Bristol Bay Borough, Alaska

Basic Financial Statements, Required Supplementary Information, Supplementary Information, and Single Audit Reports
Year Ended June 30, 2015

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

Bristol Bay Borough, Alaska

Basic Financial Statements, Required Supplementary Information,
Supplementary Information, and Single Audit Reports
Year Ended June 30, 2015

Bristol Bay Borough, Alaska

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Independent Auditor's Report

Honorable Mayor and Borough Assembly
Bristol Bay Borough
Naknek, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Bristol Bay Borough, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Borough'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 did not audit the financial statements of the Bristol Bay Borough School District, a component unit of the reporting entity. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Bristol Bay Borough School District is based solely on the report of the other auditors. 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 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.

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Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Bristol Bay Borough, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 8 to the financial statements, in 2015 the Borough adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 38-40 , and the Schedules of Net Pension Liability, and Pension Contributions on pages 41 through 42 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 affected by this missing information.

Supplementary Information
Our audit for the year ended June 30, 2015 was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bristol Bay Borough's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, the Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance are required by OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations,* and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, respectively.

The accompanying supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2015 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2015.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Bristol Bay Borough as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated December 16, 2014, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2014 are presented for purposes of additional analysis and are 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 2014 financial statements. The individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2014 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those 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 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2014.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2015 on our consideration of Bristol Bay Borough's internal control over financial reporting and on 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 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 Bristol Bay Borough's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
December 8, 2015

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Basic Financial Statements

Bristol Bay Borough, Alaska

Statement of Net Position

June 30, 2015	Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Bristol Bay Borough School District
Assets and Deferred Outflows				
Assets				
Cash and investments	$ 11,913,082	$ 3,032,406	$ 14,945,488	$ 636,112
Receivables, net of allowance for doubtful accounts	466,352	1,415,702	1,882,054	254,758
Prepaid expenses	71,654	2,419	74,073	10,904
Inventory	-	-	-	5,237
Capital assets not being depreciated - land and construction in progress	731,363	645,362	1,376,725	2,353,673
Other capital assets, net of accumulated depreciation	39,817,791	25,934,007	65,751,798	96,551
Total Assets	53,000,242	31,029,896	84,030,138	3,357,235
Deffered Outflows related to pensions	439,293	43,957	483,250	78,283
Total Assets and Deferred Outflows	$ 53,439,535	$ 31,073,853	$ 84,513,388	$ 3,435,518
Liabilities, Deferred Inflows and Net Position				
Liabilities				
Accounts payable	$ 78,638	$ 21,647	$ 100,285	$ 115,694
Accrued payroll and benefits	51,766	40,032	91,798	111,042
Accrued interest payable	6,482	-	6,482	-
Unearned revenue	-	-	-	43,313
Due to student groups	-	-	-	171,408
Noncurrent liabilities:				
Due within one year - equipment loan	99,689	-	99,689	-
Due within one year - ADEC loans	92,322	-	92,322	-
Due in more than one year:				
ADEC loans	517,010	-	517,010	-
Equipment loan	101,992	-	101,992	-
Accrued leave	177,309	5,101	182,410	-
Landfill closure liability	115,714	-	115,714	-
Net pension liability	2,521,117	252,272	2,773,389	902,408
Total Liabilities	3,762,039	319,052	4,081,091	1,343,865
Deferred Inflows				
Property taxes received in advance	137,082	-	137,082	-
Related to pensions	291,275	29,146	320,421	128,978
Total Deferred Inflows	428,357	29,146	457,503	128,978
Total Liabilities and Deferred Inflows	4,190,396	348,198	4,538,594	1,472,843
Net Position				
Net investment in capital assets	39,738,141	26,579,369	66,317,510	96,551
Restricted	-	-	-	2,358,337
Unrestricted	9,510,998	4,146,286	13,657,284	(492,213)
Total Net Position	49,249,139	30,725,655	79,974,794	1,962,675
Total Liabilities, Deferred Inflows and Net Position	$ 53,439,535	$ 31,073,853	$ 84,513,388	$ 3,435,518

Bristol Bay Borough, Alaska

Statement of Activities

Year Ended June 30, 2015	Expenses	Program Revenues: Fees, Fines & Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Bristol Bay Borough School District
Primary Government								
Governmental Activities:								
General government	$ 1,562,210	$ -	$ 57,631	$ -	$ (1,504,579)	$ -	$ (1,504,579)	
Public safety	1,623,504	570,456	56,729	127,075	(869,244)	-	(869,244)	
Public service	1,796,300	32,738	950,679	-	(812,883)	-	(812,883)	
Public works	1,947,641	-	46,296	64,763	(1,836,582)	-	(1,836,582)	
Education	2,067,427	-	-	283,158	(1,784,269)	-	(1,784,269)	
Parks and recreation	387,647	6,671	7,913	-	(373,063)	-	(373,063)	
Solid waste	564,966	178,457	10,894	-	(375,615)	-	(375,615)	
Sewer	1,456,943	362,761	16,336	-	(1,077,846)	-	(1,077,846)	
Total governmental activities	11,406,638	1,151,083	1,146,478	474,996	(8,634,081)	-	(8,634,081)	
Business-type Activities - Port of Bristol Bay	2,121,165	2,514,652	18,386	3,188,000	-	3,599,873	3,599,873	
Total Primary Government	$ 13,527,803	$ 3,665,735	$ 1,164,864	$ 3,662,996	(8,634,081)	3,599,873	(5,034,208)	
Component Unit								
Bristol Bay Borough School District	$ 3,861,871	$ 36,786	$ 865,111	$ 57,751				(2,902,223)
General Revenues								
Taxes:								
Sales taxes					2,456,958	-	2,456,958	-
Property taxes					3,890,495	-	3,890,495	-
Motor vehicle taxes					86,025	-	86,025	-
Transient taxes					105,986	-	105,986	-
Local aircraft tax					12,596	-	12,596	
Grants and entitlements not restricted to a specific purpose					2,796,140	-	2,796,140	3,124,791
E-rate					-	-	-	200,391
Investment income					85,764	-	85,764	94
Capital assets contributed to Borough					-	-	-	(283,158)
Other					34,826	-	34,826	34,743
Total General Revenues					9,468,790	-	9,468,790	3,076,861
Change in Net Position					834,709	3,599,873	4,434,582	174,638
Net Position, beginning, as restated (Note 8)					48,414,430	27,125,782	75,540,212	1,788,037
Net Position, ending					$ 49,249,139	$ 30,725,655	$ 79,974,794	$ 1,962,675

See accompanying notes to basic financial statements.

Bristol Bay Borough, Alaska

Governmental Funds
Balance Sheet

June 30, 2015	Major Funds: General	Land Sales Special Revenue	Sewer Special Revenue	Landfill Special Revenue	ADEC Loan Capital Project	Nonmajor Funds	Total Governmental Funds
Assets							
Cash and investments	$ 9,278,272	$ 2,492,683	$ -	$ -	$ -	$ 142,127	$ 11,913,082
Receivables, net of allowance for doubtful accounts	141,700	124,647	143,425	37,910	-	18,670	466,352
Prepaid items	60,210		6,517	3,421	-	1,506	71,654
Due from other funds	18,670	-	-	-	-	-	18,670
Advances to other funds	940,232	-	-	-	-	-	940,232
Total Assets	$ 10,439,084	$ 2,617,330	$ 149,942	$ 41,331	$ -	$ 162,303	$ 13,409,990
Liabilities, Deferred Inflows and Fund Balances							
Liabilities							
Accounts payable	$ 37,462	$ -	$ 12,108	$ 29,068	$ -	$ -	$ 78,638
Accrued payroll and benefits	17,566	-	13,830	20,370	-	-	51,766
Due to other funds	-		-	-		18,670	18,670
Advances from other funds	-	-	620,551	100,420	219,261	-	940,232
Total Liabilities	55,028	-	646,489	149,858	219,261	18,670	1,089,306
Deferred Inflows							
Property taxes received in advance	137,082	-	-	-	-	-	137,082
Delinquent property taxes	48,629	-	-	-	-	-	48,629
Land sales receivables	-	124,647	-	-	-	-	124,647
Total Deferred Inflows	185,711	124,647	-	-	-	-	310,358
Total Liabilities and Deferred Inflows	240,739	124,647	646,489	149,858	219,261	18,670	1,399,664
Fund Balances							
Nonspendable:							
Prepaid items	60,210	-	6,517	3,421	-	1,506	71,654
Advances to other funds	940,232	-	-	-	-	-	940,232
Committed - energy efficiency	208,338	-	-	-	-	-	208,338
Assigned:							
Land sales	-	2,492,683	-	-	-	-	2,492,683
Capital projects	-	-	-	-	-	142,127	142,127
Unassigned (deficits)	8,989,565	-	(503,064)	(111,948)	(219,261)	-	8,155,292
Total Fund Balances (Deficits)	10,198,345	2,492,683	(496,547)	(108,527)	(219,261)	143,633	12,010,326
Total Liabilities, Deferred Inflows and Fund Balances	$ 10,439,084	$ 2,617,330	$ 149,942	$ 41,331	$ -	$ 162,303	$ 13,409,990

See accompanying notes to basic financial statements.

Bristol Bay Borough, Alaska

Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position

June 30, 2015

Total fund balances for governmental funds		$ 12,010,326
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation, consist of:		
Land	$ 47,733	
Construction in progress	683,630	
Buildings	31,913,532	
Improvements other than buildings	33,527,476	
Machinery and equipment	7,497,977	
Infrastructure	6,954,540	
Software	88,545	
Accumulated depreciation	(40,164,279)	
Total capital assets, including loans payable and net pension liability		40,549,154
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. These assets consist of:		
Delinquent property taxes receivable	48,629	
Land sales receivable	124,647	
Total long-term assets		173,276
Long-term liabilities, including loans payable and net pension liability, are not due and payable in the current period and are therefore not reported as fund liabilities. These liabilities consist of:		
Loans payable	(811,013)	
Accrued interest payable	(6,482)	
Net pension liability	(2,521,117)	
Landfill closure liability	(115,714)	
Accrued leave	(177,309)	
Total long-term liabilities		(3,631,635)
Certain changes in net pension liabilities are deferred rather than recognized immediately. These items are amortized over time.		
Deferred outflows related to pensions	439,293	
Deferred inflows related to pensions	(291,275)	
		148,018
Total Net Position of Governmental Activities		$ 49,249,139

See accompanying notes to basic financial statements.

