NORTH SLOPE BOROUGH SCHOOL DISTRICT

(A Component Unit of the North Slope Borough, Alaska)

Basic Financial Statements, Required Supplementary Information,
Supplementary Information, and Compliance Reports

Year Ended June 30, 2026

REVISED DRAFT
FOR DISCUSSION PURPOSES ONLY

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Supplementary Information and Compliance Reports

Year Ended June 30, 2026

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

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Independent Auditor's Report

Members of the School Board
North Slope Borough School District
Utqiagvik, Alaska

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Slope Borough School District (the District), a component unit of the North Slope Borough, Alaska, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of North Slope Borough School District, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Slope Borough School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Slope Borough School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 North Slope Borough School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Slope Borough School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Information on pages 42-43, and the Schedules of the District's Proportionate Share of Net Pension and OPEB Liabilities and Assets and Contributions for the Public Employees' Retirement System and Teachers' Retirement System and notes to the Required Supplementary Information on pages 44-56, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquires 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 the 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 the 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 Government 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 the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The information listed in the table of contents as "Supplementary Information", which includes the Major Governmental Funds: Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual; Other Governmental Funds: Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances; Other Governmental Funds; Schedule of Revenues; Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Funds; Schedule of Compliance AS 14.17.505; Schedule of Expenditures of Federal Awards and related notes as required by the Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and Schedule of State Financial Assistance and related notes as required by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits, 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated Month XX, 2026, our consideration of North Slope Borough School District'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of North Slope Borough School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering North Slope Borough School District's internal control over financial reporting and compliance.

Anchorage, Alaska
Month XX, 2026

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BASIC FINANCIAL STATEMENTS

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

Statement of Net Position

June 30, 2026

Assets and Deferred Outflows of Resources		Governmental Activities
Current:		
Cash and cash equivalents	$	15,992,703
Accounts receivable		2,332,279
Grants receivable		927,702
Inventory		1,472,972
Prepaid items		2,624,124
Total current assets		23,349,780
Long-term:		
Capital assets		11,016,856
Accumulated depreciation and amortization		(9,871,635)
Net OPEB assets		21,583,949
Total non-current assets		22,729,170
Deferred outflows of resources:		
Pension and OPEB deferrals		3,497,654
Total assets and deferred outflows of resources	$	49,576,604
Liabilities and Deferred Inflows of Resources		
Current:		
Accounts payable	$	1,261,802
Accrued payroll liabilities		1,231,711
Self-insurance liability		2,787,475
Compensated absences		1,337,971
Unearned revenue		279,184
Current portion of lease liabilities		17,200
Total current liabilities		6,915,343
Long-term:		
Lease liabilities		17,886
Net pension liability		30,584,785
Total long-term liabilities		30,602,671
Deferred inflows of resources:		
Pension and OPEB deferrals		2,441,665
Total liabilities and deferred inflows of resources		39,959,679
Net Position		
Net investment in capital assets		22,694,084
Unrestricted		(13,077,159)
Total net position	$	9,616,925

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

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Governmental activities:				
Instruction	$ 27,297,715	-	(279,579)	(27,577,294)
Special education instruction	3,862,214	-	(137,487)	(3,999,701)
Special education support services - students	1,411,306	-	460,069	(951,237)
Support services - students	3,411,072	-	(75,911)	(3,486,983)
Support services - instruction	18,874,430	-	1,858,403	(17,016,027)
School administration	3,332,946	-	(185,333)	(3,518,279)
School administration support services	1,641,837	-	(762)	(1,642,599)
District administration	2,188,060	-	(16,140)	(2,204,200)
District administration support services	4,277,494	-	170,921	(4,106,573)
Operations and maintenance of plant	24,581,824	1,918,941	(8,753)	(22,671,636)
Student activities	3,866,046	-	428,974	(3,437,072)
Student transportation - to and from school	2,919,966	-	2,236,221	(683,745)
Community services	233,384	-	(4,123)	(237,507)
Food services	4,812,746	5,570	1,020,402	(3,786,774)
Total governmental activities	$ 102,711,040	1,924,511	5,466,902	(95,319,627)

General revenues:	
Borough appropriation	$ 47,013,341
State grants and entitlements not restricted to specific programs	21,052,311
Federal grants and entitlements not restricted to specific programs	3,063,164
Unrestricted investment earnings	1,503,775
E-rate	10,140,900
Other	288,454
Total general revenues	83,061,945
Change in net position	(12,257,682)
Net position - beginning of year	21,874,607
Net position - ending	$ 9,616,925

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

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

Exhibit C-1

Balance Sheet - Governmental Funds

June 30, 2026

	General (School) Operating Fund	Food Service Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 15,992,703	-	-	15,992,703
Accounts receivable	2,159,971	172,308	-	2,332,279
Grants receivable	-	-	927,702	927,702
Inventory	125,418	1,347,554	-	1,472,972
Prepaid items	1,540,408	-	1,083,716	2,624,124
Due from other funds	926,775	3,551,241	6,779,836	11,257,852
Total assets	$ 20,745,275	5,071,103	8,791,254	34,607,632
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	824,363	316,538	120,901	1,261,802
Accrued payroll liabilities	1,231,711	-	-	1,231,711
Self-insurance liability	2,787,475	-	-	2,787,475
Unearned revenue	-	-	279,184	279,184
Due to other funds	10,331,077	-	926,775	11,257,852
Total liabilities	15,174,626	316,538	1,326,860	16,818,024
Fund balances:				
Nonspendable:				
Inventory	125,418	1,347,554	-	1,472,972
Prepaid items	1,540,408	-	1,083,716	2,624,124
Committed:				
Instruction	3,063,164	-	-	3,063,164
Pupil transportation	-	-	1,458,346	1,458,346
Student activities	-	-	1,056,187	1,056,187
Operations and maintenance	-	-	3,130,242	3,130,242
Assigned:				
Community education	-	-	735,903	735,903
Instruction	79,435	-	-	79,435
Instructional support	184	-	-	184
District administration	2,255	-	-	2,255
Operations and maintenance	105,002	-	-	105,002
Food services	-	3,407,011	-	3,407,011
Unassigned	654,783	-	-	654,783
Total fund balances	5,570,649	4,754,565	7,464,394	17,789,608
Total liabilities and fund balances	$ 20,745,275	5,071,103	8,791,254	34,607,632

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

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position

June 30, 2026

Total fund balance - governmental funds			$ 17,789,608
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets in governmental activities are not financial resources and are not reported in the funds, net of accumulated depreciation and amortization of $9,871,635			1,145,221
Long-term liabilities are not due in the current period, and therefore, are not reported in the funds;			
	Lease liabilities	$ (35,086)	
	Compensated absences	(1,337,971)	(1,373,057)
Proportionate share of the collective net pension liability:			
	PERS	(18,927,896)	
	TRS	(11,656,889)	
			(30,584,785)
Proportionate share of the collective net OPEB assets:			
	PERS	10,947,993	
	TRS	10,635,956	
			21,583,949
Certain changes in the net pension and OPEB amounts are deferred to future periods rather than recognized immediately.			
Deferred outflows of resources:			
	PERS	2,457,241	
	TRS	1,040,413	
			3,497,654
Deferred inflows of resources:			
	PERS	(1,156,303)	
	TRS	(1,285,362)	
			(2,441,665)
Net position of governmental activitie			$ 9,616,925

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

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

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

Year Ended June 30, 2026

	General (School) Operating Fund	Food Service Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local sources:				
Intergovernmental:				
Borough appropriation	$ 41,314,583	-	-	41,314,583
Borough in-kind contribution	5,698,758	-	-	5,698,758
Earnings on investments	1,503,775	-	-	1,503,775
Charges for services	-	5,570	1,918,941	1,924,511
E-rate	10,140,900	-	-	10,140,900
Other	288,454	316,156	393,615	998,225
Intergovernmental:				
State of Alaska	25,329,753	-	3,351,568	28,681,321
Federal sources	3,063,164	709,167	2,580,832	6,353,163
Total revenues	87,339,387	1,030,893	8,244,956	96,615,236
Expenditures:				
Current:				
Instruction	31,431,930	-	977,533	32,409,463
Special education instruction	4,554,369	-	-	4,554,369
Special education support services - students	1,033,113	-	482,780	1,515,893
Support services - students	3,954,283	-	20,577	3,974,860
Support services - instruction	17,328,419	-	1,949,291	19,277,710
School administration	4,118,155	-	24,311	4,142,466
School administration support services	1,802,378	-	-	1,802,378
District administration	2,339,634	-	-	2,339,634
District administration support services	4,452,783	-	176,544	4,629,327
Operations and maintenance of plant	19,683,073	-	6,015,589	25,698,662
Student activities	3,568,781	-	427,741	3,996,522
Student transportation - to and from school	95,481	-	3,157,849	3,253,330
Community services	8,136	-	242,876	251,012
Food services	63,654	4,832,175	-	4,895,829
Debt service:				
Redemption of principal on long-term debt	-	-	16,540	16,540
Interest on long-term debt	-	-	2,060	2,060
Total expenditures	94,434,189	4,832,175	13,493,691	112,760,055
Excess (deficiency) of revenues over expenditures	(7,094,802)	(3,801,282)	(5,248,735)	(16,144,819)
Other financing sources (uses):				
Transfers in	-	2,825,000	1,715,000	4,540,000
Transfers out	(4,540,000)	-	-	(4,540,000)
Net other financing sources (uses)	(4,540,000)	2,825,000	1,715,000	-
Net change in fund balances	(11,634,802)	(976,282)	(3,533,735)	(16,144,819)
Fund balances, beginning of year	17,205,451	5,730,847	10,998,129	33,934,427
Fund balances, end of year	$ 5,570,649	4,754,565	7,464,394	17,789,608

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

REVISED DRAFT
FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

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

Year Ended June 30, 2026

Net change in fund balances - total governmental funds	$	(16,144,819)
Amounts reported for *governmental activities* in the Statement of Activities are different because:		
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:		
Change in compensated absences		37,078
Change in the unfunded net pension and OPEB liabilities and assets:		
PERS		3,575,127
TRS		3,365,110
		6,940,237
Changes in deferred inflows and outflows of resources are the result of timing differences in the actuarial report:		
PERS		(1,359,292)
TRS		(1,510,152)
		(2,869,444)
Long-term liabilities 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. Similarly, principal payments of long-term debt in the governmental funds are not reported as expenses in the Statement of Activities. Changes in long-term liabilities:		
Proceeds from remeasurement on leases		(20,965)
Principal payments on long-term debt		16,540
		(4,425)
The cost of capital assets purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes purchased and constructed capital assets among the assets of the School District as a whole. The cost of those assets is allocated over estimated useful lives (as depreciation and amortization expense) to the various functions reported as governmental activities in the Statement of Activities. Completed building and improvement projects are transferred to the North Slope Borough.		
Capital outlay		196,048
Depreciation and amortization expense		(412,357)
		(216,309)
Change in net position of governmental activities	$	(12,257,682)

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

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of North Slope Borough School District (the District) have been prepared in conformity with U.S. generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Pursuant to Alaska Statutes, Title 29.43.030, the North Slope Borough (the Borough) has the responsibility of establishing, maintaining and operating a system of public schools. The Borough has delegated the administrative responsibilities for these functions to the School Board of North Slope Borough School District. Members of the School Board are elected by the public. The School Board has control over hiring and firing employees and the power to contract and purchase equipment. The School Board is required to submit an annual budget to the Borough Assembly for approval, and all bonded indebtedness is through the Borough. Based on these criteria, financial interdependency, budget approval, responsibility for debt, and financial accountability, North Slope Borough School District is a component unit of the Borough. The Borough provides utility services to the facilities for the teachers and several schools in the District. The Borough is responsible for assessing and collecting property taxes and remitting the amount approved by the Borough Assembly to the School District.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. Governmental activities are supported by intergovernmental revenues and other non-exchange transactions. The District does not have any business-type activities or component units.

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) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operations or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Deferred inflows of resources are the acquisition of fund balance / net position by the District that are applicable to a future reporting period. Deferred outflows of resources are the consumption of fund balance / net position by the District that are applicable to a future reporting period.

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Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column named "Other Governmental Funds."

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The District reports the following major governmental funds:

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

The *Food Service Special Revenue Fund* accounts for the District's food service programs.

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

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

Intergovernmental Revenue

State of Alaska Foundation, Borough Appropriations, Pupil Transportation funding and federal aid for the school lunch program are susceptible to accrual and are recorded in the year to which they relate. Federal Impact Aid receipts are recorded as revenues in the year the monies are received. State of Alaska and Federal government cost reimbursable grants and contracts are recorded to the extent of allowable expenditures in the period in which the expenditures were incurred. On-behalf payments from the State of Alaska are recognized in the year to which they relate.

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Local Revenue

Interest earned is recorded in the General (School) Operating Fund unless otherwise specified by the funding source. Rental income from District owned property and E-rate are recorded in the period to which it relates. Both interest and rental income are susceptible to accrual. Proceeds from the sale of lunches and other miscellaneous revenues are recognized in the year received.

Estimates

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

Indirect Costs

The State of Alaska, Department of Education and Early Development annually establishes an approved indirect rate for each District based on audited financial statements. The rate is based on expenditures recorded per requirements in the Uniform Chart of Accounts for School Districts, and as such there is no indirect cost pool. Indirect costs and indirect cost recovery is recorded in the District Administration Support Services function.

D. Assets, Liabilities and Net Position/Fund Balance

1. Cash and Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash consists of demand deposits associated with the central treasury and does not include cash deposits that are a component of the investment portfolio.

2. Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) receivables, net, (3) certain other current assets, (4) accounts payable, and (5) other current liabilities. The carrying amounts reported in the Balance Sheet – Governmental Funds, and Statement of Net Position for the above financial instruments closely approximates their fair value due to the short-term nature of these assets and liabilities.

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3. Short-term Interfund Receivables and Payables

In the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements.

4. Inventory

Inventories, consist of food supplies stated at cost, which approximates fair value, using the first-in first-out (FIFO) method. Inventories are recorded as expenditures when consumed under the consumption method. Reported inventories are equally offset by a portion of fund balance classified as nonspendable in the fund financial statements, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

5. Prepaid Items

Payments made to vendors for services that are applicable to future accounting periods are recorded as prepaid items. Prepaid items do not reflect current available resources and, thus, an equivalent portion of fund balance is classified as nonspendable in the fund financial statements. Accounting for prepaid items is on the consumption method. The consumption method records the expenditure when consumed rather than when purchased.

