

KDLG PUBLIC RADIO STATION
(A Special Revenue Fund of Dillingham City School District)

Basic Financial Statements, Additional Supplementary
Information and Compliance Report

Year Ended June 30, 2018

KDLG PUBLIC RADIO STATION
(A Special Revenue Fund of Dillingham City School District)

Basic Financial Statements, Additional Supplementary
Information and Compliance Report

Year Ended June 30, 2018

KDLG PUBLIC RADIO STATION
(A Special Revenue Fund of Dillingham City School District)

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	A-1 4
Statement of Activities	B-1 5
Fund Financial Statements:	
Balance Sheet – Governmental Fund	C-1 6
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	D-1 7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	D-2 8
Statement of Revenues, Expenditures, and Changes in Fund Balance – Original and Final Budget and Actual	E-1 9
Notes to Basic Financial Statements	10-15
Additional Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	F-1 16
Combining Schedule of Assets, Liabilities and Fund Balances – All Grants	G-1 17-18
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – All Grants	G-2 19-20
Compliance Report:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21-22
Schedule of Findings and Responses	23

Independent Auditor's Report

Members of the School Board
KDLG Public Radio Station
Dillingham, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of KDLG Public Radio Station (a Special Revenue Fund of Dillingham City School District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the KDLG Public Radio Station's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial auditing contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of KDLG Public Radio Station, as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparison for the KDLG Radio Station for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A, the financial statements of the KDLG Public Radio Station, a Special Revenue Fund of Dillingham City School District, are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities, major fund, and the aggregate remaining fund information of the School District that is attributable to the transactions of the KDLG Public Radio Station. They do not purport to, and do not present fairly the financial position of the Dillingham City School District as of June 30, 2018, or changes in its financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not modified by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise KDLG's basic financial statements. The information listed in the table of contents as Additional Supplementary Information, which includes: The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual, the Combining Schedule of Assets, Liabilities and Fund Balances – All Grants and the Combining Schedule of Assets, Liabilities and Fund Balances – All Grants and the Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – All Grants, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Members of the School Board
KDLG Public Radio Station

The Additional Supplementary Information, as listed in the previous paragraph, is the responsibility of management, was derived from, and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Additional Supplementary Information as listed in the previous paragraph, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior-Year Summarized Information

We have previously audited the KDLG Public Radio Station's (a Special Revenue Fund of Dillingham City School District) 2017 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities and the major fund of KDLG Public Radio Station (a Special Revenue Fund of Dillingham City School District), in our report dated December 6, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issue our report dated December 27, 2018, on our consideration of KDLG Public Radio Station's (a Special Revenue Fund of the Dillingham City School District) internal control over financial reporting and our test 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 effectiveness of KDLG Public Radio Station's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KDLG Public Radio Station's (a Special Revenue Fund of the Dillingham City School District) internal control over financial reporting and compliance.



Anchorage, Alaska
December 27, 2018

KDLG PUBLIC RADIO STATION
(A Special Revenue Fund of Dillingham City School District)

Statement of Net Position

June 30, 2018

(With Comparative Totals for 2017)

	Governmental Activities	Total 2017
<u>Assets</u>		
Current:		
Cash and cash equivalents	\$ 445,383	335,243
Accounts receivable	77,840	41,447
Total current assets	<u>523,223</u>	<u>376,690</u>
Non-current:		
Capital assets	67,638	52,262
Accumulated depreciation	(44,609)	(39,857)
Total long-term assets	<u>23,029</u>	<u>12,405</u>
Total assets	<u>\$ 546,252</u>	<u>389,095</u>
<u>Liabilities</u>		
Current:		
Due to primary government	332,920	151,523
Unearned revenue	10	26,955
Total liabilities	<u>332,930</u>	<u>178,478</u>
<u>Net Position</u>		
Net investment in capital assets	23,029	12,405
Unrestricted	190,293	198,212
Total net position	<u>\$ 213,322</u>	<u>210,617</u>

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

KDLG PUBLIC RADIO STATION
(A Special Revenue Fund of Dillingham City School District)

Statement of Activities

Year Ended June 30, 2018

(With Comparative Totals for 2017)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>	<u>Total 2017</u>
			<u>Total Governmental Activities</u>	
Governmental activities:				
Community services	\$ <u>613,176</u>	<u>615,698</u>	<u>2,522</u>	<u>(539)</u>
General revenues:				
Earnings on investment			<u>183</u>	<u>151</u>
Total general revenue and transfers			<u>183</u>	<u>151</u>
Change in net position			2,705	(388)
Net position - beginning			<u>210,617</u>	<u>211,005</u>
Net position - ending			\$ <u>213,322</u>	<u>210,617</u>