Bristol Bay Borough, Alaska

Governmental Funds

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

Year Ended June 30, 2015	Major Funds: General	Land Sales Special Revenue	Sewer Special Revenue	Landfill Special Revenue	ADEC Loan Capital Project	Nonmajor Funds	Total Governmental Funds
Revenues							
Taxes	$ 6,649,104	$ -	$ -	$ -	$ -	$ -	$ 6,649,104
State of Alaska	4,138,496	-	98,672	65,800	-	20,652	4,323,620
Federal government	154,602	-	-	-	-	1,120,622	1,275,224
Charges for services	71,589	-	362,761	178,457	-	-	612,807
Investment income	85,764	-	-	-	-	-	85,764
Other	34,826	-	-	-	-	-	34,826
Total Revenues	11,134,381	-	461,433	244,257	-	1,141,274	12,981,345
Expenditures							
Current:							
General government	1,725,483	-	-	-	-	21,663	1,747,146
Public safety	1,762,558	-	-	-	-	6,177	1,768,735
Public service	937,188	-	-	-	-	921,596	1,858,784
Public works	1,944,641	-	-	-	-	-	1,944,641
Education	1,419,459	-	-	-	-	-	1,419,459
Parks and recreation	344,633	-	-	-	-	-	344,633
Solid waste	-	-	-	455,159	-	-	455,159
Sewer	-	-	839,192	-	219,261	-	1,058,453
Debt service:							
Principal	189,090	-	-	-	-	-	189,090
Interest	17,425	-	-	-	-	-	17,425
Capital outlay	-	-	-	-	-	222,309	222,309
Total Expenditures	8,340,477	-	839,192	455,159	219,261	1,171,745	11,025,834
Excess of revenues over (under) expenditures	2,793,904	-	(377,759)	(210,902)	(219,261)	(30,471)	1,955,511
Other Financing Sources (Uses)							
Transfers in	534	-	250,000	135,000	-	-	385,534
Transfers out	(385,000)	-	-	-	-	(534)	(385,534)
Net Other Financing Sources (Uses)	(384,466)	-	250,000	135,000	-	(534)	-
Net change in fund balances	2,409,438	-	(127,759)	(75,902)	(219,261)	(31,005)	1,955,511
Fund Balances (Deficits), beginning	7,788,907	2,492,683	(368,788)	(32,625)	-	174,638	10,054,815
Fund Balances (Deficits), ending	$ 10,198,345	$ 2,492,683	$ (496,547)	$ (108,527)	$ (219,261)	$ 143,633	$ 12,010,326

See accompanying notes to basic financial statements.

Bristol Bay Borough, Alaska

Reconciliation of the Changes in Fund Balances of Governmental Funds to Statement of Activities
Year Ended June 30, 2015

Net change in fund balances - total governmental funds	$ 1,955,511
The change in net position reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which depreciation of $1,974,258 exceeded capital outlays of $671,950 and contributed assets ($283,158).	(1,019,150)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of the decrease in deferred taxes and land sales receivables.	(97,044)
Governmental funds report long-term debt principal payments as expenditures. However, on the government-wide statements, they are a reduction of long-term liabilities, and therefore are not reported as expenses. The principal payments on long-term debt were:	189,089
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Increase in landfill closure liability	(115,714)
Decrease in accrued interest payable	1,909
Decrease in accrued leave	11,629
Increase in net pension liability and related accounts	(91,521)
Change in Net Position of Governmental Activities	$ 834,709

See accompanying notes to basic financial statements.

Bristol Bay Borough, Alaska

Port of Bristol Bay Enterprise Fund
Statement of Net Position

June 30, 2015

Assets and Deferred Outflows		
Current Assets		
Cash and investments	$	3,032,406
Prepaid expenses		2,419
Receivables:		
Accounts		1,243,132
Grants		211,045
Allowance for doubtful accounts		(38,475)
Total Current Assets		4,450,527
Property, Plant and Equipment		
Land		545,362
Buildings		237,591
Improvements other than buildings		34,025,984
Machinery and equipment		5,953,507
Construction in progress		100,000
Total property, plant and equipment		40,862,444
Accumulated depreciation		(14,283,075)
Net Property, Plant and Equipment		26,579,369
Total Assets		31,029,896
Deferred Outflows related to pensions		43,957
Total Assets and Deferred Outflows	$	31,073,853
Liabilities, Deferred Inflows and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	$	21,647
Accrued payroll and benefits		40,032
Total Current Liabilities		61,679
Noncurrent Liabilities - due in more than one year		
Accrued leave		5,101
Net pension liability		252,272
Total Liabilities		319,052
Deferred Inflows related to pensions		29,146
Net Position		
Net investment in capital assets		26,579,369
Unrestricted		4,146,286
Total Net Position		30,725,655
Total Liabilities, Deferred Inflows and Net Position	$	31,073,853

See accompanying notes to basic financial statements.

Bristol Bay Borough, Alaska

Port of Bristol Bay Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2015

Operating Revenues	
Charges for services	$ 2,514,652
Operating Expenses	
Personnel services	896,412
Materials and supplies	108,274
Dock repairs and maintenance	40,540
Other repairs and maintenance	126,042
Utilities	51,069
Freight	18,673
Contractual services	9,183
Training and travel	18,351
Lease	16,529
Insurance	22,895
Depreciation	809,344
Other	3,853
Total Operating Expenses	2,121,165
Income from operations	393,487
Nonoperating Revenues	
State PERS relief	18,386
Income before capital contributions	411,873
Capital contributions	3,188,000
Change in net position	3,599,873
Net Position, beginning, as restated (Note 8)	27,125,782
Net Position, ending	$ 30,725,655

See accompanying notes to basic financial statements.

Bristol Bay Borough, Alaska

Port of Bristol Bay Enterprise Fund
Statement of Cash Flows

Year Ended June 30, 2015

Cash Flows from Operating Activities	
Receipts from customers and users	$ 1,999,680
Payments to suppliers	(402,146)
Payments to employees	(869,698)
Net cash flows from operating activities	727,836
Cash Flows for Capital and Related Financing Activities	
Acquisition of property, plant and equipment	(3,327,854)
Capital contributions received	3,049,128
Net cash flows for capital and related financing activities	(278,726)
Net increase in cash and investments	449,110
Cash and Investments, beginning	2,583,296
Cash and Investments, ending	$ 3,032,406
Reconciliation of Income from Operations to Net Cash Flows from Operating Activities	
Income from operations	$ 393,487
Adjustments to reconcile income from operations to net cash flows from operating activities:	
Depreciation	809,344
Amortization of deferred outflows for pensions	(23,223)
Amortization of deferred inflows for pensions	29,146
Noncash expense - PERS relief	18,386
Increase in assets:	
Accounts receivable	(514,972)
Prepaid expenses	(2,419)
Increase (decrease) in liabilities:	
Accounts payable	15,682
Accrued payroll and benefits	672
Accrued leave	(1,502)
Net pension liability	3,235
Net Cash Flows from Operating Activities	$ 727,836

See accompanying notes to basic financial statements.

1. Summary of Significant Accounting Policies

Reporting Entity

The Bristol Bay Borough was incorporated on October 2, 1962. The Borough operates under an Assembly-Manager form of government and provides a full range of services including public safety, streets, sanitation, sewer, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

As required by accounting principles generally accepted in the United States of America, these financial statements present Bristol Bay Borough (the primary government) and its component unit, Bristol Bay Borough School District. Bristol Bay Borough School District is included in the Borough's reporting entity because of the significance of its operational or financial relationship with the Borough.

The component unit column in the basic financial statements includes the financial data of the School District. It is discretely presented in a separate column to emphasize that it is legally separate from the Borough.

Bristol Bay Borough School District is responsible for elementary and secondary education within the Borough. The members of the School Board are elected by the voters; however, the School District is fiscally dependent upon the Borough because the Borough Assembly approves the total annual budget of the School District, levies the necessary taxes, and provides significant operating subsidies to the School District.

Complete financial statements of the individual component unit can be obtained from its administrative offices at: Bristol Bay Borough School District, P.O. Box 169, Naknek, Alaska, 99633.

The accounting policies of Bristol Bay Borough conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

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 all of the activities of the Borough. In general, the effect of interfund activity has been removed from these statements to minimize the double-counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely primarily on fees and charges to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) fees, fines and 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 operational or capital requirements of a particular function or segment. Taxes, grants and entitlements not restricted to a specific purpose, investment income, and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary fund 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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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 to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Borough considers all revenues except grant reimbursements to be available if they are collected within 60 days after year end. Grant reimbursements are considered available if they are collected within one year after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only to the extent they have matured.

Property and sales taxes, intergovernmental revenues, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when received by the government.

The Borough reports the following major funds based on the required quantitative criteria:

Major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.

The *Land Sales Special Revenue Fund* accounts for all activities related to the sale of Borough land.

The *Sewer Special Revenue Fund* accounts for the activities related to the Borough's sewer utility.

The *Landfill Special Revenue Fund* accounts for activities related to the Borough's landfill.

The *ADEC Loan Capital Project Fund* accounts for expenditures which the Borough expects to finance through a future loan issued by the Alaska Department of Environmental Conservation.

Major proprietary fund:

The *Port of Bristol Bay Enterprise Fund* accounts for activities related to the dock facilities.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are allocated administration fees and charges between the enterprise fund and the various other funds and departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. In addition, general revenues include all taxes, investment income, and State and federal entitlement revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Central Treasury

A central treasury is used to account for most of the Borough's cash and investments to maximize interest income. Any investment earnings are retained in the General Fund where not prohibited by law. The School District maintains separate cash accounts.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the enterprise fund considers all equity in central treasury to be cash and cash equivalents. The central treasury, which holds cash and investments, is used essentially as a cash management pool by each fund.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both government-wide and fund financial statements.