6. Capital Assets

Capital assets are reported in the governmental activities column of the government-wide financial statements.

Capital assets are tangible assets consisting of artwork, equipment and vehicles and are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and a useful life of more than one year. School facilities are maintained, managed, and replaced, when applicable, by the Borough. Accordingly, the Borough recognizes these capital assets and related debt.

Artwork is not depreciated. Equipment and vehicle depreciation is computed on the straight-line method over the estimated useful life of the assets, generally 3 to 7 years for equipment and vehicles. Maintenance and repairs of a routine nature that do not add to the value of the asset are charged as expenditures as incurred and are not capitalized.

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7. Leases

The District is a lessee for non-cancellable leases of buildings and recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The lease liabilities are recognized with an initial, individual value of $5,000 or more or immaterial component leases that aggregate to a total value of $5,000 or more. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. If a lease contains a purchase option that the District has determined is reasonably certain of being exercised, the lease asset is amortized over the estimated useful life of the underlying asset. Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

a. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District's estimated incremental borrowing rate is used as the discount rate for leases.

b. The lease term includes the non-cancellable period of the lease; the term of the lease contract, including options to extend, must be more than 12 months. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a re-measurement of its leases and will re-measure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

8. Unearned Revenue

Revenue that is received in advance of the period for which it is intended for use and does not meet the requirements for revenue recognition is recognized as unearned revenue.

9. Compensated Absences

All permanent employees earn and accrue vacation leave and sick leave. A liability is recognized when it is attributable to services already rendered, it accumulates, and it is more likely than not that the District will compensate an employee (either as paid time off or cash payment). Unused leave is accrued utilizing current salary costs as earned by employees, and recorded as a liability in the government-wide Statement of Net Position.

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10. Pensions/Other Post Employment Benefits (OPEB)

For purposes of measuring the net pension and OPEB liabilities (assets), deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) and additions to/from PERS and TRS's fiduciary net position have been determined on the same basis as they are reported by PERS and TRS. 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.

11. Net Position

Government-wide net position is divided into three components:

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position – consists of assets that are restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position is reported in this category.

12. Fund Balance

In the Fund Financial Statements, fund balance includes five classifications as follows:

Nonspendable Fund Balance – Amounts that are legally or contractually required to be maintained intact (such as the corpus of an endowment fund) or amounts that are not in a spendable form (such as inventory, prepaid items, and long-term receivables). Such constraint is binding until the legal or contractual requirement is repealed or the amounts become spendable.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation. Such constraint is binding unless modified or rescinded by external body, laws, or regulation.

Committed Fund Balance – Includes amounts that can be used only for the specific purposes determined by a formal action of the School Board. Commitments may be changed or lifted by the School Board taking the same formal action that imposed the constraint originally.

Assigned Fund Balance – Amounts intended to be used by the District for specific purposes: intent can be expressed by the School Board or by the District Superintendent, having been designated such authority. Such constraint is binding unless modified or eliminated by the Board or Superintendent. In governmental funds other than the General (School) Operating Fund, assigned fund balance represents the amount that is not restricted or committed.

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Unassigned Fund Balance – The residual classification for the General (School) Operating Fund and includes all amounts not contained in the other classifications. Positive unassigned amounts will be reported only in the General (School) Operating Fund. If another governmental fund, other than the General (School) Operating Fund, has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund.

The order of spending, regarding the restricted and unrestricted fund balance when an expenditure is incurred for which both restricted and unrestricted fund balance is available, should first reduce restricted fund balance and then unrestricted fund balance. The order of spending regarding unrestricted fund balance is that committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Compliance with the provisions of the Fund Balance Classification Policy are reviewed as part of the annual budget adoption process. The Superintendent reports to the Board as close to the end of the year as possible the anticipated year-end fund balance or deficit. The Board takes appropriate action to commit or assign, or otherwise allocate prior year fund balances as a part of the budget planning process.

The District's Special Revenue Funds are used to account for educational, food services, operations and maintenance programs that are restricted or committed.

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 (School) Operating Fund and Special Revenue Funds. Encumbrances outstanding at year end are reported in committed fund balances since they do not constitute expenditures or liabilities. The amount of encumbrances, if significant, are disclosed in the notes to the basic financial statements as commitments.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

Annual budgets of the various Special Revenue Funds are prepared in connection with the application for the programs' funding and are reviewed and approved by the School Board. Expenditure authority for Special Revenue Fund programs is limited to the actual combined revenues and transfers from other funds. Unexpended balances of grants from the State and federal governments for the Special Revenue Funds lapse at June 30, except for Indian Education which lapses on September 30. Expenditures are reimbursed by the various entities on a cost basis.

III. DETAIL NOTES ON ALL FUNDS

A. Deposits and Investments

The District maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is reported in the Balance Sheet – Governmental Funds, or Statement of Net Position as "cash and cash equivalents" or amounts "due to/from other funds."

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The District's bank accounts are insured by the Federal Depository Insurance Corporation (FDIC) to a maximum of $250,000 per financial institution. Any amount in excess of $250,000 is collateralized with securities held by the District's agent in the District's name. The District held no investments at June 30, 2026.

All deposits are carried at fair market value plus accrued interest. Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits will not be returned to the District. The District limits its custodial credit risk in its deposit and investment policy by requiring all deposits to be fully insured or collateralized.

The District's investment policy as of June 30, 2026 allows for short-term investment in the following:

- United States government obligations.
- Direct obligations of an agency or instrumentality of the United States of America, and obligations on which the timely payment of principal and interest is fully guaranteed by any such agency or instrumentality.
- Repurchase agreements secured by obligations of the United States government, or an agency or instrumentality of the United States government.
- Negotiable certificates of deposit issued by a bank receiving the highest short-term credit rating from two Nationally Recognized Statistical Rating Organizations.
- Shares of a money market mutual fund or other collective investments fund registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933.
- The maximum maturity of any single security shall not exceed five years. The weighted average maturity of the portfolio shall not exceed 2.5 years. The average weighted quality of the portfolio must be at least AA/AA2.

The short-term investment policy allows for the following concentration limits:

	Instrument maximum	Issuer maximum
U.S. Government obligations	100%	100%
Repurchase agreements	100%	100%
U.S. Agency obligations	100%	50%
Bank certificates of deposit	50%	10%
Money Market funds	100%	100%

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B. Receivables

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

	General (School) Operating Fund	Food Service Special Revenue Fund	Other Governmental Funds	Total
Grants receivable	$ -	-	927,702	927,702
Accounts receivable	2,159,971	172,308	-	2,332,279
Total	$ 2,159,971	172,308	927,702	3,259,981

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

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IV. CAPITAL ASSETS

The Borough owns and accounts for all school buildings and land, which are provided to the District without charge. Furniture and equipment are accounted for by the District.

Capital asset activity for the year ended June 30, 2026 was as follows:

	Balance July 1, 2025	Additions	Lease Remeasurement	Deletions	Balance June 30, 2026
Governmental activities:					
Capital assets not being depreciated – artwork	$ 134,956	-	-	-	134,956
Capital assets, being depreciated and amortized:					
Equipment	10,588,891	196,048	-	-	10,784,939
Right-to-use assets	72,744	-	24,216	-	96,960
Total capital assets being depreciated and amortized	10,661,635	196,048	24,216	-	10,881,899
Less accumulated depreciation and amortization:					
Equipment	(9,398,678)	(400,237)	-	-	(9,798,914)
Right-to-use assets	(36,371)	(12,120)	(24,228)	-	(72,720)
Total accumulated depreciation and amortization	(9,435,049)	(412,357)	(24,228)	-	(9,871,634)
Net capital assets being depreciated and amortized	1,226,586	(216,309)	(12)	-	1,010,265
Net governmental capital assets	$ 1,361,542	(216,309)	(12)	-	1,145,221

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

Instruction	$	29,474
Support services – instruction		166,341
Operations and maintenance of plant		65,354
Student transportation		9,512
Food services		141,676
Total depreciation and amortization expense	$	412,357

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V. OTHER INFORMATION

A. Risk Management

The District faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability, i.e., errors and omissions, (d) environmental damage, (e) workers compensation, and (f) medical/dental/vision costs for employees. The District mitigates significant risk of loss through the acquisition of commercial insurance policies. The District currently participates in the Alaska Municipal League/Joint Insurance Association (AML/JIA), a member driven risk pool, which covers property and contents, torts, general and auto liability, school leaders errors and omissions, workers compensation, and earthquake and flood. The District maintains other commercial insurance policies relating to faithful performance blanket bonds covering all employees and travel accidents. Coverage limits and the deductibles for the commercial policies have stayed relatively constant for several years. No losses in excess of insurance coverage have been realized over the past three years.

Additional risk of loss exists for employee health benefits. The District established an Employee Health Care Benefit Plan to provide health insurance for employees and their dependents. The District pays premiums into the Plan based on estimated claims and adjusted for actual claims paid during the year. Stop-loss insurance limits the District's liability for individual claims to $225,000 and $1,000,000 in aggregate. Health and medical insurance expense was $10,155,093 for the year ended June 30, 2026 and consisted of paid claims incurred, stop-loss premiums, and administrative fees.

As of June 30, 2026, an estimated liability for claims payable incurred but unreported claims of approximately $2,787,475 was recorded in the General (School) Operating Fund. This estimate was calculated based on run-out claims and claims history. Changes in the balances of claim liabilities for years ending June 30, 2026 and 2025 is as follows:

		2026	2025
Unpaid claims, beginning of year	$	3,764,178	4,222,728
Incurred claims (including IBNR's)		8,175,533	11,342,384
Less: claim payments		9,152,236	11,800,934
Unpaid claims (including IBNR's), end of year	$	2,787,475	3,764,178

The District has elected the reimbursable method of payment for Employment Security Compensation (ESC). Under this arrangement, the actual costs of ESC are reimbursed to the State of Alaska.

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B. Employee Retirement Systems and Plans

The District follows *Governmental Accounting Standards Board (GASB) Codification P20*, Accounting for Pensions by State and Local Governmental Employees and *GASB Codification P50*, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions. *GASB Codification P20* and *GASB Codification P50* establish uniform standards for the measurement, recognition, and display of pension and other post-employment benefits other than pensions (healthcare) expenditures/expense and related liabilities, assets, note disclosure and applicable required supplementary information in the financial reports of state and local governmental employers.

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

The system is governed by the Alaska Retirement Management Board (ARMB). The benefit and contribution provisions are established by State law and may be amended only by the State legislature. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee.

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

PERS and TRS act as the common investment and administrative agencies for the following multiple-employer plans:

Plan Name	Type of Plan
Defined Benefit Pension Plan (DB)	Cost-sharing, Defined Benefit Pension
Defined Contribution Pension Plan (DC)	Defined Contribution Pension
Defined Benefit Other Postemployment Benefits (OPEB):	
Occupational Death and Disability Plan	Cost-sharing, Defined Benefit OPEB
Alaska Retiree Healthcare Trust Plan	Cost-sharing, Defined Benefit OPEB
Retiree Medical Plan	Cost-sharing, Defined Benefit OPEB
Defined Contribution Other Postemployment Benefits (DC):	
Healthcare Reimbursement Arrangement Plan	Defined Contribution OPEB

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Plan Memberships

The table below includes the plan membership counts from the separately issued financial statements for the various plans:

	PERS	TRS
Retired plan members or beneficiaries currently receiving benefits	37,449	13,716
Inactive plan members entitled to but not yet receiving benefits	4,154	573
Inactive plan members not entitled to benefits	9,562	1,426
Active plan members	7,179	2,173
Total plan memberships	58,344	17,888

Other Postemployment Benefit Plans (OPEB)

Alaska Retiree Healthcare Trust Plan (ARHCT)

Beginning July 1, 2007, the Alaska Retiree Healthcare Trust Plan (ARHCT), a Healthcare Trust Fund of the State, was established. The ARHCT is self-funded and provides major medical coverage to retirees of the System. The System retains the risk of loss of allowable claims for eligible members. The ARHCT began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund (RHF). For the year ended June 30, 2026, employer contributions were 0.00% for PERS and 0.00% for TRS.

Occupational Death and Disability Plan (ODD)

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. For the year ended June 30, 2026, the employer contribution rates were 0.24% for PERS and 0.08% for TRS.

Retiree Medical Plan (RMP)

The retiree medical plan provides major medical coverage to retirees of the DC plan. The plan is self-insured Members are not eligible to use this plan until they have at least 10 years of service and are Medicare age eligible. For the year ended, June 30, 2026, employer contributions were 0.86% for PERS and 0.74% for TRS.

Health Reimbursement Arrangement Plan (HRA)

The Health Reimbursement Arrangement Plan was established to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants. Employer contributions are 3.00% of the average annual compensation of all employees in the PERS and TRS plans.

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Investments

The Board is the investment oversight authority of the system's investments. As the fiduciary, the Board has the statutory authority to invest the assets under the Prudent Investor Rule. Fiduciary responsibility for the Board's invested assets is pursuant to AS 37.10.210.390.

State of Alaska Department of Treasury provides staff for the Board. Treasury has created a pooled environment by which it manages investments of the Board. Additionally, Treasury manages a mix of Pooled Investment Funds and Collective Investment Funds for the DC Participant-directed Pension plans under the Board's fiduciary responsibility.

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return, net of investment expense, for the year ended June 30, 2025 for PERS and TRS for the DB Pension Plan were 10.80% and 10.78%, the ARHCT Plan were 10.86% and 10.86%, the ODD Plan were 10.86% and 10.78%, and the RMP were 10.87% and 10.81%, respectively.

For additional information on securities lending, interest rates, credit risks, foreign exchange, derivatives, fair value, and counterparty credit risks, see the separately issued report on the Invested Assets of the State of Alaska Retirement and Benefits Plans at:

http://treasury.dor.alaska.gov/armb/Reports-and-Policies/Annual-Audited-Financial-Schedules.aspx.

The long-term expected rate of return on pension and OPEB plan investments was determined using the 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 adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized below for the PERS and TRS plans (rates shown below exclude an annual inflation component of 2.51%):

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	5.74%
Global Equity (ex-U.S.)	6.37%
Global Equity	5.88%
Aggregate Bonds	2.30%
Real Assets	4.54%
Private Equity	9.28%
Cash Equivalents	0.60%

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Discount Rate: The discount rate used to measure the total pension and OPEB liabilities and assets is 7.25%. The projection of the cash flows used to determine the discount rate assumes that Employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the net pension and OPEB plans fiduciary net pension and OPEB liabilities and assets were 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 and OPEB plan investments were applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities and assets. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefits not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 5.20% as of June 30, 2025.

