

Kenai Peninsula Borough, Alaska

Federal and State Single Audit Reports
Year Ended June 30, 2017

Kenai Peninsula Borough, Alaska

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Kenai Peninsula Borough, Alaska

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

Honorable Mayor and
Members of the Assembly
Kenai Peninsula Borough
Soldotna, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Kenai Peninsula Borough, Alaska, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Kenai Peninsula Borough's basic financial statements, and have issued our report thereon dated December 13, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kenai Peninsula Borough's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kenai Peninsula Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of Kenai Peninsula Borough's internal control.

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

BDO USA, LLP

Anchorage, Alaska
December 13, 2017



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3601 C Street, Suite 600
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Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Honorable Mayor and
Members of the Assembly
Kenai Peninsula Borough
Soldotna, Alaska

Report on Compliance for Each Major Federal Program

We have audited Kenai Peninsula Borough's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Kenai Peninsula Borough's major federal programs for the year ended June 30, 2017. Kenai Peninsula Borough's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Kenai Peninsula Borough's basic financial statements include the operations of its component unit, Kenai Peninsula Borough School District, which received \$9,213,975 in federal awards which is not included in the schedule during the year ended June 30, 2017. Our audit, described below, did not include the operations of Kenai Peninsula Borough School District because it was subjected to a separate audit in accordance with Uniform Guidance. Kenai Peninsula Borough's basic financial statements also include the operations of its additional component units, Central Peninsula General Hospital and South Peninsula Hospital, which received \$217,190 and \$0 in federal awards, respectively, which is not included in the schedule during the year ended June 30, 2017. Our audit, described below, did not include the operations of these two component units, because they were subjected to separate audits; however, they did not meet the threshold for an audit in accordance with Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the term and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Kenai Peninsula Borough's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Kenai Peninsula Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Kenai Peninsula Borough's compliance.

Opinion on Each Major Federal Program

In our opinion, Kenai Peninsula Borough complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Kenai Peninsula Borough is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Kenai Peninsula Borough's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Kenai Peninsula Borough's internal control over compliance.

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

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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Kenai Peninsula Borough as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Kenai Peninsula Borough's basic financial statements. We issued our report thereon dated December 13, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BDO USA, LLP

Anchorage, Alaska
December 13, 2017

Kenai Peninsula Borough
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor	Federal Grant Number	Pass-through Entity Identifier Number	CFDA #	Passed Through to Subrecipients	Expenditures 6/30/17
U.S. Department of the Interior					
U.S. Bureau of Land Management:					
Payment in Lieu of Taxes	2017 SEC 6901/02		15.226		\$ 3,113,471
U.S. Fish and Wildlife Service:					
National Wildlife Refuge Fund	FY2017		15.659		25,134
Partners for Fish and Wildlife	AK-17-6		15.631		22,694
Coastal Impact Assistance:					
Planning & Administration	F14AF00791		15.668		3,251
Adopt-A-Stream Program	F12AF70248		15.668		38,051
Recreation Area Sanitation	F12AF70131		15.668		84,751
Stream Channel & Elevation Modeling	F12AF00443		15.668		214
Total CFDA 15.668					126,267
Total U.S. Department of the Interior					3,287,566
U.S. Department of Homeland Security					
Passed through Alaska Department of Military & Veterans Affairs:					
Disaster Grants - Public Assistance:					
September 2012 Flood Federal Declared Disaster	FEMA-4094-DR	DR-4094-AK	97.036		(2,775)
October 2013 Flood Federal Declared Disaster	FEMA-4161-DR	DR-4161-AK	97.036		3,473
Total CFDA 97.036					698
2016 State Homeland Security Program	EMW-2016-SS-0002	20SHSP-GY16	97.067		579,413
2015 State Homeland Security Program	EMW-2015-SS-00026-S01	20SHSP-GY15	97.067		3,489
Total CFDA 97.067					582,902
Hazard Mitigation Grant Program - GIS Software	4244-4-F	4244.0004	97.039		11,273
Emergency Management Performance Grant	FY14-FY17	20EMPG-GY15	97.042		(14,983)
Emergency Management Performance Grant	EMS-2016-EP-00001-S01	20EMPG-GY16	97.042		126,891
Total CFDA 97.042					111,908
Total U.S. Department of Homeland Security					706,781
U.S. Department of Housing and Urban Development					
Passed through Alaska Department of Military & Veterans Affairs:					
Community Development Block Grant - Aspen Avenue Paving	B-15-DC-02-0001	15-CDBG-03	14.228		185,153
U.S. Department of Transportation					
Highway Planning and Construction Cluster - Extend Kenai Spur Hwy-North Road	DTFH7017E30003		20.205		31,479
U.S. Department of Agriculture					
Forest Service Schools and Roads Cluster - National Forest Receipts	FY17		10.665		14,406
Passed through Alaska Department of Natural Resources:					
Cooperative Forestry Assistance:					
Anchor Point Fire & EMS Service Area Volunteer Fire Assistance Grant	FY17	FY17	10.664		10,000
Bear Creek Fire SA Volunteer Fire Assistance Grant	FY17	FY17	10.664		9,366
Total CFDA 10.664					19,366
Total U.S. Department of Agriculture					33,772
Total Federal					\$ 4,244,751

