOUTHWEST REGION SCHOOLS

Manokotak Construction Capital Project Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance

Year Ended June 30, 2008

Revenues - local sources	\$ <u>3</u>
Expenditures	<u>-</u>
Excess of revenues over expenditures	3
Other financing sources (uses) - transfers out:	
Replacement Cycle	
Capital Project Fund	<u>(3)</u>
Net change in fund balance	-
Fund balance, beginning of year	<u>-</u>
Fund balance, end of year	\$ <u><u>-</u></u>

SOUTHWEST REGION SCHOOL DISTRICT

Agency Funds

Schedule of Changes in Assets and Liabilities

Year Ended June 30, 2008

Student Activity

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
<u>Assets</u>				
Cash and cash equivalents	\$ 136,144	434,082	412,363	157,863
<u>Liabilities</u>				
Due to student groups	\$ 136,144	434,082	412,363	157,863

Bristol Bay Delivery

<u>Assets</u>				
Due from School Operating Fund	\$ 6,806	-	-	6,806
<u>Liabilities</u>				
Due to Bristol Bay Delivery	\$ 6,806	-	-	6,806

Total Agency

<u>Assets</u>				
Cash and cash equivalents	136,144	434,082	412,363	157,863
Due from School Operating Fund	6,806	-	-	6,806
\$	<u>142,950</u>	<u>434,082</u>	<u>412,363</u>	<u>164,669</u>
<u>Liabilities</u>				
Due to student groups	136,144	434,082	412,363	157,863
Due to Bristol Bay Delivery	6,806	-	-	6,806
\$	<u>142,950</u>	<u>434,082</u>	<u>412,363</u>	<u>164,669</u>

SOUTHWEST REGION SCHOOLS

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2008

<u>Federal Grant Title</u>	<u>Grant Number</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Total Grant Award</u>	<u>Total Expended</u>
U.S. Department of Education:				
Passed through the State of Alaska:				
Title I-A Basic	IP 08.045.01	84.010	304,417	304,417
Title I-A Staff Development 10%	IP 08.045.01	84.010	49,099	49,099
Title I, School Improvement	CA 08.045.01	84.010	65,169	65,169
Title I Highly Qualified	IP 08.045.01	84.010	24,560	19,805
Title I Supplemental	IP 08.045.01	84.010	98,199	90,951
Total			<u>541,444</u>	<u>529,441</u>
Title VI-B IDEA	SE 08.045.01	84.027	<u>204,030</u>	<u>204,029</u>
Migrant Education	IP 08.045.01	84.011	138,434	138,434
Migrant Education Book	MB 08.045.01	84.011	1,290	1,290
Migrant Education - Summer	IP 08.045.01	84.011	10,302	5,977
Total			<u>150,026</u>	<u>145,701</u>
Carl Perkins FY07	EK 07.045.01	84.048	40,232	34,099
Carl Perkins FY08	EK 08.045.01	84.048	34,201	23,460
Total			<u>74,433</u>	<u>57,559</u>
Preschool Disabled	SE 08.045.01	84.173	<u>29,339</u>	<u>29,339</u>
Title V-A Innovative Programs	IP 08.045.01	84.298	<u>5,000</u>	<u>5,000</u>
Title II-D Competitive	ET 08.045.01	84.318	43,395	38,376
Title II-D Enhancing Education Through Technology	IP 08.045.01	84.318	<u>23,408</u>	<u>23,408</u>
Total			<u>66,803</u>	<u>61,784</u>
Title III-A English Language Acquisition	IP 08.045.01	84.365	<u>20,117</u>	<u>20,117</u>
Title II-A Training and Recruitment	IP 08.045.01	84.367	<u>141,491</u>	<u>141,491</u>
Total U.S. Department of Education passed through the State of Alaska			<u>1,232,683</u>	<u>1,194,461</u>

(continued)

SOUTHWEST REGION SCHOOLS

Exhibit J-1, Continued

Schedule of Expenditures of Federal Awards. Continued

<u>Federal Grant Title</u>	<u>Grant Number</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Total Grant Award</u>	<u>Total Expended</u>
U.S. Department of Education, continued:				
Direct education sources:				
Indian Education Act	S060A070760	84.060	\$ 190,673	190,572
Alaska Native Home Based Education	T365C030026-06	84.365	300,000	138,532
Impact Aid	11-AK-2004-2806	84.041	3,818	3,818
Impact Aid	11-AK-2005-2806	84.041	11,235	11,235
Impact Aid	11-AK-2007-2806	84.041	3,882,681	3,882,681
Total			3,897,734	3,897,734
Total direct education sources			4,388,407	4,226,838
Passed through University of Alaska:				
Yupik Math	UAF 07-0113	84.356	10,000	5,340
Upward Bound	UAF 05-0045	84.047	37,680	11,641
Total U.S. Department of Education			5,668,770	5,438,280
U.S. Department of Health and Human Services:				
Passed through the State of Alaska - Medicaid	None	93.777	6,174	6,174
U.S. Department of Agriculture:				
Passed through the State of Alaska - National School Lunch Program	None	10.555	321,896	321,896
U.S. Department of the Interior:				
Passed through Bristol Bay Native Association - Johnson O'Malley	None	15.022	98,916	29,287
Total federal financial assistance			\$ 6,095,756	5,795,637

Notes to Schedule

1. This schedule was prepared on the modified accrual basis of accounting.
2. Impact Aid revenue is recognized when received; however, expenditures are applied to the prior year and a reserve is established annually for Impact Aid received under the current application.