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 actual employer pay-in rate. Under current legislation, these rates are statutorily capped at 22.00% for PERS and 12.56% for TRS of eligible wages, subject to the salary floor, and other termination costs as described below. This rate is calculated on all PERS or TRS participating wages, including those wages attributable to employees in the defined benefit plan.

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. Starting on June 30, 2014, the State of Alaska 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. Effective June 30, 2018, each future year's unfunded service liability is separately amortized on a level percent of pay basis over 25 years.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment as mandated under current statute. Under state law, subject to annual appropriation, the state will contribute an on-behalf payment into the plan in an amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. On-behalf contribution amounts have been recognized in these financial statements as both revenue and expenditures.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes. Certain actuarial methods and assumptions for this rate calculation are mandated by the *Governmental Accounting Standards Board* (GASB). Medicare Part D subsidies are not reflected in this rate. The rate uses a 7.25% discount rate.

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Employer Contribution rates for the fiscal year 2026 are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
PERS:			
Pension	22.00%	28.33%	6.33%
OPEB	0.00%	0.00%	0.00%
Total PERS contribution rates	22.00%	28.33%	6.33%
TRS:			
Pension	12.56%	31.33%	18.77%
OPEB	0.00%	0.00%	0.00%
Total TRS contribution rates	12.56%	31.33%	18.77%

Termination Costs: If the District decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular District function, all affected employees in that department, group, or other classification of members become immediately vested in the plan. The District must pay to have a termination study completed. The purpose of the study is to calculate the District's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The District must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS and TRS Administrator. For the fiscal year 2026, the past service rate for PERS and TRS is 19.29%.

Actuarial Assumptions: The total pension and OPEB liabilities on June 30, 2025 (latest available) were determined by an actuarial valuation as of June 30, 2024 which was rolled forward to the measurement date June 30, 2025. These actuarial assumptions were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021.

Inflation	2.50% per year.
Salary Increases	Increases range from 2.85% to 8.50% based on service.
Investment return / discount rate	7.25%, net of expenses based on average inflation of 2.50% and a real return of 4.75%.
Mortality	Based upon 2017-2021 actual experience study and applicable tables contained in Pub-2010, projected with MP-2021 generational improvement.

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Healthcare cost trend rates	Pre-65 medical: 6.2% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Rx/EGWP: 8.5% grading down to 4.5%. Initial trend rates are for FY2026. Ultimate trend rates reached in FY2050.

The actuarial assumptions used in the June 30, 2024 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. For the ARHCT and RMP, the per capita claims costs were updated to reflect recent experience for the June 30, 2024 actuarial valuation. Employer Group Waiver Program (EGWP) subsidies were updated to reflect higher expected subsidies due to the Inflation Reduction Act. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the Inflation Reduction Act, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years. In addition, the prescription drug and EGWP trend assumption was updated to reflect recent survey information indicating higher than initial trend rates in part due to the recent higher-than-expected inflationary environment.

The changes of assumptions from the latest experience study significantly reduced deferred inflows of resources attributable to the District, as well as a net OPEB benefit recognized by the District for the State's proportionate share of OPEB plan expense attributable to the District. In some instances, the reduction of revenues and expenses reported for the State's proportionate share of OPEB plan expense attributable to the District creates a net negative Pension/OPEB expense (net pension/OPEB benefit) which results in negative operating grants and contributions for certain functions reported on the Statement of Activities.

Alaska Public Employees' Retirement System (PERS) – Defined Benefit Plan (DB)

Plan Description. The District participates in the Alaska Public Employees' Retirement System (PERS), a cost sharing multiple employer defined benefit pension plan. Currently, there are 148 participating local government employers and public organizations, including the State of Alaska. This includes a total of 51 school districts participating in the plan. PERS provides retirement benefits, disability and death benefits, and post-employment healthcare to plan members and beneficiaries. The Plan was established and is administered by the State of Alaska, Department of Administration. The Public Employee's Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. This report may be obtained from the system at Pouch C, Juneau, Alaska 99811 or online at: http://doa.alaska.gov/drb/pers.

Pension Benefits. All tier employee benefits vest with five years of credited service. There are three tiers of employees based on entry date. Tier I employees enrolled prior to July 1, 1986, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. For Tier II and III employees enrolled after June 30, 1986, but before July 1, 2006, the normal and early retirement ages are 60 and 55, respectively. All tier employees with 30 or more years of credited service may retire at any age and receive a normal benefit.

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The PERS defined benefit plan is closed to new hires enrolled on or after July 1, 2006. New hires after this date participate in the PERS defined contribution plan (DC) described later in these notes.

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

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

Post-employment healthcare benefits are provided without cost to all members first enrolled before July 1, 1986. Members first enrolled after June 30, 1986, but before July 1, 2006, and who have not reached age 60 may elect to pay for major medical benefits.

Post Retirement Pension Adjustments. The plan has two types of postretirement pension adjustments (PRPA). The automatic PRPA is issued annually to all eligible benefit recipients, when the cost of living increases in the previous calendar year. The discretionary PRPA may be granted to eligible recipients by the DB Plan's administrator if the funding ratio of the DB Plan meets or exceeds 105%. If both an automatic and discretionary PRPA are granted, the retiree is eligible for both adjustments, the one that provides the retiree with the greatest benefit will be paid.

Funding Policy. In April 2008 the Alaska Legislature passed legislation which statutorily capped the employer contribution, established a state funded "on-behalf" contribution, 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 (DC) described later in these footnotes. The state legislature capped the rate at 22%, with the State contributing an on-behalf payment for the difference between the actuarial contribution and the cap.

Salary Floor. During the 25th legislation session, Senate Bill 125 passed, which established a June 30, 2008 salary floor under AS 39.35.255(a)(2). The salary floor is the total base salaries paid by an employer to active employees of the system as of the fiscal year ending June 30, 2008. The statute requires the Division of Retirement and Benefits (Division) to collect employer contributions at a minimum based on FY 2008 base salaries.

Employee Contribution Rate. PERS active members are required to contribute 6.75%, 7.50% for peace officers and firefighters, and 9.76% for certain school district employees, of their base salaries.

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Employer contributions for the year ended June 30, 2026, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
$	2,186,027	130,747	2,316,774

Public Employees' Retirement Plans

For the year ended June 30, 2026 the State of Alaska contributed $821,792 (100% pension cost) on-behalf of the District, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date June 30, 2025 to a total of ($14,473) to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2026, the District reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the District. The amount recognized by the District as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that were associated with the District were as follows:

Defined Benefit:	Pension
District's proportionate share of the net pension liability	$ 18,927,896
State's proportionate share of the net pension liability	5,805,385
Total	$ 24,733,281
	OPEB
District's proportionate share of the ARHCT OPEB liability (asset)	$ (10,347,353)
State's proportionate share of the ARHCT OPEB liability (asset)	(2,922,020)
Total	$ (13,269,373)
District's proportionate share of the ODD OPEB liability (asset)	$ (278,632)
District's proportionate share of the RMP OPEB liability (asset)	$ (322,008)
Total District's share of net pension and OPEB liabilities and assets	$ 7,979,903

The net pension and OPEB liabilities and assets were determined by an actuarial valuation as of June 30, 2024, rolled forward to the measurement date of June 30, 2025 and adjusted to reflect updated assumptions. The District's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for the fiscal years ending FY2026 to FY2039, as determined by projections based on the June 30, 2024 valuation.

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The District's proportionate share and changes in the pension and OPEB liabilities and assets were as follows:

	June 30, 2025 Measurement	June 30, 2024 Measurement	Change
Pension	0.3814%	0.3684%	0.0130%
OPEB:			
ARHCT	0.3888%	0.3693%	0.0195%
ODD	0.3928%	0.4485%	(0.0557%)
RMP	0.5087%	0.5384%	(0.0297%)

Based on the measurement date of June 30, 2025, the District recognized pension and OPEB expense of $1,772,446 and ($1,684,501), respectively, for the year ended June 30, 2026. At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
Defined Benefit:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(470,519)
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	2,186,027	-
Total	$ 2,186,027	(470,519)

	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(408,724)
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	-	-
Total	$ -	(408,724)

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	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	(53,833)
Changes of assumptions	-	(323)
Net difference between projected and actual earnings on OPEB plan investments	-	(6,820)
Changes in proportion and differences between District contributions and proportionate share of contributions	41,630	(2,416)
District contributions subsequent to the measurement date	28,526	-
Total	$ 70,156	(63,392)

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 25,046	(21,438)
Changes of assumptions	62,681	(155,709)
Net difference between projected and actual earnings on OPEB plan investments	-	(29,436)
Changes in proportion and differences between District contributions and proportionate share of contributions	11,110	(7,085)
District contributions subsequent to the measurement date	102,221	-
Total	$ 201,058	(213,668)

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$2,186,027 and $130,747 are reported as deferred outflows of resources related to pension and OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities and as an increase to the net pension and OPEB assets in the year ended June 30, 2027, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

Year Ended June 30,	Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2026	$ 735,662	608,473	(3,845)	(12,244)
2027	(462,225)	(393,513)	(8,259)	(47,967)
2028	(435,809)	(368,584)	(7,407)	(36,681)
2028	(308,147)	(255,100)	(4,622)	(25,135)
2030	-	-	(156)	3,788
Thereafter	-	-	2,527	3,408
Total	$ (470,519)	(408,724)	(21,762)	(114,831)

For the year ended June 30, 2026, the District recognized $620,717 and ($405,561) of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

Sensitivity of the Net Pension and OPEB Liabilities and Assets to Changes in the Discount Rate: The following presents the net pension and OPEB liabilities and assets of the plan calculated using the discount rate of 7.25%, as well as what the Plans' net pension and OPEB liabilities and assets would be if they were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Net pension liability	$ 25,876,525	18,927,896	13,039,815
Net OPEB ARHCT liability (asset)	$ (7,230,671)	(10,347,353)	(12,974,946)
Net OPEB ODD liability (asset)	$ (262,049)	(278,632)	(291,621)
Net OPEB RMP liability (asset)	$ (7,661)	(322,008)	(562,476)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability and Assets to Changes in the Healthcare Cost Trend Rates. The following present the District's proportionate share of the net OPEB liability (asset), as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Net OPEB ARHCT liability (asset)	$ (13,273,937)	(10,347,353)	(6,880,195)
Net OPEB ODD liability (asset)	$ N/A	(278,632)	N/A
Net OPEB RMP liability (asset)	$ (593,685)	(322,008)	41,948

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Alaska Public Employees' Retirement System (PERS) – Defined Contribution Plan (DC)

Plan Description and Funding Requirements. Districts and Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8.00% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5.00% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 0.86% for the retiree medical plan (DB), 0.24% for occupational and death and disability benefits (DB) and 3.00% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is capped at 22.00% with anything in excess of the previously listed rates being contributed to the Defined Benefit Unfunded Liability (DBUL).

Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

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

The District contributed $965,065 for the year ended June 30, 2026, which included forfeitures of $88,083 which have been applied as employer contributions.

Alaska Teachers' Retirement System (TRS) – Defined Benefit Plan (DB)

Plan Description. The District participates in the Alaska Teachers' Retirement System (TRS), a cost sharing multiple-employer defined benefit plan. Currently, there are 56 participating local government employers and public organizations, including the State of Alaska. This includes a total of 52 school districts participating in the plan. TRS provides retirement benefits, disability and death benefits, and post-employment healthcare to plan members and beneficiaries. The system is governed by the Alaska Retirement Management Board (ARMB). The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. The benefit and contribution provisions are established by State law and may be amended only by the State legislature. The Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for TRS. This report may be obtained from the system at Pouch C, Juneau, Alaska 99811 or online at http://doa.alaska.gov/drb/trs.

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

Minimum benefits for employees eligible for retirement are $25 per month for each year of credited service.

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

Employee Contribution Rate. The District's active TRS members are required to contribute 8.65% of their base salaries.

Employer contributions for the year ended June 30, 2026, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
$	520,815	157,098	677,913

Teachers' Retirement Plans

For the year ended June 30, 2026 the State of Alaska contributed $3,455,650 (100% pension cost) on-behalf of the District, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date June 30, 2025 to a total of ($1,869,963) to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

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Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2026, the District reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the District. The amount recognized by the District as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that were associated with the District were as follows:

Defined Benefit:	Pension
District's proportionate share of the net pension liability	$ 11,656,889
State's proportionate share of the net pension liability	17,914,154
Total	$ 29,571,043

	OPEB
District's proportionate share of the ARHCT OPEB liability (asset)	$ (9,578,546)
State's proportionate share of the ARHCT OPEB liability (asset)	(13,167,273)
Total	$ (22,745,819)
District's proportionate share of the ODD OPEB liability (asset)	$ (273,351)
District's proportionate share of the RMP OPEB liability (asset)	$ (784,059)
Total District's share of net pension and OPEB liabilities and assets	$ 1,020,933

The net pension and OPEB liabilities and assets were determined by an actuarial valuation as of June 30, 2024, rolled forward to the measurement date of June 30, 2025 and adjusted to reflect updated assumptions. The District's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for the fiscal years ending FY2026 to FY2039, as determined by projections based on the June 30, 2024 valuation.