Inventories

Inventories are valued at cost (first-in, first-out). The cost is recorded as an expenditure at the time individual inventory items are consumed.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Unearned Grant Revenue

Amounts received from grantor agencies which are restricted as to use and have not been expended for the intended use are shown as unearned revenue.

Compensated Absences

The Borough allows employees to accumulate earned but unused leave benefits. All leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured (e.g. the employee has terminated employment).

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Borough as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

Property, plant, and equipment of the Borough is depreciated using the straight line method over the following estimated useful lives:

Buildings	25 - 30 years
Improvements other than buildings	15 - 30 years
Machinery and equipment	3 - 15 years
Infrastructure	50 years
Software systems	15 years

Long-Term Liabilities

In the government-wide and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Budgetary Accounting

An operating budget is adopted each fiscal year for the General Fund and some Special Revenue Funds on the same modified accrual basis used to reflect actual revenues and expenditures. Appropriations for these funds lapse at year end to the extent that they have not been expended or encumbered. Budgetary control is exercised at the departmental level. The Borough Manager is authorized to transfer budget amounts between line items within any department; however, any supplemental appropriations that amend the total expenditures of any department or fund require Assembly approval. The budgeted financial statements presented in this report reflect the final budget authorization, including amendments made during the year. A budget was not adopted for the Land Sales Special Revenue Fund or the ADEC Loan Capital Project Fund; therefore the required budgetary schedules have been omitted.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items, inventories, or advances to other funds; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the Borough Assembly—the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Borough Assembly removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the Borough's "intent" to be used for specific purposes, but are neither restricted nor committed. The Borough Assembly may assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances (deficits) in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Borough's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. Any encumbrances outstanding at year end are reported as appropriate constraints of fund balances if they meet the definitions and criteria as outlined above.

Grants and Intergovernmental Revenues

In applying the measurable and available concept to grants and intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts are considered "earned"; therefore, revenues are recognized based upon expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the measurable and available criteria are met.

Property Taxes

Property taxes are assessed on real and personal property on January 1 of each year. Mill rates are established annually by Borough resolution. Taxes are levied on May 31 of each year and are due in one installment on August 31. Property taxes are recorded as revenue as of July 1. Borough statutes call for annual foreclosures on property for delinquent taxes.

Interfund Transactions

During the course of normal operations, the Borough has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

Comparative Data

Comparative data for the prior year have been presented in some of the accompanying financial statements in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements since their inclusion would make the statements unduly complex and difficult to understand.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. Cash and Investments

The Borough utilizes a central treasury that is available for use by all funds. Each fund's portion of the central treasury is displayed on the balance sheet as "cash and investments" or in the case of "negative cash," is included in "due to other funds."

Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the Borough's deposit and investment balances to the financial statements as of June 30, 2015.

Bank deposits carrying value	$	7,370,688
Money market		132,372
Investments		7,442,428
Total Cash and Investments	$	14,945,488

Custodial Credit Risk - Deposits
Custodial credit risk is the risk that in the event of bank failure, the Borough's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. As of June 30, 2015, all balances were insured or collateralized.

Investments

Investment Policy
The Borough may invest available operating and reserve funds in the following instruments:

a. Obligations of the U.S. government, its agencies and instrumentalities with remaining maturities of five years or less.

b. Insured or collateralized certificates of deposit.

c. Commercial paper rated A-1 or P-1 by a national rating service, provided that no more than three percent of the total portfolio is invested in any one issuer's obligations.

d. Bankers acceptances of the 20 largest banks in the U.S., provided that no more than five percent of the total portfolio is invested in a single bank's acceptances.

e. Repurchase agreements that comply with statutory requirements, are documented by a written agreement, and are fully collateralized by delivery to an independent third party custodian.

f. Money market mutual funds, tax-exempt bond mutual funds, and U.S. government bond mutual funds whose average maturities are less than four years. No sales or load charges may be deducted from the price of a mutual fund at the time of purchase or redemption.

g. The State investment pool.

h. Obligations of State or municipal governments or their public agencies, which are rated in the three highest rating categories by a national rating service.

i. Other prudent investment instruments approved prior to purchase by two-thirds majority of the governing body of the Bristol Bay Borough.

Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Credit Risk
As of June 30, 2015, the Borough's U.S. government agencies were rated as follows:

	Moody's	S&P
$ 509,720	Aaa	AA+
469,225	not rated	not rated
1,016,191	AAA	AA+
$ 1,995,136		

Investment maturities at June 30, 2015 are as follows:

		Investment Maturities (in Years)		
Investment Type	Fair Value	Less Than 1	1 - 5	5 - 10
U.S. government agencies	$ 1,995,136	$ 1,025,871	$ 969,265	$ -
Certificates of deposit	5,447,292	245,490	5,201,802	-
Total Investments	$ 7,442,428	$ 1,271,361	$ 6,171,067	$ -

3. Accounts Receivable and Valuation Allowance

The Borough maintains accounts receivable balances of which a portion is reserved as an allowance for doubtful receivables. At June 30, 2015, receivables for the Borough's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General	Land Sales Special Revenue	Sewer Special Revenue	Landfill Special Revenue	Nonmajor Governmental Funds	Port of Bristol Bay Enterprise	Totals
Grants and shared revenues	$ -	$ -	$ -	$ -	$ 18,670	$ 211,045	$ 229,715
Accounts	59,789	124,647	161,425	59,018	-	1,243,132	1,648,011
Property taxes	48,629	-	-	-	-	-	48,629
Sales and transient taxes	53,558	-	-	-	-	-	53,558
Total receivables	161,976	124,647	161,425	59,018	18,670	1,454,177	1,979,913
Less allowance for doubtful accounts	(20,276)	-	(18,000)	(21,108)	-	(38,475)	(97,859)
Net Receivables	$ 141,700	$ 124,647	$ 143,425	$ 37,910	$ 18,670	$ 1,415,702	$ 1,882,054

4. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

Governmental Activities	Balance July 1, 2014	Additions and Reclassifications	Deletions and Reclassifications	Balance June 30, 2015
Capital assets not being depreciated:				
Construction in progress	$ 435,738	$ 247,892	$ -	$ 683,630
Land	47,733	-	-	47,733
Total assets not being depreciated	483,471	247,892	-	731,363
Capital assets being depreciated:				
Buildings	31,615,060	298,472	-	31,913,532
Improvements other than buildings	33,527,476	-	-	33,527,476
Machinery and equipment	7,089,233	408,744	-	7,497,977
Infrastructure	6,954,540	-	-	6,954,540
Software	88,545	-	-	88,545
Total assets being depreciated	79,274,854	707,216	-	79,982,070
Less accumulated depreciation for:				
Buildings	19,129,158	753,527	-	19,882,685
Improvements other than buildings	14,006,125	740,915	-	14,747,040
Machinery and equipment	3,929,718	115,765	-	1,231,494
Infrastructure	1,115,729	360,954	-	4,290,672
Software	9,291	3,097	-	12,388
Total accumulated depreciation	38,190,021	1,974,258	-	39,817,791
Total capital assets being depreciated, net	41,084,833	(1,267042)	-	39,534,633
Governmental Activities Capital Assets, Net	$ 41,568,304	$ (1,019,150)	$ -	$ 40,549,154

The Borough holds title to the School District Buildings. At June 30, 2015, the School District had construction in progress (not reported above) for facility upgrade projects in the amount of $2,353,673. At project completion, the School District will transfer these assets to the Borough. The Borough will then report a capital contribution and will capitalize and depreciate these assets in its accounting records. In 2015, the Borough reported $283,158 in building additions related to school district contributions.

Business - type Activities	Balance July 1, 2014	Additions and Reclassifications	Deletions and Reclassifications	Balance June 30, 2015
Capital assets not being depreciated:				
Land and land improvements	$ 545,362	$ -	$ -	$ 545,362
Construction in progress	8,958,163	3,288,000	12,146,163	100,000
Total assets not being depreciated	9,503,525	3,288,000	12,146,163	645,362
Capital assets being depreciated:				
Buildings	237,591	-	-	237,591
Improvements other than buildings	21,879,821	12,146,163	-	34,025,984
Machinery and equipment	5,913,653	39,854	-	5,953,507
Total assets being depreciated	28,031,065	12,186,017	-	40,217,082
Less accumulated depreciation for:				
Buildings	192,012	3,039	-	195,051
Improvements other than buildings	10,522,159	500,471	-	11,022,630
Machinery and equipment	2,759,560	305,834	-	3,065,394
Total accumulated depreciation	13,473,731	809,344	-	14,283,075
Total capital assets being depreciated, net	14,557,334	11,376,673	-	25,934,007
Business-type Activities Capital Assets, Net	$ 24,060,859	$ 14,664,673	$ 12,146,163	$ 26,579,369

Depreciation expense was charged to the functions as follows:

Governmental Activities	
General government	$ 42,834
Public safety	203,339
Public service	13,036
Public works	279,241
Education	647,968
Parks and recreation	80,680
Solid waste	41,118
Sewer	666,042
Total Depreciation Expense - Governmental Activities	$ 1,974,258

Business-type Activities	
Port of Bristol Bay	$ 809,344

5. Interfund Receivables, Payables and Transfers

A schedule of interfund balances and transfers for the year ended June 30, 2015, follows:

Due from Other Funds	
Due to the General Fund from nonmajor funds for operating advances	$ 18,670

Advances to Other Funds	
Advances from the General Fund to:	
Sewer Special Revenue Fund for operating costs	$ 620,551
Landfill Special Revenue Fund for operating costs	100,420
ADEC Loan Capital Project Fund for pre-loan project design costs	219,261
Total Advances to Other Funds	$ 940,232

Transfers to Other Funds	
From General Fund to:	
Landfill Special Revenue Fund for operating subsidy	$ 135,000
Sewer Special Revenue Fund for operating subsidy	250,000
From nonmajor fund to General Fund for library operations	534
Total Transfers to Other Funds	$ 385,534

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6. Long-Term Liabilities

Long-term liabilities activity for the year ended June 30, 2015 follows:

Governmental Activities	Balance July 1, 2014	Additions	Retired	Balance June 30, 2015	Due Within One Year
Loans payable:					
Alaska Department of Environmental Conservation Loan #183021, due in annual payments of $48,896 including interest at 1.5% through 2020.	$ 278,567	$ -	$ (44,716)	$ 233,851	$ 45,387
Alaska Department of Environmental Conservation Loan #183031, due in annual principal payments of $46,935 plus interest at 1.5% through 2023.	422,416	-	(46,935)	375,481	46,935
Kansas State Bank: $299,119 equipment loan, due in annual installments of $104,347 including interest at 2.31% through 2017.	299,119	-	(97,438)	201,681	99,689
Landfill closure liability	-	115,714	-	115,714	-
Accrued leave	188,938	258,976	(270,605)	177,309	-
Total Governmental Activities	$ 1,189,040	$ 374,690	$ (459,694)	$1,104,036	$ 192,011

Business-type Activities	Balance July 1, 2014	Additions	Retired	Balance June 30, 2015	Due Within One Year
Accrued leave	$ 6,603	$ 12,991	$ (14,493)	$ 5,101	-

The long-term liabilities of the governmental activities are generally liquidated by the General Fund.