Federal expenditures per above schedule:	\$ 5,795,637
Adjustments:	
Statutory Impact Aid reserved in FY2007	(3,801,047)
Statutory Impact Aid reserved in FY2008	3,923,089
Total federal revenues per financial statements Exhibit D-1	\$ 5,917,679

SOUTHWEST REGION SCHOOLS
Schedule of State Financial Assistance
Year Ended June 30, 2008

<u>Grant Title</u>	<u>Grant Number</u>	<u>Total Grant Award</u>	<u>Total Expended</u>
Department of Education and Early Development:			
* Foundation	None	\$ 7,577,451	7,577,451
Quality Schools	None	30,465	30,465
Energy Relief	None	190,404	190,404
* ISER	None	961,568	961,568
School Improvement	None	109,132	109,132
On-behalf payment - PERS	None	80,620	80,620
* On-behalf payment - TRS	None	2,082,217	2,082,217
Student Transportation	None	213,753	213,753
Boarding Home Program	BH345001	66,505	54,758
* CIP Togiak Replacement	GR-02-029	29,777,717	1,774,213
* CIP New Stuyahok School Replacement	GR-07-022	27,231,626	11,057,544
Total state financial assistance		\$ <u>68,321,458</u>	<u>24,132,125</u>

Notes to Schedule

1. This schedule was prepared on the modified accrual basis of accounting.

(This page was left blank intentionally)

COMPLIANCE REPORTS

Independent Auditors' 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
Southwest Region Schools
Dillingham, Alaska

Ladies and Gentlemen:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Southwest Region Schools as of and for the year ended June 30, 2008, and have issued our report thereon dated October 22, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Southwest Region Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwest Region Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Southwest Region Schools' internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects Southwest Region Schools' ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Southwest Region Schools' financial statements that is more than inconsequential will not be prevented or detected by Southwest Region Schools' internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Southwest Region Schools' internal control.

Members of the School Board
Southwest Region Schools

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information of Southwest Region Schools' School Board and management, State of Alaska, Department of Education and Early Development, other federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Altman, Rogers & Co." in a cursive script.

October 22, 2008

Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Members of the School Board
Southwest Region Schools
Dillingham, Alaska

Ladies and Gentlemen:

Compliance

We have audited the compliance of Southwest Region Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Southwest Region Schools' major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Southwest Region Schools' management. Our responsibility is to express an opinion on Southwest Region Schools' compliance based on our audit.

We conducted our audit of compliance 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; and Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southwest Region Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Southwest Region Schools' compliance with those requirements.

In our opinion, Southwest Region Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Southwest Region Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Southwest Region Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southwest Region Schools' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies that result in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration on internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of Southwest Region Schools' School Board and management, the State of Alaska, Department of Education and Early Development, and appropriate federal agencies and is not intended to be and should not be used by anyone other than these specified parties.



October 22, 2008

SOUTHWEST REGION SCHOOL DISTRICT
Federal Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Is a significant deficiency disclosed?	<u> </u> Yes	<u> X </u> No
Is any significant deficiency reported as a material weakness?	<u> </u> Yes	<u> X </u> None reported
Is a material noncompliance disclosed?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:

Is a significant deficiency disclosed for any major program?	<u> </u> Yes	<u> X </u> No
Is any significant deficiency reported for any major program as a material weakness?	<u> </u> Yes	<u> X </u> No

Type of auditors' report issued on compliance for major program: unqualified

Are any known questioned costs reported in accordance with Circular A-133, Section .510(a) (3) or (4)?

<u> </u> Yes	<u> X </u> No
-------------------	-----------------

Identification of major programs:

CFDA Number(s)

84.041
84.367
84.027

Name of Federal Program or Cluster

Impact Aid
Title II-A
Title VI-B

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

Auditee qualified as low-risk auditee? yes X no

SOUTHWEST REGION SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs, Continued

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Section IV – Summary of Prior Audit Findings

Financial Statement Findings

Finding 07-01

Internal Control over Fuel Inventory

Significant deficiency

Condition:

The District currently does not have adequate internal controls over fuel inventory to ensure that accurate balances are reported and all receivables associated with fuel sales are captured.

Status:

This finding has been resolved. Procedures and the use of forms for inventory sales was developed and implemented in fiscal year 08.

Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Members of the School Board
Southwest Region Schools
Dillingham, Alaska

Ladies and Gentlemen:

Compliance

We have audited the compliance of Southwest Region Schools with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that are applicable to each of its major state programs for the year ended June 30, 2008. Southwest Region Schools' major state programs are identified in the accompanying schedule of state financial assistance. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of Southwest Region Schools' management. Our responsibility is to express an opinion on Southwest Region Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether the noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Southwest Region Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Southwest Region Schools' compliance with those requirements.

In our opinion, Southwest Region Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2008.

Internal Control Over Compliance

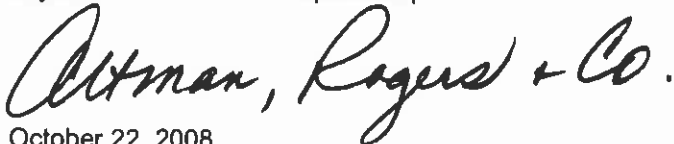
The management of Southwest Region Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered Southwest Region Schools' internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southwest Region Schools' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of Southwest Region Schools' School Board and management, State of Alaska, Department of Education and Early Development, and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


October 22, 2008

SOUTHWEST REGION SCHOOL DISTRICT
State Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	<u>Unqualified</u>		
Internal control over financial reporting:			
Is a significant deficiency disclosed?	<u> </u> Yes	<u> X </u> No	
Is any significant deficiency reported as a material weakness?	<u> </u> Yes	<u> X </u> No	
Is a material noncompliance disclosed?	<u> </u> Yes	<u> X </u> No	

State Awards

Internal control over major programs:			
Is a significant deficiency disclosed for any major program?	<u> </u> Yes	<u> X </u> No	
Is any significant deficiency reported for any major program as a material weakness?	<u> </u> Yes	<u> X </u> No	
Type of auditors' report issued on compliance for major program:	<u>unqualified</u>		

Dollar threshold used to distinguish a state major program: \$ 300,000

Section II - Financial Statement Findings

No matters reported.

Section III - State Award Findings and Questioned Costs.

No matters were reported.

(This page was left blank intentionally)

Independent Auditors' Report on Statement of Compliance with AS 14.14.020 and Other State Requirements

Members of the School Board
Southwest Region Schools
Dillingham, Alaska

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, each major fund and aggregate remaining fund information of Southwest Region Schools as of and for the year ended June 30, 2008, and have issued our report thereon dated October 22, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstance but not for the purpose of expressing an opinion on Southwest Region Schools' internal control over financial reporting. Accordingly, we express no such opinion. An audit in accordance with these standards 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation.

In connection with our audit, nothing came to our attention, which caused us to believe that:

- (a) The statements of revenues and expenditures of the ~~the~~ Special Revenue Funds do not present fairly the allowable funds expended within the limits of the project budgets.
- (b) Southwest Region Schools has not complied with the *Uniform Chart of Accounts* for school districts as required by the State of Alaska, Department of Education and Early Development.
- (c) Southwest Region Schools has not complied with the bonding requirements of AS 14.14.020.

Members of the School Board
Southwest Region Schools

- (d) Southwest Region Schools' basic financial statements do not reflect the minimum accounting and reporting requirements of the Department of Education and Early Development.

However, it should be noted that our audit was not directed primarily toward obtaining knowledge of noncompliance with the foregoing requirements.

Altman, Rogers & Co.

October 22, 2008

Independent Auditors' Report on Statement of Compliance with AS 14.17.505

Members of the School Board
Southwest Region Schools
Dillingham, Alaska

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, each major fund and aggregate remaining fund information of Southwest Region Schools as of and for the year ended June 30, 2008, and have issued our report thereon dated October 22, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstance but not for the purpose of expressing an opinion on Southwest Region Schools' internal control over financial reporting. Accordingly, we express no such opinion. An audit in accordance with these standards 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation.

In connection with our audit, as presented in the Statement of Compliance with AS 14.17.505, nothing came to our attention that caused us to believe that Southwest Region Schools had failed to comply with the accumulated fund balance restriction in AS 14.17.505 as interpreted by the State of Alaska, Department of Education and Early Development. However, it should be noted that our audit was not directed primarily toward obtaining knowledge of noncompliance with such requirements.

Altman, Rogers & Co.
October 22, 2008

(This page was left blank intentionally)

SOUTHWEST REGION SCHOOLS

Statement of Compliance - AS 14.17.505

June 30, 2008

	School Operating		
	Reserved	Unreserved	
	Fund	Fund	
	<u>Balance</u>	<u>Balance</u>	<u>Total</u>
Reserved:			
Encumbrances	\$ 1,043	-	1,043
Inventory	1,262,436	-	1,262,436
Prepaid items	6,367	-	6,367
Impact Aid	3,865,842	-	3,865,842
Unreserved:			
Undesignated	-	-	-
	<u>\$ 5,135,688</u>	<u>-</u>	<u>5,135,688</u>

Unreserved fund balance as a percentage of current year expenditures:

$$\frac{\text{Unreserved fund balance}}{\text{Current year expenditures}} = \frac{\$ -}{\$ 15,812,483} = \underline{\underline{0.00\%}}$$