The District's proportionate share and changes in the pension and OPEB liabilities and assets were as follows:

	June 30, 2025 Measurement	June 30, 2024 Measurement	Change
Pension	0.7499%	0.6512%	0.0987%
OPEB:			
ARHCT	0.8012%	0.6758%	0.1254%
ODD	2.9273%	3.0096%	(0.0823%)
RMP	2.9131%	3.0161%	(0.1030%)

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Based on the measurement date of June 30, 2025, the District recognized pension and OPEB expense of $654,867 and ($3,505,624), respectively, for the year ended June 30, 2026. At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
Defined Benefit:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(418,978)
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	520,815	-
Total	$ 520,815	(418,978)

	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(350,513)
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	-	-
Total	$ -	(350,513)

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	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	(40,762)
Changes of assumptions	-	(264)
Net difference between projected and actual earnings on OPEB plan investments	-	(4,321)
Changes in proportion and differences between District contributions and proportionate share of contributions	38,120	(38,943)
District contributions subsequent to the measurement date	15,325	-
Total	$ 53,445	(84,290)

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 131,631	(36,763)
Changes of assumptions	101,925	(250,043)
Net difference between projected and actual earnings on OPEB plan investments	-	(45,765)
Changes in proportion and differences between District contributions and proportionate share of contributions	90,824	(99,010)
District contributions subsequent to the measurement date	141,773	-
Total	$ 466,153	(431,581)

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$520,815 and $157,098 are reported as deferred outflows of resources related to pension and OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities and as an increase to the net pension and OPEB assets in the year ended June 30, 2027, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

Year Ended June 30,	Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2026	$ 840,581	470,637	(4,795)	4,388
2027	(480,700)	(317,550)	(10,339)	(50,604)
2028	(456,867)	(297,498)	(8,170)	(46,411)
2029	(321,992)	(206,102)	(7,839)	(22,706)
2030	-	-	(4,863)	1,810
Thereafter	-	-	(10,164)	6,322
Total	$ (418,978)	(350,513)	(46,170)	(107,201)

For the year ended June 30, 2026, the District recognized $1,383,504 and ($1,033,060) of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

Sensitivity of the Net Pension and OPEB Liabilities and Assets to Changes in the Discount Rate: The following presents the net pension and OPEB liabilities and assets of the plan calculated using the discount rate of 7.25%, as well as what the Plans' net pension and OPEB liabilities and assets would be if they were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Net pension liability	$ 17,802,867	11,656,889	6,448,253
Net OPEB ARHCT liability (asset)	$ (7,105,275)	(9,578,546)	(11,651,667)
Net OPEB ODD liability (asset)	$ (274,288)	(273,351)	(272,737)
Net OPEB RMP liability (asset)	$ (239,951)	(784,059)	(1,195,912)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability and Assets to Changes in the Healthcare Cost Trend Rates. The following present the District's proportionate share of the net OPEB liability (asset), as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Net OPEB ARHCT liability (asset)	$ (11,875,993)	(9,578,546)	(6,841,323)
Net OPEB ODD liability (asset)	$ N/A	(273,351)	N/A
Net OPEB RMP liability (asset)	$ (1,245,085)	(784,059)	(161,939)

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Alaska Teachers' Retirement System (TRS) – Defined Contribution Plan (DC)

Plan Description and Funding Requirements. Districts and Public Employers in the State of Alaska have a defined contribution retirement plan for new hires first enrolled on or after July 1, 2006. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8.00% of their base salaries. State statutes require the employer to contribute 7.00% of employees' eligible compensation. Additionally, employers are required to contribute to other post-employment benefits (DB): 0.74% for the retiree medical plan, 0.08% for occupational death and disability, and 3.00% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The employer effective contribution rate is 12.56%. Additionally, there is a defined benefit unfunded liability (DBUL) amount levied against the DC plan and allocated to the DB Plan's pension and OPEB contribution.

Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

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

The District contributed $1,830,057 for the year ended June 30, 2026, which included forfeitures of ($10,715) which have been applied as employer contributions.

VI. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables are shown as "due from other funds" and "due to other funds" in each of the individual funds. The balances at June 30, 2026 are as follows:

Receivable Fund	Payable Fund	Amount
General (School) Operating Fund	Other Governmental Funds	$ 926,775
Food Service Special Revenue Fund	General (School) Operating Fund	3,551,241
Other Governmental Funds	General (School) Operating Fund	6,779,836
		$ 11,257,852

	Transfers In		
Transfers Out	Food Service Special Revenue Fund	Other Governmental Funds	Total
General (School) Operating Fund	$ 2,825,000	1,715,000	4,540,000

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Transfers are used to (a) use unrestricted revenues collected in the General (School) Operating Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations or (b) use unrestricted revenues collected in the General (School) Operating Fund to meet local match requirements on State and Federal grants.

VII. Related Party Transactions

The Borough provides utility services to the facilities for the teachers and several schools in the District. During fiscal year 2026, approximately $5,698,758 of property insurance and heating fuel was recorded as in-kind contribution for the operations of the General (School) Operating Fund.

The Borough is responsible for assessing and collecting property taxes and remitting the amount approved by the Borough Assembly to the School District. Property taxes collected and remitted in fiscal year 2026 were $41,314,583.

VIII. Leases

Changes in long-term obligations for the year ended June 30, 2026 are as follows:

	Balance July 1, 2025	Lease Remeasurement	Deletions	Balance June 30, 2026	Due Within One Year
Lease liabilities	$ 30,673	20,953	16,540	35,086	17,200

The District has entered into leases for acquisition and use of buildings and available space. The District was required to make principal and interest payments for these leases in the amount of $18,600 for the year ended June 30, 2026. The District uses an interest rate of 3.99% for its lease calculations. The buildings are amortized over the lease term. The value of the lease liability at June 30, 2026 was $35,086. The value of the right-to use assets at June 30, 2026 was $96,960 and the accumulated amortization at June 30, 2026 was $72,720. The District had a lease remeasurement of $20,965 for the year ended June 30, 2026.

The future principal and interest lease payments as of June 30, 2026, were as follows:

Fiscal Year		Principal	Interest	Total
2027	$	17,200	1,400	18,600
2028		17,886	714	18,600
Total	$	35,086	2,114	37,200

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IX. Compensated Absences

Changes in compensated absences for the year ended June 30, 2026 are as follows

		Balance July 1, 2025	Net Change	Balance June 30, 2026	Due Within One Year
Compensated absences	$	1,375,049	(37,078)	1,337,971	1,337,971

X. Contingencies and Commitments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, would become a liability of the General (School) Operating Fund.

The District receives a substantial portion of its revenue from state and federal grants. Significant changes in these revenue sources could have a material effect (positive or negative) on the operations of the District. The District provides services solely to those residents of the North Slope Borough as defined by the State of Alaska district boundaries. Significant changes in the local environment or economy could directly affect the District's enrollment. Significant changes in enrollment could have a material effect (positive or negative) on the District's funding and operations.

The District, from time to time, may be a participant in legal proceedings related to the conduct of its business. In the opinion of management, any current legal proceedings, commitments or contingent liabilities will not materially affect the financial position of the District.

Encumbrances

Outstanding encumbrances are reported as assigned fund balance. Significant encumbrances at June 30, 2026 are as follows:

Educational supplies and services	$ 186,876

XI. Subsequent Accounting Pronouncements

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

- GASB 105 *Subsequent Events:* Effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

GASB Statement No. 105 defines subsequent events, including the subsequent events time frame, and establishes accounting and financial reporting requirements related to subsequent events.

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FOR DISCUSSION PURPOSES ONLY

REQUIRED SUPPLEMENTARY INFORMATION

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

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

General (School) Operating Fund

Year Ended June 30, 2026

	Original Budgeted Amounts	Final Budgeted Amounts	Variance with Original and Final Budget-Positive (Negative)	Actual Amounts	Variance with Final Budget and Actual Positive (Negative)
Revenues:					
Local sources:					
Intergovernmental:					
Borough appropriation	$ 38,766,371	41,518,539	2,752,168	41,314,583	(203,956)
Borough in-kind contribution	4,861,389	5,754,783	893,394	5,698,758	(56,025)
Earnings on investments	1,700,000	1,700,000	-	1,503,775	(196,225)
E-rate	10,800,000	10,800,000	-	10,140,900	(659,100)
Other	160,096	190,000	29,904	288,454	98,454
Intergovernmental:					
State of Alaska	22,311,444	25,222,844	2,911,400	25,329,753	106,909
Federal sources	2,700,700	2,864,622	163,922	3,063,164	198,542
Total revenues	81,300,000	88,050,788	6,750,788	87,339,387	(711,401)
Expenditures:					
Current:					
Instruction	28,383,779	32,459,790	(4,076,011)	31,431,930	1,027,860
Special education instruction	5,953,233	4,803,527	1,149,706	4,554,369	249,158
Special education support services - students	581,154	940,254	(359,100)	1,033,113	(92,859)
Support services - students	3,956,457	3,816,352	140,105	3,954,283	(137,931)
Support services - instruction	16,388,283	17,045,945	(657,662)	17,328,419	(282,474)
School administration	3,799,819	3,972,309	(172,490)	4,118,155	(145,846)
School administration support services	1,625,418	1,684,149	(58,731)	1,802,378	(118,229)
District administration	2,146,584	2,221,623	(75,039)	2,339,634	(118,011)
District administration support services	3,533,599	4,175,579	(641,980)	4,452,783	(277,204)
Operations and maintenance of plant	17,871,773	19,055,295	(1,183,522)	19,683,073	(627,778)
Student activities	2,374,851	3,653,238	(1,278,387)	3,568,781	84,457
Student transportation - to and from school	-	81,499	(81,499)	95,481	(13,982)
Community services	-	5,726	(5,726)	8,136	(2,410)
Food service	-	56,053	(56,053)	63,654	(7,601)
Total expenditures	86,614,950	93,971,339	(7,356,389)	94,434,189	(462,850)
Excess (deficiency) of revenues over expenditures	(5,314,950)	(5,920,551)	(605,601)	(7,094,802)	(1,174,251)
Other financing (uses):					
Transfers out	(4,540,000)	(4,540,000)	-	(4,540,000)	-
Net change in fund balance	$ (9,854,950)	(10,460,551)	(605,601)	(11,634,802)	(1,174,251)
Fund balance, beginning of year				17,205,451	
Fund balance, end of year				$ 5,570,649	

See accompanying notes to required supplementary information.

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

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

Food Service Special Revenue Fund

Year Ended June 30, 2026

	Original Budgeted Amounts	Final Budgeted Amounts	Variance with Original and Final Budget- Positive (Negative)	Actual Amounts	Variance with Final Budget and Actual Positive (Negative)
Revenues:					
Local sources:					
Charges for services	$ 20,000	20,000	-	5,570	(14,430)
Other	560,000	560,000	-	316,156	(243,844)
Intergovernmental:					
Federal sources	1,260,000	1,260,000	-	709,167	(550,833)
Total revenues	1,840,000	1,840,000	-	1,030,893	(809,107)
Expenditures:					
Current:					
Food services	4,665,000	4,665,000	-	4,832,175	(167,175)
Excess (deficiency) of revenues over expenditures	(2,825,000)	(2,825,000)	-	(3,801,282)	(976,282)
Other financing sources:					
Transfers in	2,825,000	2,825,000	-	2,825,000	-
Net change in fund balance	$ -	-	-	(976,282)	(976,282)
Fund balance, beginning of year				5,730,847	
Fund balance, end of year				$ 4,754,565	

See accompanying notes to Required Supplementary Information.

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

Schedule of District's Proportionate Share of the Net Pension Liability

Public Employees' Retirement System (PERS)

June 30, 2026

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.4900%	$ 27,181,923	$ 3,427,838	$ 30,609,761	$ 6,342,422	428.57%	59.55%
2018	0.4400%	$ 22,715,059	$ 8,463,298	$ 31,178,357	$ 5,991,957	379.09%	63.37%
2019	0.4900%	$ 24,364,821	$ 7,053,609	$ 31,418,430	$ 5,880,048	414.36%	65.19%
2020	0.4700%	$ 25,558,317	$ 10,149,508	$ 35,707,825	$ 5,001,401	511.02%	63.42%
2021	0.4100%	$ 24,333,264	$ 10,070,566	$ 34,403,830	$ 4,008,868	606.99%	61.61%
2022	0.4917%	$ 18,038,082	$ 2,444,261	$ 20,482,343	$ 3,630,989	496.78%	76.46%
2023	0.4302%	$ 21,924,230	$ 6,067,474	$ 27,991,704	$ 12,100,318	181.19%	67.97%
2024	0.3796%	$ 19,683,442	$ 6,561,147	$ 26,244,589	$ 13,055,489	150.77%	68.23%
2025	0.3684%	$ 20,205,658	$ 7,555,218	$ 27,760,876	$ 13,588,513	148.70%	67.81%
2026	0.3814%	$ 18,927,896	$ 5,805,385	$ 24,733,281	$ 14,112,111	134.13%	71.23%

See accompanying notes to Required Supplementary Information.

REVISED DRAFT
FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Schedule of District's Proportionate Share of the Net OPEB Liability (Asset)

Public Employees' Retirement System (PERS)

June 30, 2026

Year	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.4400%	$ 3,712,280	$ 217,422	$ 3,929,702	$ 5,991,957	61.95%	89.68%
2019	0.4900%	$ 5,031,481	$ 1,459,957	$ 6,491,438	$ 5,880,048	85.57%	88.12%
2020	0.4700%	$ 692,764	$ 275,453	$ 968,217	$ 5,001,401	13.85%	98.13%
2021	0.4100%	$ (1,866,327)	$ (774,023)	$ (2,640,350)	$ 4,008,868	-46.55%	106.15%
2022	0.4938%	$ (12,667,318)	$ (1,661,541)	$ (14,328,859)	$ 3,630,989	-348.87%	135.54%
2023	0.4272%	$ (8,406,060)	$ (2,402,304)	$ (10,808,364)	$ 12,100,318	-69.47%	128.51%
2024	0.3789%	$ (8,718,321)	$ (2,933,812)	$ (11,652,133)	$ 13,055,489	-66.78%	133.96%
2025	0.3693%	$ (8,131,873)	$ (3,021,911)	$ (11,153,784)	$ 13,588,513	-59.84%	130.59%
2026	0.3888%	$ (10,437,353)	$ (2,922,020)	$ (13,359,373)	$ 14,112,111	-73.96%	136.81%
Occupational Death and Disability (ODD):							
2018	0.7000%	$ (99,788)	$ -	$ (99,788)	$ 5,991,957	-1.67%	212.97%
2019	0.7420%	$ (14,078)	$ -	$ (14,078)	$ 5,880,048	-0.24%	270.62%
2020	0.5700%	$ (139,047)	$ -	$ (139,047)	$ 5,001,401	-2.78%	297.43%
2021	0.5300%	$ (143,699)	$ -	$ (143,699)	$ 4,008,868	-3.58%	283.80%
2022	0.5099%	$ (224,715)	$ -	$ (224,715)	$ 3,630,989	-6.19%	374.22%
2023	0.4705%	$ (206,266)	$ -	$ (206,266)	$ 12,100,318	-1.70%	348.80%
2024	0.4792%	$ (245,830)	$ -	$ (245,830)	$ 13,055,489	-1.88%	349.24%
2025	0.4485%	$ (267,774)	$ -	$ (267,774)	$ 13,588,513	-1.97%	346.81%
2026	0.3928%	$ (278,632)	$ -	$ (278,632)	$ 14,112,111	-1.97%	353.09%
Retiree Medical Plan (RMP):							
2018	0.7000%	$ 36,676	$ -	$ 36,676	$ 7,318,628	0.50%	93.98%
2019	0.7200%	$ 92,240	$ -	$ 92,240	$ 8,204,413	1.12%	88.71%
2020	0.7200%	$ 172,797	$ -	$ 172,797	$ 9,164,709	1.89%	83.17%
2021	0.6600%	$ 46,466	$ -	$ 46,466	$ 8,900,878	0.52%	92.23%
2022	0.6003%	$ (161,120)	$ -	$ (161,120)	$ 8,756,936	-1.84%	115.10%
2023	0.5556%	$ (192,961)	$ -	$ (192,961)	$ 3,367,318	-5.73%	120.08%
2024	0.5734%	$ (272,257)	$ -	$ (272,257)	$ 3,649,214	-7.46%	124.29%
2025	0.5384%	$ (250,981)	$ -	$ (250,981)	$ 4,087,985	-6.14%	119.87%
2026	0.5087%	$ (322,008)	$ -	$ (322,008)	$ 3,982,238	-8.09%	123.73%

See accompanying notes to Required Supplementary Information.