Annual debt service requirements to maturity for the loans payable, follow:

Governmental Activities	Loans Payable		
Year Ending June 30,	Principal	Interest	Total
2016	$ 192,011	$ 13,799	$ 205,810
2017	194,996	10,111	205,107
2018	93,695	6,360	100,055
2019	94,396	4,955	99,351
2020	95,109	3,539	98,648
2021-2023	140,806	4,224	145,030
	$ 811,013	$ 42,988	$ 854,001

7. Landfill Closure and Postclosure Liability

State and federal laws and regulations require the Borough to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, accounting principles generally accepted in the United States of America require that the Borough report a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The Borough estimates that total future closure and post-closure costs will be $482,141. The $115,714 reported as landfill closure costs payable at June 30, 2015 represent the cumulative amount reported to date based on estimated usage of the landfill. The Borough will recognize the remaining $366,427 as the landfill is used. These amounts are based on what it would cost to close the landfill in 2015. Actual amounts could be higher due to inflation, changes in technology or changes in regulations. The landfill has an expected remaining life of approximately 67 years.

8. Change in Accounting Principle

The Borough participates in the Alaska Public Employees Retirement System (PERS). In 2015, the Borough adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* which, among other accounting and reporting criteria, requires the Borough to recognize its proportional share of the Net Pension Liability (and related deferred inflow/outflow accounts), as of the beginning of the Borough's fiscal year. As a result of the implementation of this statement, the Borough has recorded an opening balance adjustment to reflect opening balance pension liabilities and related accounts and to decrease opening net position as follows:

	Opening Net Position, as Originally Presented	Change in Accounting Principle Adjustment	Opening Net Position, as Restated
Governmental Activities	$ 50,696,008	$ (2,281,578)	$ 48,414,430
Business-type Activities	$ 27,354,085	$ (228,303)	$ 27,125,782
Bristol Bay Borough School District	$ 3,014,266	$ (1,226,229)	$ 1,788,037
Port of Bristol Bay Enterprise Fund	$ 27,354,085	$ (228,303)	$ 27,125,782

9. Defined Benefit (DB) Pension Plan

General Information About the Plan

The Borough participates in the Alaska Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at

http://doa.alaska.gov/drb/pers. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

The Plan provides for retirement, death and disability, and post-employment health care benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. Police/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other OPEB benefits. A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective June 30, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded "on-behalf" contribution (subject to funding availability), and required that employer contributions be calculated against *all* PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these footnotes.

Alaska Statute 39.35.255 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Retirement Management Board.

Although current statutes call for the State of Alaska to contribute to the Plan, the Alaska Department of Law has determined that the statute does not create a legal obligation to assume the liabilities of the Plan; rather it establishes a contribution mechanism to provide employer relief against the rising contribution rates. This relief payment is subject to funding availability, and therefore not legally mandated. As a result, the State has determined that the Plan is *not* in a special funding situation.

Management of the Borough strongly disagrees with the State's position and believes that AS 39.35.255 constitutes a special funding situation under GASB 68 rules and has recorded all pension related liabilities, deferred inflows/outflows, and disclosures on this basis, pending a final legal determination, as may be required to settle the matter.

The Borough records the on-behalf contributions as revenue and expense/expenditures in the fund financial statements. However, the expenditures are adjusted to deferred outflows in the enterprise fund and government-wide financial statements.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary (Police and firefighters are required to contribute 7.5% of their annual covered salary. Non-Teacher School District employees are required to contribute 9.6% of their annual covered salary.

Employer and Other Contribution Rates

There are several contribution rates associated with the pension and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate is calculated on *all* PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employees are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This will result in lower ARM Board Rates in future years.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. However, in 2015, the State Legislature appropriated a one-time contribution to the Plan in the amount of $1 billion. As a result, the On-behalf Contribution Rate for 2015 significantly exceeds the statutory amount. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. On the enterprise fund and government-wide financial statements, the on-behalf amounts are included in revenue, but are recorded as deferred outflows, rather than pension expense.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. Additionally, the GASB Rate disregards all future Medicare Part D payments. For FY15, the rate uses an 8.00% pension discount rate and a 4.90% healthcare discount rate.

The GASB Rate and the ARM Board Adopted Rate differ significantly as a direct result of variances in the actuarial methods and assumptions used.

Contribution rates for the year ended June 30, 2015 were determined in the June 30, 2012 actuarial valuation.

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	12.54%	25.09%	42.41%	33.05%
Postemployment healthcare (see Note 11)	9.46%	18.94%	- %	55.07%
Total Contribution Rates	22.00%	44.03%	42.41%	88.12%

In 2015, the Borough was credited with the following contributions to the pension plan.

	Measurement Period Borough FY14	Borough FY15
Employer contributions (including DBUL)	$ 227,944	$ 265,777
Nonemployer contributions (on-behalf)	202,128	1,220,910
Total Contributions	$ 430,072	$ 1,486,687

In addition, employee contributions to the plan totaled $109,996 during the Borough fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Borough reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

	2015
Borough proportionate share of NPL	$ 2,773,389
State's proportionate share of NPL associated with the Borough	2,457,953
Total Net Pension Liability	$ 5,231,342

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At June 30, 2014, the Borough's proportion was 0.05946198 percent, which was an increase of 0.0073268 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Borough recognized pension expense of $568,378 and on-behalf revenue of $202,128 for support provided by the State. At June 30, 2015, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	320,421
Changes in proportion and differences between Borough contributions and proportionate share of contributions	217,473	-
Borough contributions subsequent to the measurement date	265,777	-
Total Deferred Outflows and Deferred Inflows Related to Pensions	$ 483,250	$ 320,421

The $265,777 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30,	
2016	$ (87,181)
2017	29,919
2018	80,105
2019	80,105

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2014. The actuarial valuation for the year ended June 30, 2014 (latest available) was prepared by Buck Consultants. The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2005 to June 30, 2009, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Inflation	3.12%
Salary Increases	Graded by service, from 6.36% to 4.12% for Peace Officers/Firefighters. Graded by age and service, from 9.6% to 3.62% for all others.
Investment Return / Discount Rate	8.00% net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and real rate of return over 4.88%.
Mortality	Rates based on the 1994 Group Annuity Mortality Table, sex distinct, 1994 Base year without margin projected to 2013 using Projection Scale AA, 80% of the male table and 60% of the female table for pre-termination mortality for Peace officers/fire fighters. 75% for male and 55% for female for pre-termination for all others; and 100% for males and 1-year set-forward for females for post-termination.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	6.77%
International equity	7.50%
Private equity	10.86%
Fixed income	2.05%
Real estate	3.63%
Absolute return	4.80%

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that Employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following presents the Retirement System's net pension liability and the Borough's proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
System Net Pension Liability	100.0%	$6,115,581,980	$4,664,148,458	$ 3,441,888,494
Borough's proportionate share of the net pension liability	0.05946198%	$ 3,636,446	$ 2,773,389	$ 2,046,615

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

10. Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. http://doa.alaska.gov/drb/pers.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the Borough contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service.

Employee Contribution Rate

Employees are required to contribute 8.0% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the year ended June 30, 2015, the Borough was required to contribute 5% of covered salary into the Plan.

The Borough and employee contributions to PERS for pensions for the year ended June 30, 2015 were $58,398 and $93,436, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

11. Other Post-Employment Benefit (OPEB) Plans

Defined Benefit OPEB

As part of its participation in the PERS DB Plan (Tiers I, II, III), the Borough participates in the Alaska Retiree Healthcare Trust (ARHCT). The ARHCT is self-funded and provides major medical coverage to retirees of the System. Benefits vary by Tier level. The Plan is administered by the State of Alaska, Department of Administration. Employer contribution rates are established in concert with the Defined Benefit Pension Plan described earlier in these notes.

Employer Contribution Rate

The Borough is required to contribute 9.46% of covered payroll into the OPEB plan. Employees do not contribute.

Annual Postemployment Healthcare Cost

Actual contributions into the Plan for the last three years were as follows. The amounts reported here include only the employer required contributions and do not include any amounts attributed to the on-behalf contributions by the State. In 2015, there were no on-behalf contributions into the OPEB Plan; however, on-behalf contributions to the OPEB Plan in 2014 and 2013 were $155,119 and $151,666, respectively.

Year Ended June 30,	Annual OPEB Costs	Borough Contributions	% of Costs Contributed
2015	$200,502	$200,502	100 %
2014	$221,499	$221,499	100 %
2013	$299,194	$299,194	100 %

Defined Contribution OPEB

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan (ODD), and the Retiree Medical Plan. Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment health care benefits.

Employer Contribution Rates

Employees do not contribute to the DC OPEB plans. Employer contribution rates for the year ended June 30, 2015 were as follows:

	Other Tier IV	Police/Fire Tier IV
Retiree medical plan	1.66%	1.66%
Occupational death and disability benefits	0.22%	1.06%
Total Contribution Rates	1.88%	2.72%

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of ***all employees of all employers*** in the plan". As of July 1, 2014, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates $1,961 per year for each full-time employee, and $1.26 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2015, the Borough contributed $57,079 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

12. Deferred Compensation Plan

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. In accordance with the Internal Revenue Code, all assets and income of the Plan are held in trust for the exclusive benefit of participants and their beneficiaries.