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

KDLG PUBLIC RADIO STATION
(A Special Revenue Fund of Dillingham City School District)

Balance Sheet - Governmental Fund

June 30, 2018

(With Comparative Totals for 2017)

Assets

		Total 2017
Assets:		
Cash and cash equivalents	\$ 445,383	335,243
Accounts receivable	77,840	41,447
Total assets	<u>523,223</u>	<u>376,690</u>

Liabilities and Fund Balance

Liabilities:		
Due to primary government	332,920	151,523
Unearned revenue	10	26,955
Total liabilities	<u>332,930</u>	<u>178,478</u>

Fund balance:		
Committed - KDLG Radio	<u>190,293</u>	<u>198,212</u>
Total liabilities and fund balance	<u>\$ 523,223</u>	<u>376,690</u>

Reconciliation of Net Position Between the
Government-wide and Fund Financial Statements

Amount reported as fund balance on the governmental fund balance sheet 190,293

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	<u>23,029</u>
Net position of governmental activities	<u>\$ 213,322</u>

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

KDLG PUBLIC RADIO STATION
(A Special Revenue Fund of Dillingham City School District)

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Fund

Year Ended June 30, 2018

(With Comparative Totals for 2017)

Revenues:		Total 2017
Local sources:		
Corporation for Public Broadcasting	\$ 190,084	208,350
Earnings on investment	183	151
Donations	119,723	72,188
Rental - charges for services	-	3,700
In-kind	46,456	46,540
E-rate	931	3,063
Other	133,638	137,097
Intergovernmental:		
State of Alaska	124,866	86,523
Total revenues	<u>615,881</u>	<u>557,612</u>
Expenditures - community services	<u>623,800</u>	<u>553,376</u>
Excess (deficiency) of revenues over expenditures	(7,919)	4,236
Fund balance, beginning of year	<u>198,212</u>	<u>193,976</u>
Fund balance, end of year	<u>\$ 190,293</u>	<u>198,212</u>

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

KDLG PUBLIC RADIO STATION
(A Special Revenue Fund of Dillingham City School District)

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

Year Ended June 30, 2018

Net change in fund balance - governmental fund \$ (7,919)

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

The cost of capital assets purchased or constructed is reported as an expenditure in governmental funds. The statement of net position includes purchased and constructed capital assets among the assets of the Radio Station as a whole. The cost of those assets is allocated over estimated useful lives (as depreciation expense) to the various functions reported as governmental activities in the statement of activities.

Additions	15,376
Depreciation expense	<u>(4,752)</u>

Change in net position of governmental activities \$ 2,705

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

KDLG PUBLIC RADIO STATION

(A Special Revenue Fund of Dillingham City School District)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Original and Final Budget and Actual

Year Ended June 30, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:				
Local sources:				
Corporation for Public Broadcasting	\$ 191,000	182,517	190,084	7,567
Earnings on investment	200	200	183	(17)
Donations	52,000	75,000	119,723	44,723
In-kind	-	-	46,456	46,456
E-rate	-	-	931	931
Other	85,000	128,000	133,638	5,638
Intergovernmental:				
State of Alaska	82,984	83,909	124,866	40,957
Total revenues	<u>411,184</u>	<u>469,626</u>	<u>615,881</u>	<u>146,255</u>
Expenditures - Community services	<u>411,184</u>	<u>557,403</u>	<u>623,800</u>	<u>(66,397)</u>
Excess (deficiency) of revenues over expenditures	\$ <u>-</u>	<u>(87,777)</u>	<u>(7,919)</u>	<u>79,858</u>
Fund balance, beginning of year			<u>198,212</u>	
Fund balance, end of year			\$ <u><u>190,293</u></u>	

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

KDLG PUBLIC RADIO STATION
(A Special Revenue Fund of Dillingham City School District)

Notes to Basic Financial Statements

June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The summary of financial operations presented herein of the KDLG Public Radio Station represents a single Special Revenue Fund of the Dillingham City School District (hereafter referred to as KDLG). The Basic Financial Statements of the District and this Special Revenue Fund 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.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the activities of the KDLG Public Radio Station. 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. KDLG 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 segment is 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*.

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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, KDLG considers revenues available if they are collected within 60 days after year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due.