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Kenai Peninsula Borough under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Kenai Peninsula Borough, it is not intended to and does not present the financial position, changes in net position or cash flows of Kenai Peninsula Borough.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect

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



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

Honorable Mayor and
Members of the Assembly
Kenai Peninsula Borough
Soldotna, Alaska

Report on Compliance for Each Major State Program

We have audited Kenai Peninsula Borough's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of Kenai Peninsula Borough's major state programs for the year ended June 30, 2017. Kenai Peninsula Borough's major state programs are identified in the accompanying Schedule of State Financial Assistance.

Kenai Peninsula Borough's basic financial statements include the operations of its component units, Kenai Peninsula Borough School District and Central Peninsula Hospital, which received \$98,172,158 and \$864,773 in state awards, respectively, which is not included in the schedule during the year ended June 30, 2017. Our audit, described below, did not include the operations of Kenai Peninsula Borough School District and Central Peninsula General Hospital because they were subjected to separate audits in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Kenai Peninsula Borough's basic financial statements also include the operations of its additional component unit, South Peninsula Hospital, which received \$0 in state awards which is not included in the schedule during the year ended June 30, 2017. Our audit, described below, did not include the operations of this component unit, because it was subjected to a separate audit; however, it did not meet the threshold for an audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Kenai Peninsula Borough's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Kenai Peninsula Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Kenai Peninsula Borough's compliance.

Opinion on Each Major State Program

In our opinion, Kenai Peninsula Borough complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Kenai Peninsula Borough is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Kenai Peninsula Borough's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Kenai Peninsula Borough's internal control over compliance.

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

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

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

Report on Schedule of State Financial Assistance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Kenai Peninsula Borough as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Kenai Peninsula Borough's basic financial statements. We issued our report thereon dated December 13, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of State Financial Assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BDO USA, LLP

Anchorage, Alaska
December 13, 2017

Kenai Peninsula Borough
Schedule of State Financial Assistance
Year Ended June 30, 2017