13. Risk Management

The Borough 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; i.e., employee injuries, and (f) medical insurance costs of employees.

The Borough participates in the Alaska Municipal League Joint Insurance Association (AML/JIA) which provides insurance coverage for property and contents damage, torts, general and automobile liability, and workers' compensation. The AML/JIA is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. The Association made no supplemental assessments during the year ended June 30, 2015. The Borough has no coverage for potential losses from environmental damages. Coverage limits and the deductibles on the policies have stayed relatively constant for the past few years.

14. Contingencies

Grants

Amounts received or receivable from granting agencies are subject to further audit and adjustment by the granting agency. Any disallowed grant expenditures, including amounts already collected would become a liability of the Borough.

15. Subsequent Events

Subsequent to year end, the Borough is in progress of purchasing a piece of land for the port expansion project. The anticipated purchase price is $205,000 and will be paid by the Port Fund.

16. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, but believes that GASB Statement 75 will result in the biggest reporting change. However, actual impacts have not yet been determined:

GASB 72 - *Fair Value Measurement and Application* - Effective for year-end June 30, 2016 - This statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This statement is expected to primarily affect investment disclosures.

GASB 73 -*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* - This statement contains certain clarifications and amendments to GASB 67 and 68 as well as establishing requirements for both defined benefit and defined contribution pensions not within the scope of GASB 68. Effective for fiscal year end June 30, 2016—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for year ending June 30, 2017.

GASB 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* - Effective for year-end June 30, 2017, with earlier application encouraged - This statement contains reporting financial reporting guidelines for Postemployment Benefit Plans. This is the Plan side requirements applicable to OPEB benefits and generally brings the OPEB reporting rules into alignment with the new GASB 67 Pension rules.

GASB 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - Effective for year-end June 30, 2018, with earlier application encouraged - This statement contains accounting and financial reporting guidelines for OPEB related activities at the participating employer level and generally brings the OPEB reporting rules into alignment with the new GASB 68 Pension rules.

GASB 76 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* - Effective for year-end June 30, 2016, with earlier application encouraged - This statement clarifies the hierarchy of generally accepted accounting principles to be used in the preparation of state and local government financial statements. This statement supersedes the previous hierarchy established in GASB 55.

GASB 77 - *Tax Abatement Disclosures* - Effective for year-end June 30, 2017, with earlier application encouraged - This statement requires local governments to provide financial disclosures relating to tax abatements affecting the government. This includes information about abatement agreements entered into directly by the government, including conditions and criteria under which taxes can be abated, the type and dollar amount of the tax. In addition, the statement requires disclosure of tax abatements issued by other governments that affect the local government's revenue recognition and reporting.

Required Supplementary Information

Bristol Bay Borough, Alaska

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

Year Ended June 30, 2015	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	$ 5,824,018	$ 6,174,018	$ 6,649,104	$ 475,086
State of Alaska	2,896,239	3,196,239	4,138,496	942,257
Federal government	100,000	100,000	154,602	54,602
Investment income	70,000	70,000	85,764	15,764
Charges for services	42,677	42,677	71,589	28,912
Other revenues	46,500	34,500	34,826	326
Total Revenues	8,979,434	9,617,434	11,134,381	1,516,947
Expenditures				
General government	1,403,319	1,514,309	1,725,483	(211,174)
Public safety	1,611,160	1,731,160	1,762,558	(31,398)
Public service	779,859	864,859	937,188	(72,329)
Public works	2,099,026	2,104,216	1,944,641	159,575
Education	1,227,797	1,227,797	1,419,459	(191,662)
Parks and recreation	351,286	351,286	344,633	6,653
Debt service:				
ADEC loan principal	311,653	295,653	189,090	106,563
ADEC loan interest	20,516	20,516	17,425	3,091
Total Expenditures	7,804,616	8,109,796	8,340,477	(230,681)
Excess of revenues over expenditures	1,174,818	1,507,638	2,793,904	1,286,266
Other Financing Sources (Uses)				
Transfers in	-	-	534	534
Transfers out	(385,000)	(385,000)	(385,000)	-
Net Other Financing Sources (Uses)	(385,000)	(385,000)	(384,466)	534
Net change in fund balance	$ 789,818	$ 1,122,638	2,409,438	$ 1,286,800
Fund Balance, beginning			7,788,907	
Fund Balance, ending			$10,198,345	

Bristol Bay Borough, Alaska

Sewer Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Deficit - Budget and Actual

Year Ended June 30, 2015	Original & Final Budget	Actual	Variance
Revenues			
Charges for services	$ 453,640	$ 362,761	$ (90,879)
State of Alaska - PERS relief	11,653	98,672	87,019
Total Revenues	465,293	461,433	(3,860)
Expenditures			
Personnel services	375,383	443,076	(67,693)
Materials and supplies	31,800	36,436	(4,636)
Repairs and maintenance	99,000	103,422	(4,422)
Utilities	219,600	186,906	32,694
Training and travel	18,300	9,730	8,570
Contractual services	75,000	47,499	27,501
Other	12,000	12,123	(123)
Total Expenditures	831,083	839,192	(8,109)
Excess of revenues over (under) expenditures	(365,790)	(377,759)	(11,969)
Other Financing Sources			
Transfers in	250,000	250,000	-
Net change in deficit	$ (115,790)	(127,759)	$ (11,969)
Deficit, beginning		(368,788)	
Deficit, ending		$ (496,547)	

Bristol Bay Borough, Alaska

Landfill Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Deficit - Budget and Actual

Year Ended June 30, 2015	Original & Final Budget	Actual	Variance
Revenues			
Charges for services	$ 175,000	$ 178,457	$ 3,457
State of Alaska - PERS relief	7,273	65,800	58,527
Total Revenues	182,273	244,257	61,984
Expenditures			
Personnel services	239,963	317,439	(77,476)
Materials and supplies	76,400	50,680	25,720
Repairs and maintenance	29,000	12,256	16,744
Utilities	35,200	33,544	1,656
Training and travel	8,000	2,880	5,120
Contractual services	164,500	34,537	129,963
Other	7,000	3,823	3,177
Total Expenditures	560,063	455,159	104,904
Excess of revenues over (under) expenditures	(377,790)	(210,902)	166,888
Other Financing Sources			
Transfers in	135,000	135,000	-
Net change in deficit	$ (242,790)	(75,902)	$ 166,888
Deficit, beginning		(32,625)	
Deficit, ending		$ (108,527)	

Bristol Bay Borough, Alaska

Public Employees Retirement System
Schedule of the Borough's Information on the Net Pension Liability
June 30, 2015

Borough's proportion of the net pension liability		0.05946198%
Borough's proportionate share of the net pension liability	$	2,773,389
State of Alaska proportionate share of the net pension liability		2,457,953
Total net pension liability	$	5,231,342
Borough's covered-employee payroll	$	1,485,741
Borough's proportionate share of the net pension liability as a percentage of covered-employee payroll		187%
Plan fiduciary net position as a percentage of the total pension liability		62.37%

See accompanying notes to Required Supplementary Information.

Bristol Bay Borough, Alaska

Public Employees Retirement System
Schedule of Borough Contributions
Year Ended June 30, 2015

Contractually required contribution	$	265,777
Contributions in relation to the contractually required contribution	$	265,777
Contribution deficiency (excess)	$	-
Borough's covered-employee payroll	$	1,484,103
Contributions as a percentage of covered-employee payroll		17.908%

See accompanying notes to Required Supplementary Information.

1. **Budgetary Comparison Schedules**

   The budgetary comparison schedules are presented on the modified accrual basis of accounting.

2. **Schedule of the Borough's Information on the Net Pension Liability**

   This table is presented based on the Plan measurement date. For June 30, 2015, the Plan measurement date is June 30, 2014.

3. **Schedule of Borough Contributions - Public Employees Retirement System**

   This table is based on the Borough's contributions during fiscal year 2015. These contributions are reported as a deferred outflow on the June 30, 2015 basic financial statements.

   Both pension tables are intended to present 10 years of information. Additional years' information will be added to the schedules as it becomes available.

   There were no benefit changes in benefit terms from the prior measurement period.

   There were no changes in assumptions from the prior measurement period.

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Supplementary Information

Bristol Bay Borough, Alaska

Nonmajor Governmental Funds
Combining Balance Sheet

June 30, 2015	LEPC Grant Special Revenue Fund	Capital Project Funds	Totals
Assets			
Cash and investments	$ -	$ 142,127	$ 142,127
Prepaid items	-	1,506	1,506
Grants receivable	4,195	14,475	18,670
Total Assets	$ 4,195	$ 158,108	$ 162,303
Liabilities and Fund Balances			
Liabilities			
Due to other funds	$ 4,195	$ 14,475	$ 18,670
Fund Balances			
Nonspendable - prepaid items	-	1,506	1,506
Assigned - capital projects	-	142,127	142,127
Total Fund Balances	-	143,633	143,633
Total Liabilities and Fund Balances	$ 4,195	$ 158,108	$ 162,303

Bristol Bay Borough, Alaska

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

Year Ended June 30, 2015	Special Revenue Funds	Capital Project Funds	Totals
Revenues			
State of Alaska	$ 6,177	$ 14,475	$ 20,652
Federal government	943,259	177,363	1,120,622
Total Revenues	949,436	191,838	1,141,274
Expenditures			
Current:			
General government	21,663	-	21,663
Public service	921,596	-	921,596
Public safety	6,177	-	6,177
Capital outlay:			
Sewer	-	30,471	30,471
Public safety	-	127,075	127,075
Public works	-	64,763	64,763
Total Expenditures	949,436	222,309	1,171,745
Excess of revenues over (under) expenditures	-	(30,471)	(30,471)
Other Financing Uses			
Transfers out	(534)	-	(534)
Net change in fund balances	(534)	(30,471)	(31,005)
Fund Balances, beginning	534	174,104	174,638
Fund Balances, ending	$ -	$ 143,633	$ 143,633

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General Fund

The General Fund is established to account for the revenues and expenditures necessary to carry out basic governmental activities of the Borough such as fire and police protection, public works, recreation, library, community development, administrative services, etc. Appropriations are made from the General Fund annually.