REVISED DRAFT
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NORTH SLOPE BOROUGH SCHOOL DISTRICT

Schedule of District's Contributions (Pensions)

Public Employees' Retirement System (PERS)

June 30, 2026

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	$ 1,490,393	$ (1,490,393)	$ -	$ 5,991,957	24.87%
2018	$ 1,785,699	$ (1,785,699)	$ -	$ 5,880,048	30.37%
2019	$ 1,655,804	$ (1,655,804)	$ -	$ 5,001,401	33.11%
2020	$ 1,401,057	$ (1,401,057)	$ -	$ 4,008,868	34.95%
2021	$ 1,593,057	$ (1,593,057)	$ -	$ 3,630,989	43.87%
2022	$ 1,590,257	$ (1,584,293)	$ 5,964	$ 12,100,318	13.14%
2023	$ 1,944,647	$ (1,934,547)	$ 10,100	$ 13,055,489	14.90%
2024	$ 1,964,838	$ (1,955,721)	$ 9,117	$ 13,588,513	14.46%
2025	$ 2,068,907	$ (2,113,822)	$ (44,915)	$ 14,112,111	14.66%
2026	$ 2,204,704	$ (2,186,027)	$ 18,677	$ 14,917,450	14.78%

See accompanying notes to Required Supplementary Information.

REVISED DRAFT
FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Schedule of District's Contributions (OPEB)

Public Employees' Retirement System (PERS)

June 30, 2026

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
2018	$ 509,336	$ (509,336)	$ -	$ 5,880,048	8.66%
2019	$ 595,625	$ (595,625)	$ -	$ 5,001,401	11.91%
2020	$ 559,721	$ (559,721)	$ -	$ 4,008,868	13.96%
2021	$ 269,749	$ (269,749)	$ -	$ 3,630,989	7.43%
2022	$ 216,043	$ (216,043)	$ -	$ 12,100,318	1.79%
2023	$ -	$ -	$ -	$ 13,055,489	0.00%
2024	$ -	$ -	$ -	$ 13,588,513	0.00%
2025	$ -	$ -	$ -	$ 14,112,111	0.00%
2026	$ -	$ -	$ -	$ 14,917,450	0.00%
Occupational Death and Disability (ODD):					
2018	$ 13,127	$ (13,127)	$ -	$ 5,880,048	0.22%
2019	$ 23,809	$ (23,809)	$ -	$ 5,001,401	0.48%
2020	$ 23,137	$ (23,137)	$ -	$ 4,008,868	0.58%
2021	$ 27,228	$ (27,228)	$ -	$ 3,630,989	0.75%
2022	$ 27,159	$ (27,159)	$ -	$ 12,100,318	0.22%
2023	$ 28,894	$ (28,894)	$ -	$ 13,055,489	0.22%
2024	$ 30,780	$ (30,780)	$ -	$ 13,588,513	0.23%
2025	$ 25,739	$ (25,739)	$ -	$ 14,112,111	0.18%
2026	$ 28,526	$ (28,526)	$ -	$ 14,917,450	0.19%
Retiree Medical Plan (RMP):					
2018	$ 84,602	$ (84,602)	$ -	$ 8,204,413	1.03%
2019	$ 86,183	$ (86,183)	$ -	$ 9,164,709	0.94%
2020	$ 117,538	$ (117,538)	$ -	$ 8,900,878	1.32%
2021	$ 111,131	$ (111,131)	$ -	$ 8,756,936	1.27%
2022	$ 93,765	$ (93,765)	$ -	$ 3,367,318	2.78%
2023	$ 105,940	$ (105,940)	$ -	$ 3,649,214	2.90%
2024	$ 103,615	$ (103,615)	$ -	$ 4,087,985	2.53%
2025	$ 89,014	$ (89,014)	$ -	$ 3,982,238	2.24%
2026	$ 102,221	$ (102,221)	$ -	$ 4,386,659	2.33%

See accompanying notes to Required Supplementary Information.

REVISED DRAFT
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NORTH SLOPE BOROUGH SCHOOL DISTRICT

Schedule of District's Proportionate Share of the Net Pension Liability

Teachers' Retirement System (TRS)

June 30, 2026

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.9100%	$ 20,675,894	$ 24,574,393	$ 45,250,287	$ 6,963,281	296.93%	68.40%
2018	0.6600%	$ 13,296,924	$ 23,209,005	$ 36,505,929	$ 6,191,797	214.75%	72.39%
2019	0.7700%	$ 14,783,598	$ 21,977,229	$ 36,760,827	$ 4,982,771	296.69%	74.09%
2020	0.9300%	$ 17,315,932	$ 25,681,701	$ 42,997,633	$ 4,177,653	414.49%	74.68%
2021	0.7100%	$ 14,404,217	$ 25,005,246	$ 39,409,463	$ 4,086,959	352.44%	72.81%
2022	1.1318%	$ 9,008,750	$ 7,645,854	$ 16,654,604	$ 4,104,919	219.46%	89.43%
2023	0.8252%	$ 13,755,970	$ 18,331,997	$ 32,087,967	$ 17,334,889	79.35%	78.33%
2024	0.7182%	$ 12,499,355	$ 19,752,398	$ 32,251,753	$ 15,922,914	78.50%	77.62%
2025	0.6512%	$ 12,046,163	$ 20,709,745	$ 32,755,908	$ 18,360,720	65.61%	77.07%
2026	0.7499%	$ 11,656,889	$ 17,914,154	$ 29,571,043	$ 21,299,117	54.73%	80.65%

See accompanying notes to Required Supplementary Information.

REVISED DRAFT
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NORTH SLOPE BOROUGH SCHOOL DISTRICT

Schedule of District's Proportionate Share of the Net OPEB Liability (Asset)

Teachers' Retirement System (TRS)

June 30, 2026

Year	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.6500%	$ 1,203,383	$ 2,110,057	$ 3,313,440	$ 6,191,797	19.44%	93.75%
2019	0.7700%	$ 2,396,367	$ 3,574,845	$ 5,971,212	$ 4,982,771	48.09%	90.23%
2020	0.9300%	$ (1,412,949)	$ (2,103,108)	$ (3,516,057)	$ 4,177,653	-33.82%	105.50%
2021	0.7100%	$ (2,527,255)	$ (4,407,007)	$ (6,934,262)	$ 4,086,959	-61.84%	113.78%
2022	1.1762%	$ (13,674,903)	$ (10,650,918)	$ (24,325,821)	$ 4,104,919	-333.13%	145.41%
2023	0.8425%	$ (7,384,443)	$ (9,490,377)	$ (16,874,820)	$ 17,334,889	-42.60%	134.84%
2024	0.7307%	$ (7,385,130)	$ (11,151,528)	$ (18,536,658)	$ 15,922,914	-46.38%	140.49%
2025	0.6758%	$ (6,742,122)	$ (10,923,989)	$ (17,666,111)	$ 18,360,720	-36.72%	137.40%
2026	0.8012%	$ (9,578,546)	$ (13,167,273)	$ (22,745,819)	$ 21,299,117	-44.97%	144.35%
Occupational Death and Disability (ODD):							
2018	3.0300%	$ (99,168)	$ -	$ (99,168)	$ 6,191,797	-1.60%	1342.59%
2019	3.3500%	$ (117,383)	$ -	$ (117,383)	$ 4,982,771	-2.36%	1304.81%
2020	3.3700%	$ (135,459)	$ -	$ (135,459)	$ 4,177,653	-3.24%	1409.77%
2021	3.0500%	$ (131,466)	$ -	$ (131,466)	$ 4,086,959	-3.22%	931.08%
2022	3.2058%	$ (195,391)	$ -	$ (195,391)	$ 4,104,919	-4.76%	1254.36%
2023	2.8684%	$ (173,251)	$ -	$ (173,251)	$ 17,334,889	-1.00%	1268.28%
2024	2.2251%	$ (155,773)	$ -	$ (155,773)	$ 15,922,914	-0.98%	1410.42%
2025	3.0096%	$ (239,804)	$ -	$ (239,804)	$ 18,360,720	-1.31%	1600.56%
2026	2.9273%	$ (273,351)	$ -	$ (273,351)	$ 21,299,117	-1.28%	1826.06%
Retiree Medical Plan (RMP):							
2018	3.0300%	$ (143,836)	$ -	$ (143,836)	$ 10,181,445	-1.41%	118.16%
2019	3.3500%	$ (107,071)	$ -	$ (107,071)	$ 12,034,621	-0.89%	109.56%
2020	3.3500%	$ (128,347)	$ -	$ (128,347)	$ 13,037,843	-0.98%	110.03%
2021	3.0600%	$ (302,270)	$ -	$ (302,270)	$ 13,343,586	-2.27%	125.59%
2022	3.2405%	$ (650,701)	$ -	$ (650,701)	$ 13,702,849	-4.75%	142.54%
2023	2.8636%	$ (554,567)	$ -	$ (554,567)	$ 11,115,239	-4.99%	140.73%
2024	2.2534%	$ (499,151)	$ -	$ (499,151)	$ 9,465,788	-5.27%	140.71%
2025	3.0161%	$ (678,194)	$ -	$ (678,194)	$ 12,795,391	-5.30%	134.72%
2026	2.9131%	$ (784,059)	$ -	$ (784,059)	$ 13,350,801	-5.87%	136.41%

See accompanying notes to Required Supplementary Information.

REVISED DRAFT
FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Schedule of District's Contributions (Pensions)

Teachers' Retirement System (TRS)

June 30, 2026

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	$ 588,274	$ (588,274)	$ -	$ 6,191,797	9.50%
2018	$ 585,302	$ (585,302)	$ -	$ 4,982,771	11.75%
2019	$ 538,013	$ (538,013)	$ -	$ 4,177,653	12.88%
2020	$ 483,629	$ (483,629)	$ -	$ 4,086,959	11.83%
2021	$ 499,986	$ (499,986)	$ -	$ 4,104,919	12.18%
2022	$ 450,055	$ (437,709)	$ 12,346	$ 17,334,889	2.60%
2023	$ 667,583	$ (693,363)	$ (25,780)	$ 15,922,914	4.19%
2024	$ 599,933	$ (555,714)	$ 44,219	$ 18,360,720	3.27%
2025	$ 670,231	$ (863,505)	$ (193,274)	$ 21,299,117	3.15%
2026	$ 644,881	$ (520,815)	$ 124,066	$ 19,967,914	3.23%

See accompanying notes to Required Supplementary Information.

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FOR INSTITUTIONAL PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Schedule of District's Contributions (OPEB)

Teachers' Retirement System (TRS)

June 30, 2026

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
2018	$ 509,336	$ (509,336)	$ -	$ 4,982,771	10.22%
2019	$ 595,625	$ (595,625)	$ -	$ 4,177,653	14.26%
2020	$ 428,033	$ (428,033)	$ -	$ 4,086,959	10.47%
2021	$ 286,399	$ (286,399)	$ -	$ 4,104,919	6.98%
2022	$ 215,190	$ (215,190)	$ -	$ 17,334,889	1.24%
2023	$ 67	$ (67)	$ -	$ 15,922,914	0.00%
2024	$ -	$ -	$ -	$ 18,360,720	0.00%
2025	$ 2,456	$ (2,456)	$ -	$ 21,299,117	0.01%
2026	$ -	$ -	$ -	$ 19,967,914	0.00%
Occupational Death and Disability (ODD):					
2018	$ 13,127	$ (13,127)	$ -	$ 4,982,771	0.26%
2019	$ 23,809	$ (23,809)	$ -	$ 4,177,653	0.57%
2020	$ 10,674	$ (10,674)	$ -	$ 4,086,959	0.26%
2021	$ 10,963	$ (10,963)	$ -	$ 4,104,919	0.27%
2022	$ 11,276	$ (11,276)	$ -	$ 17,334,889	0.07%
2023	$ 9,902	$ (9,902)	$ -	$ 15,922,914	0.06%
2024	$ 12,739	$ (12,739)	$ -	$ 18,360,720	0.07%
2025	$ 13,962	$ (13,962)	$ -	$ 21,299,117	0.07%
2026	$ 15,325	$ (15,325)	$ -	$ 19,967,914	0.08%
Retiree Medical Plan (RMP):					
2018	$ 84,602	$ (84,602)	$ -	$ 12,034,621	0.70%
2019	$ 86,183	$ (86,183)	$ -	$ 13,037,843	0.66%
2020	$ 145,626	$ (145,626)	$ -	$ 13,343,586	1.09%
2021	$ 127,711	$ (127,711)	$ -	$ 13,702,849	0.93%
2022	$ 117,013	$ (117,013)	$ -	$ 11,115,239	1.05%
2023	$ 107,683	$ (107,683)	$ -	$ 9,465,788	1.14%
2024	$ 130,552	$ (130,552)	$ -	$ 12,795,391	1.02%
2025	$ 118,385	$ (118,385)	$ -	$ 13,350,801	0.89%
2026	$ 141,773	$ (141,773)	$ -	$ 14,570,518	0.97%

See accompanying notes to Required Supplementary Information.