KDLG PUBLIC RADIO STATION
(A Special Revenue Fund of Dillingham City School District)

Notes to Basic Financial Statements, Continued

Summarized below are the major sources of revenue and the applicable recognition policies:

Intergovernmental Revenue

State of Alaska cost reimbursable grants and contracts are recorded to the extent of allowable expenditures in the period in which the expenditures were incurred. As discussed below KDLG Public Radio Station utilizes the Uniform Chart of Accounts for School Districts. As such, some intergovernmental revenue may be included in local source revenue.

Local Revenue

Rental income from KDLG owned property is recorded in the period to which it relates. Both interest and rental incomes are susceptible to accrual. Corporation for Public Broadcasting and other miscellaneous revenues are recognized in the year received.

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, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

D. Assets, Liabilities and Equity

1. Cash and Cash Equivalents

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. Due to Primary Government

During the course of operations, numerous transactions occur between individual funds of the primary government. These receivables and payables are classified as "due from primary government" or "due to primary government" on the statement of net assets and the balance sheet of the fund financial statements.

3. Capital Assets

Capital assets, which include equipment, are recorded in the government-wide financial statements at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. Assets greater than \$5,000 in the government-wide financial statements are capitalized and depreciated on straight-line method.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are considered operations and maintenance and are not capitalized in the government wide financial statements.

KDLG PUBLIC RADIO STATION
(A Special Revenue Fund of Dillingham City School District)

Notes to Basic Financial Statements, Continued

Equipment owned by the District for use by KDLG is depreciated under the straight-line method with estimated useful lives as follows:

	<u>Life in Years</u>
Equipment	5 – 10

4. Unearned Revenue

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

5. Net Position

In the government-wide financial statements, net position is reported in three categories: net investment in capital assets, restricted net position, and unrestricted net position.

Net position is reported as restricted when constraints placed on net position 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.

6. Fund Equity

In the fund financial statements fund balance includes five classifications for fund balance as follows:

Nonspendable fund balance – amounts that cannot be spent because they are in a nonspendable form (such as inventory) or legally or contractually required to be maintained intact (such as the corpus of an endowment fund).

Restricted fund balance – amounts constrained by external parties, or legislation (such as grantors or higher levels of government).

Committed fund balance – amounts constrained to specific purposes by KDLG, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless KDLG takes the same highest-level action to remove or change the constraint.

Assigned fund balance – amounts that are intended for a particular purpose. Intent can be expressed by the KDLG's Board or by the Superintendent or designee.

Unassigned – amounts available for any purpose.

The five categories of fund balance place varying strength of spending constraints on available resources in a descending order as listed. Nonspendable fund balance is the most restrictive classification and unassigned fund balance is the least restrictive.

KDLG PUBLIC RADIO STATION
(A Special Revenue Fund of Dillingham City School District)

Notes to Basic Financial Statements, Continued

When an expenditure has been duly authorized and funding to pay for the expenditure is available within multiple fund balance classifications, KDLG's policy is to utilize funding available in the most restrictive classification first.

7. Summary Financial Information for 2017

The basic financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the KDLG Public Radio Station's basic financial statements for the year ended June 30, 2017, from which the summarized information was derived.

8. Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) receivables, net, (3) certain other current assets, (4) accounts payable, and (5) other current liabilities. The carrying amounts reported in the balance sheet and Statement of Net Position for the above financial instruments closely approximates their fair value due to the short-term nature of these assets and liabilities, except for the KDLG Public Radio Station's investments. The carrying amount of the KDLG Public Radio Station's investments are determined based on quoted market prices.

The carrying amount of notes receivable and notes payable approximates fair value for those financial instruments with interest at variable rates, as those rates approximate current market rates for notes with similar maturities and credit quality.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are prepared in connection with the application for the special program's funding and are reviewed and approved by the School Board. Expenditure authority is limited to the actual combined revenues, transfers from primary government and available fund balance.

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. Encumbrances if any, outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities. The amount of encumbrances if significant, are disclosed in the notes to the financial statements as commitments.

KDLG PUBLIC RADIO STATION
(A Special Revenue Fund of Dillingham City School District)

Notes to Basic Financial Statements, Continued

III. DETAILED NOTES

A. Cash and cash equivalents

KDLG Public Radio Station has a separate checking account in addition to activities provided by Dillingham City School District in its main operational accounts. All deposits are carried at fair value plus accrued interest.

The KLDG bank balances are insured by federal depository insurance (FDIC) to a maximum of \$250,000 with the following exceptions:

Any amount in excess of FDIC limits is collateralized with securities held by the District's agent in the District's name.