State Grantor	Note	Grant Number	Expenditures 6/30/17
Alaska Department of Commerce, Community & Economic Development			
Shared Fisheries Business Tax			\$ 6,530
Community Revenue Sharing - Borough		FY16	1,374,231
Community Revenue Sharing - Nanwalek IRA Council	(2)	FY14	2,166
Community Revenue Sharing - Nanwalek IRA Council	(2)	FY15	10,636
Community Revenue Sharing - Snomads Snowmachine Club, Inc.	(2)	FY15	380
Community Revenue Sharing - Bear Creek Volunteer Fire Department	(2)	FY16	1,104
Community Revenue Sharing - Hope, Inc.	(2)	FY16	10,187
Community Revenue Sharing - Kasilof Regional Historical Association	(2)	FY16	341
Community Revenue Sharing - Moose Pass Chamber of Commerce	(2)	FY16	44
Community Revenue Sharing - Nanwalek IRA Council	(2)	FY16	17,423
Community Revenue Sharing - Ninilchik Community Library	(2)	FY16	4,827
Community Revenue Sharing - Ninilchik Emergency Services	(2)	FY16	4,825
Community Revenue Sharing - Ninilchik Fairground Association	(2)	FY16	4,825
Community Revenue Sharing - Ninilchik Senior Citizens	(2)	FY16	4,825
Community Revenue Sharing - Alaska Children's Institute For Performing Arts (ACIPA)	(2)	FY17	12,900
Community Revenue Sharing - Anchor Point Public Library	(2)	FY17	6,450
Community Revenue Sharing - Anchor Point Senior Citizens	(2)	FY17	6,451
Community Revenue Sharing - Boys & Girls Club of Southcentral Alaska	(2)	FY17	12,899
Community Revenue Sharing - Boys & Girls Club of the Kenai Peninsula	(2)	FY17	6,449
Community Revenue Sharing - Caribou Hills Cabin Hoppers	(2)	FY17	12,900
Community Revenue Sharing - Cooper Landing Community Club	(2)	FY17	12,900
Community Revenue Sharing - Funny River Chamber of Commerce	(2)	FY17	12,900
Community Revenue Sharing - Hope, Inc.	(2)	FY17	5,203
Community Revenue Sharing - Kachemak Nordic Ski Club	(2)	FY17	8,598
Community Revenue Sharing - Kachemak Ski Club	(2)	FY17	4,301
Community Revenue Sharing - Kasilof Public Library	(2)	FY17	6,451
Community Revenue Sharing - Kasilof Regional Historical Association	(2)	FY17	6,449
Community Revenue Sharing - Kasilof-Cohoe Cemetery Association	(2)	FY17	6,451
Community Revenue Sharing - Kenai Peninsula Food Bank	(2)	FY17	5,160
Community Revenue Sharing - Love Inc. of the Kenai Peninsula	(2)	FY17	2,580
Community Revenue Sharing - Lowell Point Community Council	(2)	FY17	12,900
Community Revenue Sharing - Moose Pass Chamber of Commerce	(2)	FY17	6,034
Community Revenue Sharing - Moose Pass Volunteer Fire Department	(2)	FY17	32,580
Community Revenue Sharing - Nikolaevsk Community Council	(2)	FY17	12,900
Community Revenue Sharing - Ninilchik Community Library	(2)	FY17	3,225
Community Revenue Sharing - Ninilchik Emergency Services	(2)	FY17	3,225
Community Revenue Sharing - Ninilchik Fairground Association	(2)	FY17	3,224
Community Revenue Sharing - Ninilchik Senior Citizens	(2)	FY17	3,225
Community Revenue Sharing - North Peninsula Community Council	(2)	FY17	12,900
Community Revenue Sharing - Port Graham Village Council	(2)	FY17	12,900
Community Revenue Sharing - Rural Alaska Community Action Program	(2)	FY17	4,300
Community Revenue Sharing - Sterling Area Senior Citizens	(2)	FY17	4,299
Community Revenue Sharing - Sterling Community Club	(2)	FY17	4,299
Community Revenue Sharing - Tsalteshi Trails Association	(2)	FY17	5,160
Community Revenue Sharing - Village of Kachemak Selo, Inc.	(2)	FY17	12,900
Community Revenue Sharing - Village of Razdolna	(2)	FY17	12,900
* Total Community Revenue Sharing			<u>1,711,827</u>
Bear Creek Fire Service Area Fire Station Completion & Startup		15-DC-082	35,907
* Borough-wide Road Upgrades		13-DC-614	2,453,730
* Borough-wide Road Upgrades		14-DC-069	492,567