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REQUIRED SUPPLEMENTARY INFORMATION

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FOR DISCUSSION PURPOSES ONLY

1. General Fund and Food Service Special Revenue Fund, Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budgets and Budgetary Accounting

The annual budget for the General (School) Operating Fund and the Food Service Special Revenue Fund are adopted by the School Board for all operating revenues, expenditures, and interfund transfers. The budget, which is prepared and presented on a modified accrual basis of accounting, serves as a formal plan for expenditures and as a proposed means for financing them. No funds may be expended until the budget has been formally approved by the School Board.

The adopted General (School) Operating Fund budget are submitted to the State of Alaska, Department of Education and Early Development for review to determine compliance with Alaska statutes and Department regulations. The School Board authorizes formal budget revisions several times each year to adjust the revenues and expenditures to available resources and program needs. The original and final revised and approved budget is presented in these financial statements. Expenditure authority for the General (School) Operating Fund and the Food Service Special Revenue Fund are limited to the total approved budget. There are no specific line item or category limitations.

2. Actual Budget Results

Differences – Original Budget to Final Budget	General (School) Operating Fund Positive (Negative)
Revenues:	
The original budget for Borough appropriation only included what was in the General (School) Operating Fund, the final budget includes North Slope Borough supplemental payments for student activities, vocational education, breakfast program, and Inupiaq education, funds 378-381 which make up approximately $2.5 million.	$ 2,752,168
Final budgeted revenues from the State of Alaska were higher than original budgeted due to increase in Base Student Allocation (BSA) from $5,960 to $6,660.	2,911,400
Expenditures:	
Final budgeted instruction expenditures increased for an additional purchase of laptops for the District.	(4,076,011)
Final budgeted special education support services - students expenditures were below original budget due to the District being unable to fill all budgeted special education positions.	1,149,706

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Differences – Original Budget to Final Budget (Continued)	General (School Operating) Fund Positive (Negative)
Final budgeted operations and maintenance of plant expenditures were higher than the original budget due to backlog of preventative maintenance needs.	$ (1,183,522)
Final budgeted student activities expenditures were higher than the original budget amounts due to more student activity opportunities - increase to Native Youth Olympics, basketball, and the District's contribution to a large choir trip to Disney.	(1,278,387)
Differences – Final Budget to Actual	
Expenditures:	
Actual expenditures for the instruction function were lower than the final budget primarily due the District budgeted $1.1 million more for the laptops.	1,027,860

Differences – Final Budget to Actual	Food Service Special Revenue Fund Positive (Negative)
Revenues:	
Actual local source other revenues were lower than the final budget because the District historically rolled the budget forward and only made minimal changes when needed.	$ (243,844)
Actual federal revenues were lower than the final budget due to the USDA Breakfast claim amounts have decreased (while expenditures have increased), but the budget has been rolled forward for the past few years.	(550,833)
Expenditures:	
Actual food services expenditures were higher than the final budget due to the food supplies and staffing costs increasing in FY26.	(167,175)

3. Public Employees' Retirement System

Schedule of District's Proportionate Share of Net Pension and OPEB Liability (Asset)

The table is presented based on the Plan measurement date which is one year prior to fiscal year end for all years presented.

Changes in Actuarial Assumptions, Methods, and Benefits Since the Prior Valuation

Defined Benefit Pension and Postemployment Healthcare Benefit Plan

a) Changes in Methods Since the Prior Valuation – June 30, 2023 to June 30, 2024

The actuarially determined contribution rates were updated to include a half-year interest adjustment that was adopted by the Board effective beginning with the June 30, 2024 valuation to account for the monthly timing of employer contributions.

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b) Changes in Assumptions Since the Prior Valuation – June 30, 2023 to June 30, 2024

The healthcare per capita claims cost assumption is updated annually as described in Section 5.2. As a result of changes to the Standard Medicare Part D plan under the Inflation Reduction Act, EGWP subsidies are expected to be higher than originally anticipated for 2025 and beyond. EGWP subsidies were updated based on estimates provided by Segal Consulting. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the Inflation Reduction Act, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years. In addition, the prescription drug and EGWP trend assumption was updated to reflect recent survey information indicating higher than initial trend rates in part due to the recent higher-than expected inflationary environment.

The future increase in the IRS 401(a)(17) maximum compensation limit was updated to align with the inflation assumption. This caused a $21,000 decrease in the pension Normal Cost and a $2,126,000 decrease in the pension Actuarial Accrued Liability.

The amounts included in the Normal Cost for administrative expenses were changed from $8,440,000 to $8,201,000 for pension, and from $3,866,000 to $4,759,000 for healthcare (based on the most recent two years of actual administrative expenses paid from plan assets).

There were no other changes in actuarial assumptions since the prior valuation.

c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2023 to June 30, 2024

There have been no changes in benefit provisions valued since the prior valuation.

Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plan

a) Changes in Methods Since the Prior Valuation – June 30, 2023 to June 30, 2024

There were no changes in asset and valuation methods since the prior valuation.

b) Changes in Assumptions Since the Prior Valuation – June 30, 2023 to June 30, 2024

The healthcare per capita claims cost assumption is updated annually as described in Section 4.2. As a result of changes to the Standard Medicare Part D plan under the Inflation Reduction Act, EGWP subsidies are expected to be higher than originally anticipated for 2025 and beyond. EGWP subsidies were updated based on estimates provided by Segal Consulting. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the Inflation Reduction Act, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years. In addition, the prescription drug and EGWP trend assumption was updated to reflect recent survey information indicating higher than initial trend rates in part due to the recent higher-than expected inflationary environment. There were no other changes in actuarial assumptions since the prior valuation.

The future increase in the IRS 401(a)(17) maximum compensation limit was updated to align with the inflation assumption. This caused a $2,000 decrease in the Occupational Death & Disability Normal Cost and a $25,000 decrease in the Occupational Death & Disability Actuarial Accrued Liability.

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The amounts included in the Normal Cost for administrative expenses were changed from $34,000 to $33,000 for occupational death & disability, and from $51,000 to $41,000 for retiree medical (based on the most recent two years of actual administrative expenses paid from plan assets).

c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2023 to June 30, 2024

There have been no changes in benefit provisions valued since the prior valuation.

The GASB requires ten years of information be presented. However, until a full ten years of information is available, the District will present only those years for which information is available.

Schedule of District Contributions (Pension) and (OPEB)

The table valuation date is June 30, 2024 which was rolled forward to June 30, 2025. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

4. Teachers' Retirement System

Schedule of District's Proportionate Share of Net Pension and OPEB Liability (Asset)

The table is presented based on the Plan measurement date which is one year to fiscal year end for all years presented.

Changes in Actuarial Assumptions, Methods, and Benefits Since the Prior Valuation

Defined Benefit Pension and Postemployment Healthcare Benefit Plan

a) Changes in Methods Since the Prior Valuation – June 30, 2023 to June 30, 2024

The actuarially determined contribution rates were updated to include a half-year interest adjustment that was adopted by the Board effective beginning with the June 30, 2024 valuation to account for the monthly timing of employer contributions. There were no changes in the asset or valuation methods since the prior valuation.

b) Changes in Assumptions Since the Prior Valuation – June 30, 2023 to June 30, 2024

Healthcare claim costs are updated for each valuation. The amounts included in the Normal Cost for the administrative expenses were updated based on the last two years of actual administrative expenses paid from plan assets. There were no other changes in actuarial assumptions since the prior valuation.

c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2023 to June 30, 2024

There have been no changes in benefit provisions valued since the prior valuation.

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Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plan

a) Changes in Methods Since the Prior Valuation – June 30, 2023 to June 30, 2024

There were no changes in asset and valuation methods since the prior valuation.

b) Changes in Assumptions Since the Prior Valuation – June 30, 2023 to June 30, 2024

Healthcare claim costs are updated annually. As a result of changes to the Standard Medicare Part D plan under the Inflation Reduction Act, EGWP subsidies are expected to be higher than originally anticipated for 2025 and beyond. EGWP subsidies were updated based on estimates provided by Segal Consulting. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the Inflation Reduction Act, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years. In addition, the prescription drug and EGWP trend assumption was updated to reflect recent survey information indicating higher initial trend rates in part due to the recent higher-than-expected inflationary environment. The effects of these assumption changes are reflected in the actuarial valuation.

The amounts included in the Normal Cost for administrative expenses were updated based on the last two years of actual administrative expenses paid from plan assets.

There were no other changes in actuarial assumptions since the prior valuation.

c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2023 to June 30, 2024

There have been no changes in benefit provisions valued since the prior valuation.

The GASB requires ten years of information be presented. However, until a full ten years of information is available, the District will present only those years for which information is available.

Schedule of District Contributions (Pension) and (OPEB)

The table valuation date is June 30, 2024 which was rolled forward to June 30, 2025. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

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SUPPLEMENTARY INFORMATION

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

General (School) Operating Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget-Positive (Negative)
Revenues:			
Intergovernmental:			
Borough appropriation	$ 41,518,539	41,314,583	(203,956)
Borough in-kind contribution	5,754,783	5,698,758	(56,025)
Local sources:			
Earnings on investments	1,700,000	1,503,775	(196,225)
E-rate revenue	10,800,000	10,140,900	(659,100)
Other	190,000	288,454	98,454
Total	59,963,322	58,946,470	(1,016,852)
Intergovernmental:			
State of Alaska:			
Foundation Program	20,929,350	20,929,350	-
TRS on-behalf	3,454,103	3,455,650	1,547
PERS on-behalf	738,849	821,792	82,943
Other State	100,542	36,309	(64,233)
Quality Schools	-	86,652	86,652
Total State of Alaska	25,222,844	25,329,753	106,909
Federal sources:			
Direct sources - Impact Aid	2,864,622	3,063,164	198,542
Total revenues	88,050,788	87,339,387	(711,401)
Expenditures:			
Instruction:			
Certificated salaries	15,253,597	15,219,969	33,628
Non-certificated salaries	1,764,968	1,909,347	(144,379)
Employee benefits	10,082,741	10,968,405	(885,664)
Professional and technical services	752,519	875,989	(123,470)
Staff travel	48,379	106,071	(57,692)
Student travel	82,641	107,203	(24,562)
Utility services	1,360	4,050	(2,690)
Other purchased services	1,011,507	463,802	547,705
Supplies, materials and media	3,442,443	1,757,459	1,684,984
Other	135	135	-
Equipment	19,500	19,500	-
Total instruction	32,459,790	31,431,930	1,027,860
Special education instruction:			
Certificated salaries	1,730,718	1,694,038	36,680
Non-certificated salaries	1,106,043	885,901	220,142
Employee benefits	1,953,766	1,965,679	(11,913)
Professional and technical services	3,000	1,676	1,324
Staff travel	3,056	3,516	(460)
Student travel	2,000	-	2,000
Supplies, materials and media	4,000	3,280	720
Other	944	279	665
Total special education instruction	4,803,527	4,554,369	249,158
Special education support services - students:			
Certificated salaries	273,873	273,523	350
Non-certificated salaries	89,554	87,845	1,709
Employee benefits	185,495	213,673	(28,178)
Professional and technical services	310,000	366,986	(56,986)
Staff travel	9,000	9,077	(77)
Utility services	1,400	864	536
Other purchased services	47,367	49,002	(1,635)
Supplies, materials and media	23,465	32,043	(8,578)
Other	100	100	-
Total special education support services - students	940,254	1,033,113	(92,859)

(continued)

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FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

General (School) Operating Fund

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

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget-Positive (Negative)
Expenditures, continued:			
Support services - students:			
Certificated salaries	$ 1,213,044	1,140,457	72,587
Non-certificated salaries	1,044,401	1,076,184	(31,783)
Employee benefits	1,406,373	1,556,190	(149,817)
Professional and technical services	5,494	78,196	(72,702)
Staff travel	30,000	29,188	812
Supplies, materials and media	116,440	73,468	42,972
Other	600	600	-
Total support services - students	3,816,352	3,954,283	(137,931)
Support services - instruction:			
Certificated salaries	950,540	935,158	15,382
Non-certificated salaries	1,127,436	1,110,380	17,056
Employee benefits	1,104,772	1,299,716	(194,944)
Professional and technical services	388,549	345,969	42,580
Staff travel	342,216	274,357	67,859
Utility services	11,491,000	11,606,637	(115,637)
Other purchased services	953,020	1,103,385	(150,365)
Supplies, materials and media	658,070	626,578	31,492
Other	5,342	1,000	4,342
Equipment	25,000	25,239	(239)
Total support services - instruction	17,045,945	17,328,419	(282,474)
School administration:			
Certificated salaries	2,431,309	2,508,098	(76,789)
Non-certificated salaries	14,172	17,715	(3,543)
Employee benefits	1,114,540	1,195,017	(80,477)
Professional and technical services	-	6,300	(6,300)
Staff travel	86,348	91,307	(4,959)
Utility services	100,188	84,971	15,217
Other purchased services	133,632	127,580	6,052
Supplies, materials and media	75,628	69,767	5,861
Other	16,492	17,400	(908)
Total school administration	3,972,309	4,118,155	(145,846)
School administration support services:			
Non-certificated salaries	938,447	956,939	(18,492)
Employee benefits	745,702	843,840	(98,138)
Staff travel	-	1,599	(1,599)
Total school administration support services	1,684,149	1,802,378	(118,229)
District administration:			
Certificated salaries	177,000	186,423	(9,423)
Non-certificated salaries	712,041	733,858	(21,817)
Employee benefits	541,382	530,476	10,906
Professional and technical services	381,000	300,916	80,084
Staff travel	177,000	296,076	(119,076)
Student travel	33,000	31,304	1,696
Utility services	7,000	10,537	(3,537)
Other purchased services	13,500	44,996	(31,496)
Supplies, materials and media	151,700	171,617	(19,917)
Other	28,000	33,431	(5,431)
Total district administration	2,221,623	2,339,634	(118,011)

(continued)