Custodial Credit Risk – Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits will not be returned to the District. The District manages its custodial credit risk through its deposit and investment policy that requires all deposits to be insured or collateralized. At June 30, 2018, the District's deposits were fully insured and collateralized.

B. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, being depreciated:				
Equipment	\$ 52,262	15,376	-	67,638
Less accumulated depreciation	(39,857)	(4,752)	-	(44,609)
Net governmental capital assets	\$ 12,405	10,624	-	23,029

Depreciation of \$4,752 was charged to the community services function.

C. Interfund Receivables and Payables

Interfund receivables and payables are shown as "Due to Primary Government" and "Due from Primary Government." As of June 30, 2018, KDLG had Due to the Primary Government of \$332,920

The outstanding balance between funds of the District and KDLG results 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.

KDLG PUBLIC RADIO STATION
(A Special Revenue Fund of Dillingham City School District)

Notes to Basic Financial Statements, Continued

D. Grant Receivables

KDLG had grant receivables of \$77,840 at June 30, 2018. Management has determined that all amounts are fully collectible and no allowance for doubtful accounts has been established.

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to worker's compensation, torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The District mitigates significant risk of loss through the acquisition of commercial insurance policies.

B. Indirect Administrative Support

Indirect Administrative Support provided by Dillingham City School District of \$133,796 for 2018 includes institutional support and physical plant operations. This amount of indirect support is included in the School Operating Fund of Dillingham City School District and, as such, has not been reported as revenue in the KDLG Public Radio Special Revenue Fund.

C. Subsequent Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates covering several topics as follows:

- GASB 83 – *Certain Retirement Obligations*. Effective for fiscal years beginning after June 15, 2018.
- GASB 84 – *Fiduciary Activities*. Effective for fiscal years beginning after December 15, 2018.
- GASB 87 – *Leases*. Effective for fiscal years beginning after December 15, 2019.
- GASB 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Effective for fiscal years beginning after June 15, 2018.

Statements 83 – 88, are not expected to have any significant impact on the financial statements KDLG Public Radio Station.

ADDITIONAL SUPPLEMENTARY INFORMATION

(This page was left blank intentionally)

KDLG PUBLIC RADIO STATION

(A Special Revenue Fund of Dillingham City School District)

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

Year Ended June 30, 2018

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Corporation for Public Broadcasting	\$ 182,517	190,084	7,567
Earnings on investment	200	183	(17)
Donations	75,000	119,723	44,723
In-kind	-	46,456	46,456
E-rate	-	931	931
Other	128,000	133,638	5,638
Total local sources	385,717	491,015	105,298
Intergovernmental:			
State of Alaska	83,909	124,866	40,957
Total revenues	469,626	615,881	146,255
Expenditures:			
Community services:			
Certificated salaries	-	7,500	(7,500)
Non-certificated salaries	261,318	239,608	21,710
Employee benefits	104,342	121,907	(17,565)
Professional and technical services	94,201	154,188	(59,987)
Staff travel	11,150	10,509	641
Utility services	5,555	6,832	(1,277)
Energy	43,000	35,035	7,965
Insurance and bond premiums	932	932	-
Supplies, materials and media	12,217	11,665	552
Equipment	5,588	17,602	(12,014)
Dues	19,100	18,022	1,078
Total expenditures	557,403	623,800	(66,397)
Excess (deficiency) of revenues over expenditures	\$ (87,777)	(7,919)	79,858
Fund balance, beginning of year		198,212	
Fund balance, end of year		\$ 190,293	

KDLG PUBLIC RADIO STATION
(A Special Revenue Fund of Dillingham City School District)

Combining Schedule of Assets, Liabilities and Fund Balances - All Grants

June 30, 2018

	KDLG					
	370	371	372	374	389	391
Assets:						
Cash and cash equivalents	\$ 445,383	-	-	-	-	-
Accounts receivable	-	31,525	-	31,017	1,828	9,555
Due from primary government	-	-	2,290	-	-	-
Total assets	<u>445,383</u>	<u>31,525</u>	<u>2,290</u>	<u>31,017</u>	<u>1,828</u>	<u>9,555</u>
Liabilities:						
Due to primary government	262,100	31,525	-	31,017	-	9,555
Unearned revenue	-	-	10	-	-	-
Total liabilities	<u>262,100</u>	<u>31,525</u>	<u>10</u>	<u>31,017</u>	<u>-</u>	<u>9,555</u>
Fund balances:						
Committed	<u>183,283</u>	<u>-</u>	<u>2,280</u>	<u>-</u>	<u>1,828</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 445,383</u>	<u>31,525</u>	<u>2,290</u>	<u>31,017</u>	<u>1,828</u>	<u>9,555</u>