Revenue is recorded by source, i.e., taxes, charges for services, intergovernmental, etc. Expenditures are recorded first by function then by activity and object of expenditure.

Bristol Bay Borough, Alaska

General Fund
Balance Sheet

June 30,	2015	2014
Assets		
Cash and investments	$ 9,278,272	$ 7,017,806
Receivables, net of allowance for doubtful accounts:		
Delinquent property taxes, penalties and interest	48,629	148,307
Sales tax on raw fish	44,562	692,997
Transient tax	8,996	22,384
Other	39,513	77,093
Total receivables	141,700	940,781
Prepaid items	60,210	-
Due from other funds	18,670	438,203
Advances to other funds	940,232	-
Total Assets	$ 10,439,084	$ 8,396,790
Liabilities, Deferred Inflows and Fund Balance		
Liabilities		
Accounts payable	$ 37,462	$ 192,198
Accrued payroll and benefits	17,566	70,366
Unearned revenue - donations	-	2,700
Total Liabilities	55,028	265,264
Deferred Inflows		
Property taxes received in advance	137,082	196,946
Delinquent property taxes	48,629	145,673
Total Liabilities and Deferred Inflows	240,739	607,883
Fund Balance		
Nonspendable - prepaids and advances	1,000,442	-
Committed - energy efficiency project	208,338	-
Unassigned	8,989,565	7,788,907
Total Fund Balance	10,198,345	7,788,907
Total Liabilities, Deferred Inflows and Fund Balance	$ 10,439,084	$ 8,396,790

Bristol Bay Borough, Alaska

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance	Actual
Revenues				
Taxes:				
Property taxes, penalties and interest	$ 3,724,018	$ 3,987,539	$ 263,521	$ 3,609,452
Local sales tax on raw fish	2,250,000	2,456,958	206,958	1,371,099
Transient taxes	110,000	105,986	(4,014)	129,906
Aircraft tax	10,000	12,596	2,596	15,635
Motor vehicle taxes	80,000	86,025	6,025	91,435
Total taxes	6,174,018	6,649,104	475,086	5,217,527
State of Alaska:				
Fisheries business taxes	2,000,000	2,019,131	19,131	1,868,574
Revenue sharing	427,879	490,104	62,225	506,735
Vehicle registrations	35,000	30,748	(4,252)	52,293
Liquor licenses	7,000	23,475	16,475	-
Jail contract	504,610	519,526	14,916	504,610
Public library grants	13,000	13,300	300	13,200
State PERS relief	120,000	945,382	825,382	290,777
Electric and telephone cooperative tax	70,000	78,080	8,080	64,933
Special services contract	18,750	18,750	-	18,750
Total State of Alaska	3,196,239	4,138,496	942,257	3,319,872
Federal government:				
Payments in lieu of taxes	100,000	154,488	54,488	168,866
Game and park refuge revenue sharing	-	114	114	-
Total Federal government	100,000	154,602	54,602	168,866
Investment income	70,000	85,764	15,764	59,230

Bristol Bay Borough, Alaska

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

Years Ended June 30,	2015 Budget	2015 Actual	2015 Variance	2014 Actual
Revenues, continued				
Charges for services:				
Rental income	$ 32,077	$ 31,913	$ (164)	$ 31,578
Ambulance fees	3,000	32,180	29,180	-
Pool fees	7,000	6,671	(329)	2,821
Building permits	600	825	225	975
Total charges for services	42,677	71,589	28,912	35,374
Other revenues - miscellaneous	34,500	34,826	326	25,735
Total Revenues	9,617,434	11,134,381	1,516,947	8,826,604
Expenditures				
General government:				
Finance:				
Personnel services	476,688	637,403	(160,715)	526,490
Materials and supplies	72,000	53,876	18,124	45,366
Repairs and maintenance	6,975	2,563	4,412	5,735
Utilities	33,345	29,105	4,240	37,491
Contractual services	105,593	102,991	2,602	121,070
Training and travel	22,730	21,131	1,599	18,797
Insurance	217,500	210,684	6,816	198,500
Other	14,750	50,902	(36,152)	13,538
Total finance	949,581	1,108,655	(159,074)	966,987
Management:				
Personnel services	278,421	374,102	(95,681)	276,166
Materials and supplies	28,000	10,635	17,365	23,091
Repairs and maintenance	19,500	15,327	4,173	5,833
Utilities	1,560	1,608	(48)	1,947
Contractual services	95,000	99,785	(4,785)	127,566
Training and travel	20,840	13,906	6,934	13,945
Other	16,000	6,414	9,586	3,492
Total management	459,321	521,777	(62,456)	452,040

Bristol Bay Borough, Alaska

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance	Actual
Expenditures, continued				
General government, continued:				
Legislative:				
Personnel services	$ 6,207	$ 2,576	$ 3,631	$ 89,440
Materials and supplies	200	195	5	-
Lease	10,000	10,000	-	10,000
Contractual services	40,000	44,376	(4,376)	36,934
Training and travel	37,000	25,309	11,691	27,285
Elections	2,000	3,132	(1,132)	1,625
Other	10,000	9,463	537	4,468
Total legislative	105,407	95,051	10,356	169,752
Total general government	1,514,309	1,725,483	(211,174)	1,588,779
Public safety:				
Police:				
Personnel services	920,810	1,144,335	(223,525)	965,643
Materials and supplies	48,700	47,060	1,640	46,009
Repairs and maintenance	4,800	3,600	1,200	10,576
Utilities	16,000	18,744	(2,744)	16,846
Contractual services	70,000	37,251	32,749	6,675
Training and travel	14,000	4,117	9,883	7,612
Insurance	5,000	5,621	(621)	4,245
Capital outlay	160,000	67,994	92,006	67,669
Detention	24,000	25,045	(1,045)	15,856
Other	4,100	3,523	577	4,563
Total police	1,267,410	1,357,290	(89,880)	1,145,694
Fire/EMS rescue squad:				
Personnel services	278,328	248,105	30,223	238,742
Materials and supplies	60,450	39,513	20,937	55,222
Repairs and maintenance	5,000	1,600	3,400	2,908
Utilities	27,500	18,233	9,267	18,370

Bristol Bay Borough, Alaska

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

Years Ended June 30,	2015 Budget	2015 Actual	2015 Variance	2014 Actual
Expenditures, continued				
Public safety, continued:				
Fire/EMS rescue squad, continued:				
Lease	$ 2,000	$ 2,039	$ (39)	$ 1,846
Contractual services	6,000	800	5,200	5,245
Training and travel	32,500	38,929	(6,429)	20,251
Medical equipment and supplies	46,972	52,761	(5,789)	45,824
Other	5,000	3,288	1,712	5,358
Total fire/EMS rescue squad	463,750	405,268	58,482	393,766
Total public safety	1,731,160	1,762,558	(31,398)	1,539,460
Public service:				
Library:				
Personnel services	192,270	252,919	(60,649)	194,944
Materials and supplies	28,950	18,229	10,721	18,521
Repairs and maintenance	1,000	184	816	600
Utilities	5,600	5,268	332	6,930
Contractual services	1,500	1,116	384	870
Training and travel	5,575	125	5,450	385
Other	2,250	198	2,052	4,118
Total library	237,145	278,039	(40,894)	226,368
Community development:				
Personnel services	125,857	165,608	(39,751)	120,206
Materials and supplies	11,000	9,546	1,454	8,448
Advertising	1,500	60	1,440	202
Contractual services	15,000	15,051	(51)	10,820
Training and travel	10,500	9,838	662	7,942
Other	-	-	-	9
Total community development	163,857	200,103	(36,246)	147,627

Bristol Bay Borough, Alaska

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance	Actual
Expenditures, continued				
Public service, continued:				
Community support:				
Personnel services	$ 25,747	$ 26,596	$ (849)	$ 22,481
Materials and supplies	7,000	7,805	(805)	6,036
Local donations	170,000	170,000	-	185,000
Training and travel	2,000	520	1,480	1,440
Contribution to School District	198,000	197,311	689	121,236
Total community support	402,747	402,232	515	336,193
South Naknek library:				
Personnel services	37,040	44,501	(7,461)	33,860
Materials and supplies	11,100	8,378	2,722	7,884
Repairs and maintenance	800	-	800	-
Utilities	4,375	2,943	1,432	3,394
Training and travel	6,045	80	5,965	341
Other	1,750	912	838	1,856
Total South Naknek library	61,110	56,814	4,296	47,335
Total public service	864,859	937,188	(72,329)	757,523
Public works:				
Administration:				
Personnel services	179,708	209,443	(29,735)	173,480
Materials and supplies	70,350	14,663	55,687	39,350
Repairs and maintenance	1,000	-	1,000	525
Utilities	43,400	33,518	9,882	37,071
Training and travel	6,000	1,373	4,627	915
Other	2,700	165	2,535	344
Total administration	303,158	259,162	43,996	251,685

Bristol Bay Borough, Alaska

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

Years Ended June 30,	2015 Budget	2015 Actual	2015 Variance	2014 Actual
Expenditures, continued				
Public works, continued:				
Facility maintenance:				
Personnel services	$ 207,693	$ 210,674	$ (2,981)	$ 199,948
Materials and supplies	21,000	10,878	10,122	16,386
Repairs and maintenance	78,300	79,530	(1,230)	91,124
Contractual services	3,000	-	3,000	1,440
Training and travel	5,900	1,360	4,540	1,060
Capital outlay	5,046	321	4,725	74,091
Other	2,700	118	2,582	85
Total facility maintenance	323,639	302,881	20,758	384,134
Road maintenance:				
Personnel services	245,030	309,083	(64,053)	249,305
Materials and supplies	97,000	75,807	21,193	56,161
Repairs and maintenance	155,000	32,648	122,352	142,512
Contractual services	6,000	2,460	3,540	250
Training and travel	6,000	1,043	4,957	2,268
Capital outlay	140,000	118,571	21,429	507,828
Other	1,700	160	1,540	501
Total road maintenance	650,730	539,772	110,958	958,825
Equipment maintenance:				
Personnel services	236,432	306,906	(70,474)	241,571
Materials and supplies	52,800	26,763	26,037	21,908
Repairs and maintenance	67,000	53,639	13,361	52,527
Training and travel	3,900	320	3,580	640
Total equipment maintenance	360,132	387,628	(27,496)	316,646
South Naknek:				
Personnel services	301,557	349,622	(48,065)	260,529
Materials and supplies	15,000	9,462	5,538	10,815
Repairs and maintenance	53,500	14,263	39,237	34,415
Contractual services	3,000	-	3,000	1,627
Utilities	87,800	81,291	6,509	114,265