Kenai Peninsula Borough
Schedule of State Financial Assistance, continued

State Grantor	Note	Grant Number	Expenditures 6/30/16
Alaska Department of Commerce, Community & Economic Development, continued			
Central Peninsula Landfill Equipment Maintenance Building		15-DC-084	32,457
Central Peninsula Landfill Thermal Leachate Evaporator Unit and Building		14-DC-068	12,908
Elodea Eradication Project		15-DC-085	35,994
* Hazard Tree Removal		13-DC-445	277,258
Kachemak Emergency Service Area - Diamond Ridge Station		15-RR-037	8,391
North Peninsula Recreation Pool Tile Flooring		14-RR-040	1,478
* North Peninsula Recreation Pool Tile & Drain Replacement		15-DC-413	161,443
* Paved Lighted Pedestrian Path		15-DC-086	255,707
Security Camera Systems in Borough-owned Facilities		13-DC-489	57,068
* Seward Bear Creek Flood Mitigation Projects		14-DC-070	465,691
* Seward Bear Creek Flood Mitigation Projects		15-DC-090	482,424
Total Alaska Department of Commerce, Community & Economic Development			<u>6,491,380</u>
Alaska Department of Revenue			
* Commercial Passenger Vessel Tax		FY16(CY15)	474,225
* Commercial Passenger Vessel Tax		FY17(CY16)	486,380
* Electric & Telephone Cooperative		FY17	155,685
* Fish Tax		FY16	(232,741)
* Fish Tax		FY17	771,171
Total Alaska Department of Revenue			<u>1,654,720</u>
Alaska Department of Education & Early Development			
* School Debt Reimbursement			<u>2,283,650</u>
Alaska Department of Administration			
* Division of Retirement & Benefits PERS Relief HB256		HB256	<u>937,683</u>
Alaska Department of Military & Veteran Affairs			
Passed Through the Alaska Division of Homeland Security & Emergency Management			
September 2012 Flood Federal Declared Disaster PW39-Kwechek Creek		DR-4094-AK	(925)
October 2013 Flood Federal Declared Disaster PW21-Damaged Roads		DR-4161-AK	1,158
Hazard Mitigation Grant Program-GIS Software for Land Cover Hazard Assessment		4244.0004	3,758
Local Emergency Planning Committee		FY14-FY16	(12,064)
Local Emergency Planning Committee		20LEPC-GY17	22,485
Total Alaska Department of Military & Veteran Affairs			<u>14,412</u>
Alaska Department of Health & Social Services			
Central Peninsula Hospital - Transitional Housing		65C-15-211	<u>99,822</u>
Alaska Mental Health Trust Authority			
Central Peninsula Hospital - Transitional Housing		GIFTS ID: 6673	<u>75,000</u>
Total State			<u>\$ 11,556,667</u>

State Major Program*

Kenai Peninsula Borough, Alaska

Notes to the Schedule of State Financial Assistance Year Ended June 30, 2017

1. Basis of Presentation

The accompanying Schedule of State Financial Assistance (the "Schedule") includes the state grant activity of Kenai Peninsula Borough under programs of the state government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of Kenai Peninsula Borough, it is not intended to and does not present the financial position, changes in net position or cash flows of Kenai Peninsula Borough.

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

2. Pass Through Grants

Kenai Peninsula Borough passed grants through to third parties in fiscal year 2017 as follows:

Pass-Through Grants

State Revenue Sharing	\$	337,596
Commercial Passenger Vessel Tax		960,605

Kenai Peninsula Borough, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 yes

 X no

Significant deficiency(ies) identified?

 yes

 X (none reported)

Noncompliance material to financial statements noted?

 yes

 X no

Federal Financial Assistance

Internal control over major federal programs:

Material weakness(es) identified?

 yes

 X no

Significant deficiency(ies) identified?

 yes

 X (none reported)

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

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a)?

 yes

 X no

Identification of major federal programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Agency</i>
15.226	Payment in Lieu of Taxes	U.S. Department of the Interior

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

Auditee qualified as low-risk auditee?

 X yes

 no

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified?

 yes

 X no

Significant deficiency(ies) identified?

 yes

 X (none reported)

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

Unmodified

Dollar threshold used to distinguish a state major program:

\$ 100,000

Kenai Peninsula Borough, Alaska

Schedule of Findings and Questioned Costs, continued

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

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

Section III - Federal Award Findings and Questioned Costs

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

Section IV - State Award Findings and Questioned Costs

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