(Continued)

KDLG PUBLIC RADIO STATION
(A Special Revenue Fund of Dillingham City School District)

Combining Schedule of Assets, Liabilities and Fund Balances - All Grants, Continued

		KDLG				
		393	395	397	Re class	Total
Assets:						
Cash and cash equivalents	\$	-	-	-	-	445,383
Accounts receivable		-	2,448	1,467	-	77,840
Due from primary government		2,902	-	-	(5,192)	-
Total assets		2,902	2,448	1,467	(5,192)	523,223
Liabilities:						
Due to primary government		-	2,448	1,467	(5,192)	332,920
Unearned revenue		-	-	-	-	10
Total liabilities		-	2,448	1,467	(5,192)	332,930
Fund balances:						
Committed		2,902	-	-	-	190,293
Total liabilities and fund balances	\$	2,902	2,448	1,467	(5,192)	523,223

KDLG PUBLIC RADIO STATION
(A Special Revenue Fund of Dillingham City School District)

Combining Schedule of Revenues and Expenditures and Changes in Fund Balances - All Grants

Year Ended June 30, 2018

	KDLG						
	370	371	372	374	387	389	390
Revenues:							
Local sources:							
Corporation for public broadcasting	\$ -	125,329	64,755	-	-	-	-
Earnings on investments	183	-	-	-	-	-	-
Donations	119,723	-	-	-	-	-	-
In-kind	46,456	-	-	-	-	-	-
E-rate	931	-	-	-	-	-	-
Other	83,183	-	-	-	10,346	-	7,408
Intergovernmental:							
State of Alaska	93,849	-	-	31,017	-	-	-
Total revenues	344,325	125,329	64,755	31,017	10,346	-	7,408
Expenditures:							
Community services	352,244	125,329	64,755	31,017	10,346	-	7,408
Excess (deficiency) of revenues over expenditures	(7,919)	-	-	-	-	-	-
Fund balances, beginning of year	191,202	-	2,280	-	-	1,828	-
Fund balances, end of year	\$ 183,283	-	2,280	-	-	1,828	-
							(Continued)

(Continued)

KDLG PUBLIC RADIO STATION
(A Special Revenue Fund of Dillingham City School District)

Combining Schedule of Revenues and Expenditures and Changes in Fund Balances - All Grants, Continued

	KDLG						
	391	392	393	394	395	397	Total
Revenues:							
Local sources:							
Corporation for public broadcasting	\$ -	-	-	-	-	-	190,084
Earnings on investments	-	-	-	-	-	-	183
Donations	-	-	-	-	-	-	119,723
In-kind	-	-	-	-	-	-	46,456
E-rate	-	-	-	-	-	-	931
Other	9,555	1,823	-	17,408	2,448	1,467	133,638
Intergovernmental:							
State of Alaska	-	-	-	-	-	-	124,866
Total revenues	9,555	1,823	-	17,408	2,448	1,467	615,881
Expenditures:							
Community services	9,555	1,823	-	17,408	2,448	1,467	623,800
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	(7,919)
Fund balances, beginning of year	-	-	2,902	-	-	-	198,212
Fund balances, end of year	\$ -	-	2,902	-	-	-	190,293

COMPLIANCE REPORT

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

Independent Auditor's Report

Members of the School Board
KDLG Public Radio Station
Dillingham, 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 and the major fund of the KDLG Public Radio Station (a Special Revenue Fund of Dillingham City School District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise KDLG Public Radio Station's basic financial statements, and have issued our report thereon dated December 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the KDLG Public Radio Station'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 the KDLG Public Radio Station's internal control. Accordingly, we do not express an opinion on the effectiveness of the KDLG Public Radio Station's internal control.

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

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

Members of the School Board
KDLG Public Radio Station

Compliance and Other Matters

As part of obtaining reasonable assurance about whether KDLG Public Radio Station'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.

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

Anchorage, Alaska
December 27, 2018

KDLG PUBLIC RADIO STATION

Schedule of Findings and Responses

Year Ended June 30, 2018

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Is a going concern emphasis-of-matter paragraph:

Included in the audit report?

_____ yes x no

Internal control over financial reporting:

Significant deficiency(ies) identified?

_____ yes x none reported

Material weakness(es) identified?

_____ yes x no

Noncompliance material to the financial statements identified?

_____ yes x no

Section II – Financial Statement Findings

KDLG Public Radio Station did not have any findings related to the financial statements.