Bristol Bay Borough, Alaska

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

Years Ended June 30,	2015 Budget	2015 Actual	2015 Variance	2014 Actual
Expenditures, continued				
Public works, continued:				
South Naknek, continued:				
Training and travel	$ 5,200	$ 560	$ 4,640	$ 940
Other	500	-	500	21
Total South Naknek	466,557	455,198	11,359	422,613
Total public works	2,104,216	1,944,641	159,575	2,333,903
Education:				
Energy efficiency design study	-	191,662	(191,662)	-
Contribution to school district	1,227,797	1,227,797	-	1,036,335
Total education	1,227,797	1,419,459	(191,662)	1,036,335
Parks and recreation:				
Pool:				
Personnel services	213,386	228,341	(14,955)	167,325
Materials and supplies	29,300	22,129	7,171	20,441
Repairs and maintenance	18,000	6,550	11,450	3,287
Utilities	62,900	62,960	(60)	50,799
Contractual services	15,000	15,725	(725)	16,708
Training and travel	2,200	2,763	(563)	207
Other	2,200	150	2,050	665
Total pool	342,986	338,618	4,368	259,432
Gym:				
Materials and supplies	5,000	1,144	3,856	5,407
Utilities	1,500	1,256	244	1,983
Lease	1,800	3,615	(1,815)	1,752
Total gym	8,300	6,015	2,285	9,142
Total parks and recreation	351,286	344,633	6,653	268,574

Bristol Bay Borough, Alaska

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance	Actual
Expenditures, continued				
Debt service:				
ADEC loan principal	$ 295,653	$ 189,090	$ 106,563	$ 90,991
ADEC loan interest	20,516	17,425	3,091	11,879
Total debt service	316,169	206,515	109,654	102,870
Total Expenditures	8,109,796	8,340,477	(230,681)	7,627,444
Excess of revenues over expenditures	1,507,638	2,793,904	1,286,266	1,199,160
Other Financing Sources (Uses)				
Loan proceeds	-	-	-	299,119
Transfers (to) from other funds:				
Special Revenue Funds:				
South Naknek Library	-	534	534	-
Solid Waste	(135,000)	(135,000)	-	(135,000)
Sewer	(250,000)	(250,000)	-	(250,000)
Total transfers (to) from other funds	(385,000)	(384,466)	534	(385,000)
Net Other Financing Sources (Uses)	(385,000)	(384,466)	534	(85,881)
Net change in fund balance	$ 1,122,638	2,409,438	$ 1,286,800	1,113,279
Fund Balance, beginning		7,788,907		6,675,628
Fund Balance, ending		$ 10,198,345		$ 7,788,907

Special Revenue Funds

Special Revenue Funds are used to account for revenues that are restricted to finance particular functions and activities.

Bristol Bay Borough, Alaska

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2015	HRSA Grant	LEPC Grant	Fish Waste Disposal Study	South Naknek Donations Library	Totals
Revenues					
Federal government	$ 921,596	$ -	$ 21,663	$ -	$ 943,259
State of Alaska	-	6,177	-	-	6,177
Total Revenues	921,596	6,177	21,663	-	949,436
Expenditures					
Public service	921,596	-	-	-	921,596
General government	-	-	21,663	-	21,663
Public safety	-	6,177	-	-	6,177
Total Expenditures	921,596	6,177	21,663	-	949,436
Excess of revenues over expenditures	-	-	-	-	-
Other Financing Uses					
Transfers out	-	-	-	(534)	(534)
Net change in fund balances	-	-	-	(534)	(534)
Fund Balances, beginning	-	-	-	534	534
Fund Balances, ending	$ -	$ -	$ -	$ -	$ -

Bristol Bay Borough, Alaska

HRSA Grant Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

Years Ended June 30,	2015	2014
Revenues		
Federal government	$ 921,596	$ 742,296
Expenditures		
Distributions to Camai Community Health Center	921,596	742,296
Net change in fund balance	-	-
Fund Balance, beginning	-	-
Fund Balance, ending	$ -	$ -

Bristol Bay Borough, Alaska

LEPC Grant Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

Years Ended June 30,	2015	2014
Revenues		
State of Alaska	$ 6,177	$ -
Expenditures		
Public safety	6,177	-
Net change in fund balance	-	-
Fund Balance, beginning	-	-
Fund Balance, ending	$ -	$ -

Bristol Bay Borough, Alaska

Fish Waste Disposal Study Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

Years Ended June 30,	2015	2014
Revenues		
Federal government	$ 21,663	$ -
Expenditures		
General government	21,663	-
Net change in fund balance	-	-
Fund Balance, beginning	-	-
Fund Balance, ending	$ -	$ -

Bristol Bay Borough, Alaska

South Naknek Library Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

Years Ended June 30,	2015	2014
Other Financing Uses -		
Transfers out	$ (534)	$ -
Net change in fund balance	(534)	-
Fund Balance, beginning	534	534
Fund Balance, ending	$ -	$ 534

Capital Project Funds

Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by enterprise funds. These funds evolved from the need for special accounting for bond proceeds, grants and transfers from other funds for the acquisition of capital assets.

Bristol Bay Borough, Alaska

Nonmajor Capital Project Funds
Combining Balance Sheet

June 30, 2015	Sewer	Borough Road Improvements	CTE Program Housing Project	Totals
Assets				
Cash and investments	$ 62,285	$ 79,842	$ -	$ 142,127
Prepaid items	1,506	-	-	1,506
Grants receivable	-	-	14,475	14,475
Total Assets	$ 63,791	$ 79,842	$ 14,475	$ 158,108
Liabilities and Fund Balances				
Liabilities				
Due to other funds	$ -	$ -	$ 14,475	$ 14,475
Fund Balances				
Nonspendable - prepaid items	1,506	-	-	1,506
Assigned - capital projects	62,285	79,842	-	142,127
Total Fund Balances	63,791	79,842	-	143,633
Total Liabilities and Fund Balances	$ 63,791	$ 79,842	$ 14,475	$ 158,108

Bristol Bay Borough, Alaska

Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2015	Sewer	Borough Road Improvements	Denali School Road Construction	CTE Program Housing Project	E911 System	Totals
Revenues						
Federal government	$ -	$ -	$ 50,288	$ -	$ 127,075	$ 177,363
State of Alaska	-	-	-	14,475	-	14,475
Total Revenues	-	-	50,288	14,475	127,075	191,838
Expenditures						
Capital outlay:						
Public works	-	-	50,288	14,475	-	64,763
Public safety	-	-	-	-	127,075	127,075
Sewer	30,471	-	-	-	-	30,471
Total Expenditures	30,471	-	50,288	14,475	127,075	222,309
Net change in fund balances	(30,471)	-	-	-	-	(30,471)
Fund Balances, beginning	94,262	79,842	-	-	-	174,104
Fund Balances, ending	$ 63,791	$ 79,842	$ -	$ -	$ -	$ 143,633

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Enterprise Fund

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government has decided that periodic determination of net income is appropriate for accountability purposes.

Port of Bristol Bay - To account for the activities associated with operating the dock facilities.

Bristol Bay Borough, Alaska

Port of Bristol Bay Enterprise Fund
Statement of Net Position

June 30,	2015	2014
Assets and Deferred Outflows		
Current Assets		
Cash and investments	$ 3,032,406	$ 2,583,296
Prepaid expenses	2,419	-
Receivables:		
Accounts	1,243,132	728,160
Grants	211,045	72,173
Allowance for doubtful accounts	(38,475)	(38,475)
Total Current Assets	4,450,527	3,345,154
Property, Plant and Equipment		
Land	545,362	545,362
Buildings	237,591	237,591
Improvements other than buildings	34,025,984	21,879,821
Machinery and equipment	5,953,507	5,913,653
Construction in progress	100,000	8,958,163
Total property, plant and equipment	40,862,444	37,534,590
Accumulated depreciation	(14,283,075)	(13,473,731)
Net Property, Plant and Equipment	26,579,369	24,060,859
Total Assets	31,029,896	27,406,013
Deferred Outflows related to pensions	43,957	-
Total Assets and Deferred Outflows	$ 31,073,853	$ 27,406,013
Liabilities, Deferred Inflows and Net Position		
Liabilities		
Current liabilities		
Accounts payable	$ 21,647	$ 5,965
Accrued payroll and benefits	40,032	39,360
Total Current Liabilities	61,679	45,325
Noncurrent Liabilities - due in more than one year		
Accrued leave	5,101	6,603
Net pension liability	252,272	-
Total Liabilities	319,052	51,928
Deferred Inflows related to pensions	29,146	-
Net Position		
Net investment in capital assets	26,579,369	24,060,859
Unrestricted	4,146,286	3,293,226
Total Net Position	30,725,655	27,354,085
Total Liabilities, Deferred Inflows and Net Position	$ 31,073,853	$ 27,406,013

Bristol Bay Borough, Alaska

Port of Bristol Bay Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Years ended June 30,	2015	2014
Operating Revenues		
Charges for services	$ 2,514,652	$ 2,229,308
Operating Expenses		
Personnel services	896,412	818,150
Materials and supplies	108,274	119,542
Dock repairs and maintenance	40,540	32,099
Other repairs and maintenance	126,042	104,502
Utilities	51,069	76,742
Freight	18,673	20,317
Contractual services	9,183	1,978
Training and travel	18,351	16,179
Lease	16,529	16,456
Insurance	22,895	18,531
Depreciation	809,344	739,926
Other	3,853	3,943
Total Operating Expenses	2,121,165	1,968,365
Income from operations	393,487	260,943
Nonoperating Revenues		
State PERS relief	18,386	19,610
Income before capital contributions	411,873	280,553
Capital contributions	3,188,000	7,421,190
Change in net position	3,599,873	7,701,743
Net Position, beginning, as restated (Note 8)	27,125,782	19,652,342
Net Position, ending	$ 30,725,655	$ 27,354,085