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

General (School) Operating Fund

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

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Expenditures, continued:			
District administration support services:			
Certificated salaries	$ 143,011	143,011	-
Non-certificated salaries	1,866,411	1,877,394	(10,983)
Employee benefits	1,128,561	1,266,929	(138,368)
Professional and technical services	242,735	363,150	(120,415)
Staff travel	75,000	62,512	12,488
Utility services	7,677	7,854	(177)
Other purchased services	179,331	220,672	(41,341)
Insurance and bond premiums	619,022	621,427	(2,405)
Supplies, materials and media	61,255	63,858	(2,603)
Other	2,576	2,520	56
Indirect costs	(150,000)	(176,544)	26,544
Total district administration support services	4,175,579	4,452,783	(277,204)
Operations and maintenance of plant:			
Certificated salaries	43,750	43,750	-
Non-certificated salaries	5,155,884	5,399,514	(243,630)
Employee benefits	3,320,479	3,814,832	(494,353)
Professional and technical services	-	2,758	(2,758)
Staff travel	100,000	98,816	1,184
Utility services	419,900	546,544	(126,644)
Energy	3,398,500	3,143,968	254,532
Other purchased services	660,045	660,631	(586)
Insurance and bond premiums	4,557,222	4,343,268	213,954
Supplies, materials and media	1,259,515	1,572,253	(312,738)
Other		1,515	(1,515)
Equipment	140,000	55,224	84,776
Total operations and maintenance of plant	19,055,295	19,683,073	(627,778)
Student activities:			
Certificated salaries	307,674	267,071	40,603
Non-certificated salaries	303,147	289,770	13,377
Employee benefits	245,457	226,798	18,659
Professional and technical services	104,440	123,631	(19,191)
Staff travel	12,000	14,356	(2,356)
Student travel	2,625,020	2,600,154	24,866
Other purchased services	6,000	1,389	4,611
Supplies, materials and media	34,500	34,667	(167)
Other	15,000	10,945	4,055
Total student activities	3,653,238	3,568,781	84,457

(continued)

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

General (School) Operating Fund

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

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Expenditures, continued:			
Student transportation - to and from school:			
Employee benefits	$ 81,499	95,481	(13,982)
Community services:			
Employee benefits	5,726	8,136	(2,410)
Food services:			
Employee benefits	56,053	63,654	(7,601)
Total expenditures	93,971,339	94,434,189	(462,850)
Excess (deficiency) of revenues over expenditures	(5,920,551)	(7,094,802)	(1,174,251)
Other financing (uses):			
Transfers out:			
Special Revenue Funds:			
Student Transportation	(150,000)	(150,000)	-
Community Education	(200,000)	(200,000)	-
Food Service	(2,825,000)	(2,825,000)	-
Teacher Housing	(1,365,000)	(1,365,000)	-
Total other financing (uses)	(4,540,000)	(4,540,000)	-
Net change in fund balance	$ (10,460,551)	(11,634,802)	(1,174,251)
Fund balance, beginning of year		17,205,451	
Fund balance, end of year		$ 5,570,649	

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

Food Service Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Charges for services	$ 20,000	5,570	(14,430)
Other	560,000	316,156	(243,844)
Total local sources	580,000	321,726	(258,274)
Intergovernmental:			
Federal sources passed through the State of Alaska:			
Type A reimbursement	1,260,000	671,341	(588,659)
USDA commodities	-	37,826	37,826
Total Federal sources passed through the State of Alaska	1,260,000	709,167	(550,833)
Total revenues	1,840,000	1,030,893	(809,107)
Expenditures:			
Food services:			
Certificated salaries	-	43,750	(43,750)
Non-certificated salaries	669,896	1,164,971	(495,075)
Employee benefits	622,126	933,248	(311,122)
Professional and technical services	20,000	-	20,000
Staff travel	10,000	-	10,000
Utility services	800	1,823	(1,023)
Other purchased services	21,000	14,267	6,733
Supplies, materials and media	3,320,978	2,674,116	646,862
Other	200	-	200
Total expenditures	4,665,000	4,832,175	(167,175)
Excess (deficiency) of revenues over expenditures	(2,825,000)	(3,801,282)	(976,282)
Other financing sources:			
Transfers in - General (School) Operating Fund	2,825,000	2,825,000	-
Net change in fund balance	$ -	(976,282)	(976,282)
Fund balance, beginning of year		5,730,847	
Fund balance, end of year		$ 4,754,565	

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet

June 30, 2026

	Special Revenue Funds					
	Student Transportation	Community Education	Title I-A Basic	Title I-A School Improvement	Title II-A Supporting Effective Instruction	Title IV-A Student Support and Academic Enrichment
Assets						
Grants receivable	$ -	-	114,438	62,867	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	1,462,196	737,779	-	-	1,317	144
Total assets	$ 1,462,196	737,779	114,438	62,867	1,317	144
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ 3,850	1,876	-	927	-	-
Unearned revenue	-	-	-	-	1,317	144
Due to other funds	-	-	114,438	61,940	-	-
Total liabilities	3,850	1,876	114,438	62,867	1,317	144
Fund balances:						
Nonspendable:						
Prepaid items	-	-	-	-	-	-
Committed:						
Operations and maintenance	-	-	-	-	-	-
Pupil transportation	1,458,346	-	-	-	-	-
Student activities	-	-	-	-	-	-
Assigned:						
Community education	-	735,903	-	-	-	-
Total fund balances	1,458,346	735,903	-	-	-	-
Total liabilities and fund balances	$ 1,462,196	737,779	114,438	62,867	1,317	144

(continued)

REVISED DRAFT
FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet, Continued

	Special Revenue Funds					
	AK PBIS Initiative	Comprehensive Literacy State Development	Title VI-B Special Education	Alternative School Kiita	Cyber Security	Carl Perkins
Assets						
Grants receivable	$ 26,585	51,282	113,944	3,122	40,520	14,130
Prepaid items	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	$ 26,585	51,282	113,944	3,122	40,520	14,130
Liabilities and Fund Balances						
Liabilities:						
Account payable	$ -	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Due to other funds	26,585	51,282	113,944	3,122	40,520	14,130
Total liabilities	26,585	51,282	113,944	3,122	40,520	14,130
Fund balances:						
Nonspendable:						
Prepaid items	-	-	-	-	-	-
Committed:						
Operations and maintenance	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-
Student activities	-	-	-	-	-	-
Assigned:						
Community education	-	-	-	-	-	-
Total fund balances	-	-	-	-	-	-
Total liabilities and fund balances	$ 26,585	51,282	113,944	3,122	40,520	14,130

(continued)

REVISED DRAFT
FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet, Continued

	Special Revenue Funds						
Assets	Johnson O'Malley	Indian Education	RUS USDA AK 740-016 Distance Learning and Telemedicine	Major Maintenance	Teacher Housing	Student Activity	Total Other Governmental Funds
Grants receivable	$ -	267,109	233,705	-	-	-	927,702
Prepaid items	-	-	-	-	1,083,716	-	1,083,716
Due from other funds	277,723	-	-	2,656,049	588,441	1,056,187	6,779,836
Total assets	$ 277,723	267,109	233,705	2,656,049	1,672,157	1,056,187	8,791,254
Liabilities and Fund Balances							
Liabilities:							
Account payable	$ -	-	-	-	114,248	-	120,901
Unearned revenue	277,723	-	-	-	-	-	279,184
Due to other funds	-	267,109	233,705	-	-	-	926,775
Total liabilities	277,723	267,109	233,705	-	114,248	-	1,326,860
Fund balances:							
Nonspendable:							
Prepaid items	-	-	-	-	1,083,716	-	1,083,716
Committed:							
Operations and maintenance	-	-	-	2,656,049	474,193	-	3,130,242
Pupil transportation	-	-	-	-	-	-	1,458,346
Student activities	-	-	-	-	-	1,056,187	1,056,187
Assigned:							
Community education	-	-	-	-	-	-	735,903
Total fund balances	-	-	-	2,656,049	1,557,909	1,056,187	7,464,394
Total liabilities and fund balances	$ 277,723	267,109	233,705	2,656,049	1,672,157	1,056,187	8,791,254

REVISED DRAFT
FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Other Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2026

	Special Revenue Funds					
	Broadband Assistance	Student Transportation	Community Education	Title III-A English Language Acquisition	Title I-A Basic	Title I-C Migrant Education
Revenues:						
Local sources:						
Charges for services	$ -	-	-	-	-	-
Other	-	-	-	-	-	-
Intergovernmental:						
State of Alaska	1,108,440	2,241,703	-	-	-	-
Federal sources	-	-	-	14,068	491,623	13,467
Total revenues	1,108,440	2,241,703	-	14,068	491,623	13,467
Expenditures:						
Current:						
Instruction	-	-	-	-	449,417	-
Special education support services - students	-	-	-	-	-	-
Support services - students	-	-	-	-	1,547	-
Support services - instruction	1,108,440	-	-	12,991	3,024	12,436
School administration	-	-	-	-	-	-
District administration support services	-	-	-	1,077	37,635	1,031
Operations and maintenance of plant	-	-	-	-	-	-
Student activities	-	-	-	-	-	-
Student transportation - to and from school	-	3,157,849	-	-	-	-
Community services	-	-	242,876	-	-	-
Debt service:						
Redemption of principal on long-term debt	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Total expenditures	1,108,440	3,157,849	242,876	14,068	491,623	13,467
Excess (deficiency) of revenues over expenditures	-	(916,146)	(242,876)	-	-	-
Other financing sources:						
Transfers in	-	150,000	200,000	-	-	-
Net change in fund balances	-	(766,146)	(42,876)	-	-	-
Fund balances, beginning of year	-	2,224,492	778,779	-	-	-
Fund balances, end of year	$ -	1,458,346	735,903	-	-	-

(continued)

REVISED DRAFT
FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds					
	Title I-A School Improvement	Title II-A Supporting Effective Instruction	Title IV-A Student Support and Academic Enrichment	AK PBIS Initiative	Safety and Well Being	Comprehensive Literacy State Development
Revenues:						
Local sources:						
Charges for services	$ -	-	-	-	-	-
Other	-	-	-	-	-	-
Intergovernmental:						
State of Alaska	-	-	-	-	-	-
Federal sources	115,652	156,816	91,233	29,367	1,854	372,197
Total revenues	115,652	156,816	91,233	29,367	1,854	372,197
Expenditures:						
Current:						
Instruction	11,875	-	55,228	-	-	156,900
Special education support services - students	-	-	-	-	-	-
Support services - students	16,709	-	-	-	-	-
Support services - instruction	67,353	131,361	29,021	27,119	1,854	186,804
School administration	10,861	13,450	-	-	-	-
District administration support services	8,854	12,005	6,984	2,248	-	28,493
Operations and maintenance of plant	-	-	-	-	-	-
Student activities	-	-	-	-	-	-
Student transportation - to and from school	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Debt service:						
Redemption of principal on long-term debt	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Total expenditures	115,652	156,816	91,233	29,367	1,854	372,197
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-
Other financing sources:						
Transfers in	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	$ -	-	-	-	-	-

(continued)

REVISED DRAFT

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds					
	Title VI-B Special Education	Alternative School Kiita	Carl Perkins	Section 619 Preschool Disabled	Johnson O'Malley	Indian Education
Revenues:						
Local sources:						
Charges for services	$ -	-	-	-	-	-
Other	-	-	-	-	-	-
Intergovernmental:						
State of Alaska	-	1,425	-	-	-	-
Federal sources	509,482	4,276	67,306	13,321	33,131	317,107
Total revenues	509,482	5,701	67,306	13,321	33,131	317,107
Expenditures:						
Current:						
Instruction	-	1,286	64,101	-	30,594	208,132
Special education support services - students	470,479	-	-	12,301	-	-
Support services - students	-	2,321	-	-	-	-
Support services - instruction	-	1,657	-	-	-	25,038
School administration	-	-	-	-	-	-
District administration support services	39,003	437	3,205	1,020	2,537	24,276
Operations and maintenance of plant	-	-	-	-	-	-
Student activities	-	-	-	-	-	59,661
Student transportation - to and from school	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Debt service:						
Redemption of principal on long-term debt	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Total expenditures	509,482	5,701	67,306	13,321	33,131	317,107
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-
Other financing sources:						
Transfers in	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	$ -	-	-	-	-	-

(continued)

REVISED DRAFT
FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds					
	Traditional Language Initiative	RUS USDA AK 740-016 Distance Learning and Telemedicine	Major Maintenance	Teacher Housing	Student Activity	Total Other Governmental Funds
Revenues:						
Local sources:						
Charges for services	$ -	-	-	1,918,941	-	1,918,941
Other	-	-	-	-	393,615	393,615
Intergovernmental:						
State of Alaska	-	-	-	-	-	3,351,568
Federal sources	101,096	248,836	-	-	-	2,580,832
Total revenues	101,096	248,836	-	1,918,941	393,615	8,244,956
Expenditures:						
Current:						
Instruction	-	-	-	-	-	977,533
Special education support services - students	-	-	-	-	-	482,780
Support services - students	-	-	-	-	-	20,577
Support services - instruction	93,357	248,836	-	-	-	1,949,291
School administration	-	-	-	-	-	24,311
District administration support services	7,739	-	-	-	-	176,544
Operations and maintenance of plant	-	-	96,085	5,919,504	-	6,015,589
Student activities	-	-	-	-	368,080	427,741
Student transportation - to and from school	-	-	-	-	-	3,157,849
Community services	-	-	-	-	-	242,876
Debt service:						
Redemption of principal on long-term debt	-	-	-	16,540	-	16,540
Interest on long-term debt	-	-	-	2,060	-	2,060
Total expenditures	101,096	248,836	96,085	5,938,104	368,080	13,493,691
Excess (deficiency) of revenues over expenditures	-	-	(96,085)	(4,019,163)	25,535	(5,248,735)
Other financing sources:						
Transfers in	-	-	-	1,365,000	-	1,715,000
Net change in fund balances	-	-	(96,085)	(2,654,163)	25,535	(3,533,735)
Fund balances, beginning of year	-	-	2,752,134	4,212,072	1,030,652	10,998,129
Fund balances, end of year	$ -	-	2,656,049	1,557,909	1,056,187	7,464,394

REVISED DRAFT

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Broadband Assistance Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget-Positive (Negative)
Revenues:			
Intergovernmental:			
State of Alaska	$ 1,108,440	1,108,440	-
Expenditures:			
Support services - instruction:			
Utility services	1,108,440	1,108,440	-
Excess of revenues over expenditures	$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		$ -	