Bristol Bay Borough, Alaska

Port of Bristol Bay Enterprise Fund
Statement of Cash Flows

Years ended June 30,	2015	2014
Cash Flows from Operating Activities		
Receipts from customers and users	$ 1,999,680	$ 2,448,303
Payments to suppliers	(402,146)	(634,383)
Payments to employees	(869,698)	(819,037)
Net cash flows from operating activities	727,836	994,883
Cash Flows from (for) Capital and Related Financing Activities		
Acquisition of property, plant and equipment	(3,327,854)	(7,204,995)
Capital contributions received	3,049,128	7,388,046
Net cash flows from (for) capital and related financing activities	(278,726)	183,051
Net increase in cash and investments	449,110	1,177,934
Cash and Investments, beginning	2,583,296	1,405,362
Cash and Investments, ending	$ 3,032,406	$ 2,583,296
Reconciliation of Income from Operations to Net Cash Flows from Operating Activities		
Income from operations	$ 393,487	$ 260,943
Adjustments to reconcile income from operations to net cash flows from operating activities:		
Depreciation	809,344	739,926
Amortization of deferred outflows for pensions	(23,223)	-
Amortization of deferred inflows for pensions	29,146	-
Noncash expense - PERS relief	18,386	19,610
(Increase) decrease in assets:		
Accounts receivable	(514,972)	218,995
Prepaid expenses	(2,419)	-
Increase (decrease) in liabilities:		
Accounts payable	15,682	(224,094)
Accrued payroll and benefits	672	(22,696)
Accrued leave	(1,502)	2,199
Net pension liability	3,235	-
Net Cash Flows from Operating Activities	$ 727,836	$ 994,883

Bristol Bay Borough, Alaska

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Name of Grant	CFDA Number	Grant Number	Grant Award	Federal Expend-itures
Department of Health and Human Services				
Health Center Cluster Demonstration Grant	93.224	H80CS01134	$ 449,184	$ 432,749
Health Center Cluster Demonstration Grant	93.527	H80CS01134	507,409	488,847
Total Department of Health and Human Services				921,596
Denali Commission				
School Bus Route Construction	90.100	01304-00	1,500,000	50,288
Department of the Interior				
Payment in Lieu of Taxes	15.226	N/A	154,488	154,488
Game and Park Refuge Revenue Sharing	15.659	N/A	114	114
Preliminary Fish Waste Disposal Study	15.668	F14AF00062	21,804	21,663
Total Department of the Interior				176,265
Department of Homeland Security				
Passed through State of Alaska Department of Military and Veterans Affairs -				
2013 State Homeland Security Program	97.067	13SHSP-GR34078	127,075	127,075
Total Expenditures of Federal Awards				$ 1,275,224

Bristol Bay Borough, Alaska

Schedule of State Financial Assistance
Year Ended June 30, 2015

Name of Grant	Grant Number	Grant Award	State Expenditures
Department of Commerce, Community and Economic Development			
*Port of Bristol Bay - Improvements Phase II	11-DC-194	$ 5,000,000	$ 620,467
*Port of Bristol Bay - Expansion	13-GO-003	7,000,000	1,825,835
*Port Expansion	12-DC-337	2,000,000	741,698
Construction of Career and Technical Education Program Housing and the Training Facility Renovation Project	15-RR-064	113,394	14,475
Shared Fisheries Business Tax	N/A	8,660	8,660
*Community Revenue Sharing	N/A	490,104	490,104
Total Department of Commerce, Community and Economic Development			3,701,239
Department of Military and Veterans Affairs			
Local Emergency Planning Committee	15LEPC-GR35602	6,177	6,177
Department of Education and Early Development			
Martin Monson Regional Library	PLA1380850	13,300	13,300
Department of Revenue			
*Fisheries Business Tax	N/A	2,010,471	2,010,471
*Electric and Telephone Cooperative Tax	N/A	78,080	78,080
Liquor License Fees	N/A	23,475	23,475
Total Department of Revenue			2,112,026
Department of Administration			
*PERS on Behalf	N/A	1,220,910	1,220,910
Total State Financial Assistance			$ 7,053,652

*Major Program

Bristol Bay Borough, Alaska

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance Year Ended June 30, 2015

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Bristol Bay Borough under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Borough, it is not intended to and does not present the financial position, changes in net position or cash flows of Bristol Bay Borough.

The accompanying schedule of state financial assistance (the "Schedule") includes the state grant activity of Bristol Bay Borough under programs of the state government for the year ended June 30, 2015. 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 the Borough, it is not intended to and does not present the financial position, changes in net position or cash flows of Bristol Bay Borough.

Expenditures reported on both schedules are reported on the modified accrual basis of accounting.

2. Summary of Significant Accounting Policies

Expenditures reported in the Schedules are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Subrecipients

Of the federal expenditures presented in the Schedule, Bristol Bay Borough provided federal awards to subrecipients as follows:

CFDA	Program Name	Amount	Provided to Subrecipients
93.224, 93.527	Health Center Cluster Demonstration Grant	$ 921,596	Camai Community Health Center

4. PERS On-Behalf

The Borough has recorded $1,220,910 in PERS On-Behalf payments in the Schedule of State Financial Assistance. This represents the PERS relief payments appropriated and transferred into the plan during FY2015.

In the governmental fund financial statements, on-behalf revenue and expenditures have been recognized commensurate with the proportional share of on-behalf payments in the year appropriated and transferred to the plan. However, in the full accrual financial statements, GASB 68 provisions prescribe that on-behalf pension contributions in a special funding situation may only be recognized during the measurement period in which the plan recognizes the contributions, effectively creating a one-year timing difference between the cash contribution and revenue and expense/expenditures recognition by the Borough.

As a result of these perspective and timing differences, amounts reported on the financial statements do not agree to the amount reported on the Schedule of State Financial Assistance.

4. ADEC Loan

The Borough has received an award through the Alaska Department of Environmental Conservation Clean Water Revolving Loan Program for the purpose of relocating critical sewer lines. At June 30, 2015, the Borough had expended $219,261 in costs associated with the project. Due to ongoing discussion with ADEC related to anticipated changes in the scope of work, no drawdowns have been requested. Costs associated with this project will be reported against the loan and properly allocated between federal and state funding only after the drawdowns have been submitted and paid, allowing for accurate reporting of the federal share. Any such costs will be evaluated for major program determination testing in the year the request is submitted.

Single Audit Section

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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 Borough Assembly
Bristol Bay Borough
Naknek, 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 business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Bristol Bay Borough as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Bristol Bay Borough's basic financial statements, and have issued our report thereon dated December 8, 2015. Our report includes a reference to other auditors who audited the financial statements of Bristol Bay Borough School District, as described in our report on Bristol Bay Borough's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bristol Bay 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 Bristol Bay Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of Bristol Bay 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 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 over financial reporting 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 Bristol Bay 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 8, 2015

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Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

Honorable Mayor and Borough Assembly
Bristol Bay Borough
Naknek, Alaska

Report on Compliance for Each Major Federal Program

We have audited Bristol Bay 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 Bristol Bay Borough's major federal programs for the year ended June 30, 2015. Bristol Bay Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Bristol Bay Borough's basic financial statements include the operations of the Bristol Bay Borough School District, which received $279,037 in federal awards which is not included in the schedule during the year ended June 30, 2015. Our audit, described below, did not include the operations of Bristol Bay Borough School District because other auditors were engaged to perform the audit of the School District; however, they did not meet the threshold for an audit in accordance with Circular A-133.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bristol Bay 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 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 Bristol Bay 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 Bristol Bay Borough's compliance.

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Opinion on Each Major Federal Program

In our opinion, Bristol Bay 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 federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Bristol Bay 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 Bristol Bay 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 OMB Circular A-133, 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 Bristol Bay 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
December 8, 2015

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

Honorable Mayor and Borough Assembly
Bristol Bay Borough
Naknek, Alaska

Report on Compliance for Each Major State Program

We have audited Bristol Bay 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 Bristol Bay Borough's major state programs for the year ended June 30, 2015. Bristol Bay Borough's major state programs are identified in the accompanying schedule of state financial assistance.

Bristol Bay Borough's basic financial statements include the operations of the Bristol Bay Borough School District, which received $4,442,980 in state awards which is not included in the schedule during the year ended June 30, 2015. Our audit, described below, did not include the operations of Bristol Bay Borough School District because other auditors were engaged to perform 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 Bristol Bay 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 *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 Bristol Bay 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 Bristol Bay Borough's compliance.

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Opinion on Each Major State Program

In our opinion, Bristol Bay 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, 2015.

Report on Internal Control over Compliance

Management of Bristol Bay 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 Bristol Bay 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 Bristol Bay 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.

BDO USA, LLP

Anchorage, Alaska
December 8, 2015

Bristol Bay Borough, Alaska

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	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 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 programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	___ yes	X no

Identification of major programs:

CFDA Number	*Name of Fe deral Program or Cluster*	*Agency*
93.224 & 93.527	Health Center Cluster	Department of Health and Human Services

Dollar threshold used to distinguish between a type A and type B program:		$ 300,000
Auditee qualified as low-risk auditee?	X yes	___ no

State Financial Assistance

Internal control over major 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 programs:	Unmodified	
Dollar threshold used to distinguish a state major program:		$ 75,000

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 generally accepted *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 .510(a) of the Circular) 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.

Bristol Bay Borough, Alaska

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

Government Auditing Standards Findings

There were no prior year audit findings.

Federal Award Findings and Questioned Costs

There were no prior year audit findings.

State of Alaska Award Findings and Questioned Costs

There were no prior year audit findings.

Bristol Bay Borough, Alaska

Corrective Action Plan
Year Ended June 30, 2015

No findings were reported in FY15. No corrective action is required.