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FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Student Transportation Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget-Positive (Negative)
Revenues:			
Intergovernmental:			
State of Alaska	$ 2,467,000	2,241,703	(225,297)
Expenditures:			
Student transportation - to and from school:			
Certificated salaries	41,800	43,750	(1,950)
Non-certificated salaries	1,375,000	1,698,074	(323,074)
Employee benefits	800,000	1,021,061	(221,061)
Professional and technical services	1,000	2,947	(1,947)
Staff travel	54,000	55,580	(1,580)
Utility services	9,000	9,971	(971)
Energy	31,000	21,087	9,913
Other purchased services	47,000	31,392	15,608
Supplies, materials and media	258,000	273,272	(15,272)
Other	200	715	(515)
Total expenditures	2,617,000	3,157,849	(540,849)
Excess (deficiency) of revenues over expenditures	(150,000)	(916,146)	(766,146)
Other financing sources:			
Transfers in - General (School) Operating Fund	150,000	150,000	-
Net change in fund balance	$ -	(766,146)	(766,146)
Fund balance, beginning of year		2,224,492	
Fund balance, end of year		$ 1,458,346	

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FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Community Education Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Other	$ 50,652	-	50,652
Expenditures:			
Community services:			
Non-certificated salaries	206,000	188,713	17,287
Employee benefits	21,872	26,200	(4,328)
Other purchased services	22,780	27,963	(5,183)
Total expenditures	250,652	242,876	7,776
Excess (deficiency) of revenues over expenditures	(200,000)	(242,876)	42,876
Other financing sources:			
Transfers in - General (School) Operating Fund	200,000	200,000	-
Net change in fund balance	$ -	(42,876)	(42,876)
Fund balance, beginning of year		778,779	
Fund balance, end of year		$ 735,903	

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

Title III-A English Language Acquisition Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources passed through the State of Alaska	$ 14,068	14,068	-
Expenditures:			
Support services - instruction:			
Certificated salaries	9,261	9,876	(615)
Employee benefits	2,832	3,115	(283)
Supplies, materials and media	898	-	898
Total support services - instruction	12,991	12,991	-
District administration support services:			
Indirect costs	1,077	1,077	-
Total expenditures	14,068	14,068	-
Excess of revenues over expenditures	$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		$ -	

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

Title I-A Basic Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget-Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources passed through the State of Alaska	$ 645,967	491,623	(154,344)
Expenditures:			
Instruction:			
Certificated salaries	482,410	351,979	130,431
Non-certificated salaries	4,000	-	4,000
Employee benefits	88,580	97,438	(8,858)
Total instruction	574,990	449,417	125,573
Support services - students:			
Supplies, materials and media	12,526	1,547	10,979
Support services - instruction:			
Staff travel	4,500	3,024	1,476
Supplies, materials and media	4,500	-	4,500
Total support services - instruction	9,000	3,024	5,976
District administration support services:			
Indirect costs	49,451	37,635	11,816
Total expenditures	645,967	491,623	154,344
Excess of revenues over expenditures	$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		$ -	

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

Title I-C Migrant Education Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget-Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources passed through the State of Alaska	$ 62,803	13,467	(49,336)
Expenditures:			
Support services - instruction:			
Certificated salaries	8,544	8,544	-
Non-certificated salaries	20,000	-	20,000
Employee benefits	11,206	3,892	7,314
Supplies, materials and media	18,245	-	18,245
Total support services - instruction	57,995	12,436	45,559
District administration support services:			
Indirect costs	4,808	1,031	3,777
Total expenditures	62,803	13,467	49,336
Excess of revenues over expenditures	$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		$ -	

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

Title I-A School Improvement Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget-Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources passed through the State of Alaska	$ 284,600	115,652	(168,948)
Expenditures:			
Instruction:			
Certificated salaries	3,000	3,045	(45)
Employee benefits	458	492	(34)
Professional and technical services	3,640	-	3,640
Student travel	5,068	3,979	1,089
Other purchased services	1,200	-	1,200
Supplies, materials and media	28,721	4,359	24,362
Total instruction	42,087	11,875	30,212
Support services - students:			
Certificated salaries	18,819	12,357	6,462
Employee benefits	3,061	1,933	1,128
Staff travel	3,000	-	3,000
Supplies, materials and media	20,305	2,419	17,886
Total support services - students	45,185	16,709	28,476
Support services - instruction:			
Professional and technical services	76,380	5,767	70,613
Staff travel	51,950	37,998	13,952
Supplies, materials and media	26,145	23,588	2,557
Total support services - instruction	154,475	67,353	87,122
School administration:			
Certificated salaries	18,043	9,114	8,929
Employee benefits	3,023	1,747	1,276
Total school administration	21,066	10,861	10,205
District administration support services:			
Indirect costs	21,787	8,854	12,933
Total expenditures	284,600	115,652	168,948
Excess of revenues over expenditures	$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		$ -	

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

Title II-A Supporting Effective Instruction Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget-Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources passed through the State of Alaska	$ 182,784	156,816	(25,968)
Expenditures:			
Support services - instruction:			
Certificated salaries	73,043	80,348	(7,305)
Employee benefits	44,655	49,121	(4,466)
Professional and technical services	22,555	780	21,775
Staff travel	-	1,112	(1,112)
Total support services - instruction	140,253	131,361	8,892
School administration:			
Staff travel	28,538	13,450	15,088
District administration support services:			
Indirect costs	13,993	12,005	1,988
Total expenditures	182,784	156,816	25,968
Excess of revenues over expenditures	$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		$ -	

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

Title IV-A Student Support and Academic Enrichment Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget-Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources passed through the State of Alaska	$ 114,351	91,233	(23,118)
Expenditures:			
Instruction:			
Non-certificated salaries	22,504	22,883	(379)
Employee benefits	14,710	16,180	(1,470)
Supplies, materials and media	20,694	16,165	4,529
Total instruction	57,908	55,228	2,680
Support services - students:			
Supplies, materials and media	1,074	-	1,074
Support services - instruction:			
Professional and technical services	42,615	27,454	15,161
Staff travel	4,000	1,567	2,433
Total support services - instruction	46,615	29,021	17,594
District administration support services:			
Indirect costs	8,754	6,984	1,770
Total expenditures	114,351	91,233	23,118
Excess of revenues over expenditures	$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		$ -	

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FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

AK PBIS Initiative Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget-Positive (Negative)
Revenues			
Intergovernmental:			
Federal sources passed through the State of Alaska	$ 36,000	29,367	(6,633)
Expenditures:			
Support services - students:			
Supplies, materials and media	5,389	-	5,389
Support services - instruction:			
Professional and technical services	7,855	7,855	-
Staff travel	20,000	19,264	736
Total support services - instruction	27,855	27,119	736
District administration support services:			
Indirect costs	2,756	2,248	508
Total expenditures	36,000	29,367	6,633
Excess of revenues over expenditures	$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		$ -	

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FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Safety and Well Being Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget-Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources passed through the State of Alaska	$ 7,200	1,854	(5,346)
Expenditures:			
Support services - instruction:			
Staff travel	6,649	1,854	4,795
District administration support services:			
Indirect costs	551	-	551
Total expenditures	7,200	1,854	5,346
Excess of revenues over expenditures	$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		$ -	

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

Comprehensive Literacy State Development Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget-Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources passed through the State of Alaska	$ 380,000	372,197	(7,803)
Expenditures:			
Instruction:			
Other purchased services	156,900	156,900	-
Support services - instruction:			
Professional and technical services	182,610	178,800	3,810
Staff travel	11,400	8,004	3,396
Total support services - instruction	194,010	186,804	7,206
District administration support services:			
Indirect costs	29,090	28,493	597
Total expenditures	380,000	372,197	7,803
Excess of revenues over expenditures	$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		$ -	

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

Title VI-B Special Education Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget-Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources passed through the State of Alaska	$ 509,482	509,482	-
Expenditures:			
Special education support services - students:			
Professional and technical services	470,479	470,479	-
District administration support services:			
Indirect costs	39,003	39,003	-
Total expenditures	509,482	509,482	-
Excess of revenues over expenditures	$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		$ -	

REVISED DRAFT
FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Alternative School Kiita Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget-Positive (Negative)
Revenues:			
Intergovernmental:			
State of Alaska	$ 2,187	1,425	(762)
Federal sources passed though the State of Alaska	6,563	4,276	(2,287)
Total revenues	8,750	5,701	(3,049)
Expenditures:			
Instruction:			
Student travel	1,580	-	1,580
Supplies, materials and media	1,500	1,286	214
Total instruction	3,080	1,286	1,794
Support services - students:			
Supplies, materials and media	2,500	2,321	179
Support services - instruction:			
Supplies, materials and media	2,500	1,657	843
District administration support services:			
Indirect costs	670	437	233
Total expenditures	8,750	5,701	3,049
Excess of revenues over expenditures	$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		$ -	

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FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Carl Perkins Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget-Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources passed through the State of Alaska	$ 78,402	67,306	(11,096)
Expenditures:			
Instruction:			
Professional and technical services	10,500	-	10,500
Staff travel	18,000	19,800	(1,800)
Student travel	25,266	23,700	1,566
Other purchased services	11,450	11,450	-
Supplies, materials and media	9,452	9,151	301
Total instruction	74,668	64,101	10,567
District administration support services:			
Indirect costs	3,734	3,205	529
Total expenditures	78,402	67,306	11,096
Excess of revenues over expenditures	$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		$ -	

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FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Section 619 Preschool Disabled Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources passed through the State of Alaska	$ 13,321	13,321	-
Expenditures:			
Special education support services - students:			
Professional and technical services	12,301	12,301	-
District administration support services:			
Indirect costs	1,020	1,020	-
Total expenditures	13,321	13,321	-
Excess of revenues over expenditures	$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		$ -	

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FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Johnson O'Malley Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Direct federal sources	$ 310,853	33,131	(277,722)
Expenditures:			
Instruction:			
Non-certificated salaries	4,600	-	4,600
Employee benefits	1,100	-	1,100
Professional and technical services	61,100	-	61,100
Staff travel	135,206	10,531	124,675
Student travel	11,393	11,393	-
Supplies, materials and media	73,657	8,670	64,987
Total instruction	287,056	30,594	256,462
District administration support services:			
Indirect costs	23,797	2,537	21,260
Total expenditures	310,853	33,131	277,722
Excess of revenues over expenditures	$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		$ -	

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FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Indian Education Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Direct federal sources	$ 451,829	317,107	(134,722)
Expenditures:			
Instruction:			
Certificated salaries	223,704	170,087	53,617
Employee benefits	55,816	38,045	17,771
Supplies, materials and media	5,000	-	5,000
Total instruction	284,520	208,132	76,388
Support services- instruction:			
Supplies, materials and media	42,632	25,038	17,594
District administration support services:			
Indirect costs	34,589	24,276	10,313
Student activities:			
Certificated salaries	19,426	10,596	8,830
Employee benefits	4,662	1,709	2,953
Student travel	55,000	44,164	10,836
Supplies, materials and media	11,000	3,192	7,808
Total student activities	90,088	59,661	30,427
Total expenditures	451,829	317,107	134,722
Excess of revenues over expenditures	$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		$ -	

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FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Traditional Language Initiative Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Direct federal sources	$ 101,096	101,096	-
Expenditures:			
Support services- instruction:			
Professional and technical services	46,607	16,000	30,607
Other purchased services	46,750	77,357	(30,607)
Total support services - instruction	93,357	93,357	-
District administration support services:			
Indirect costs	7,739	7,739	-
Total expenditures	101,096	101,096	-
Excess of revenues over expenditures	$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		$ -	

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FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

RUS USDA AK 740-016 Distance Learning and Telemedicine Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Direct federal sources	$ 248,836	248,836	-
Expenditures:			
Support services- instruction:			
Other purchased services	248,500	248,836	(336)
Equipment	336	-	336
Total expenditures	248,836	248,836	-
Excess of revenues over expenditures	$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		$ -	

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FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Major Maintenance Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources	$ -	-	-
Operations and maintenance of plant:			
Building and improvements purchased	-	96,085	(96,085)
Excess (deficiency) of revenues over expenditures	$ -	(96,085)	(96,085)
Fund balance, beginning of year		2,752,134	
Fund balance, end of year		$ 2,656,049	

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FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Teacher Housing Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget-Positive (Negative)
Revenues:			
Local sources:			
Charges for services	$ 1,982,955	1,918,941	(64,014)
Expenditures:			
Operations and maintenance of plant:			
Non-certificated salaries	581,719	505,936	75,783
Employee benefits	295,328	251,089	44,239
Professional and technical services	5,000	-	5,000
Utility services	354,100	558,267	(204,167)
Energy	528,600	591,652	(63,052)
Other purchased services	1,249,400	1,517,461	(268,061)
Supplies, materials and media	333,808	2,495,099	(2,161,291)
Total operations and maintenance of plant	3,347,955	5,919,504	(2,571,549)
Debt service:			
Principal	-	16,540	(16,540)
Interest	-	2,060	(2,060)
Total debt service	-	18,600	(18,600)
Total expenditures	3,347,955	5,938,104	(2,590,149)
Excess (deficiency) of revenues over expenditures	(1,365,000)	(4,019,163)	(2,654,163)
Other financing sources:			
Transfers in - General (School) Operating Fund	1,365,000	1,365,000	-
Net change in fund balance	$ -	(2,654,163)	(2,654,163)
Fund balance, beginning of year		4,212,072	
Fund balance, end of year		$ 1,557,909	

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FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Student Activity Special Revenue Fund

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

Year Ended June 30, 2026

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Other	$ -	393,615	393,615
Expenditures:			
Student activities:			
Supplies, materials and media	-	368,080	(368,080)
Excess of revenues over expenditures	$ -	25,535	25,535
Fund balance, beginning of year		1,030,652	
Fund balance, end of year		$ 1,056,187	

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

Schedule of Compliance - AS 14.17.505

June 30, 2026

Total fund balance - School Operating Fund	$ 5,570,649		
less exemptions per 4 AAC 09.160(a)			
Inventory	125,418		
Prepaid items	1,540,408		
Encumbrances	186,876		
Federal Impact Aid received	3,063,164		
Fund Balance Subject to 10% Limitation	$ 654,783		
Nonexempt fund balance as a percentage of current year expenditures:			
Fund balance subject to limitation	$ 654,783	=	0.69%
Current year expenditures	94,434,189		

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2026

Grant Title	Grant Number	Assistance Listing Number	Total Grant Award	Federal Share of Expenditures
U.S. Department of Education:				
Direct:				
Impact Aid	S041B-2022-0166	84.041	$ 3,063,164	3,063,164
Traditional Language Initiative	S215K240089	84.215K	580,000	101,096
Indian Education	S060A250651	84.060A	451,829	317,107
Total direct programs			4,094,993	3,481,367
Passed through the State of Alaska, Department of Education and Early Development:				
Title I-A Basic	IP 26.NSSD.01	84.010A	645,967	491,623
Title I-A School Improvement	SI 26.NSSD.01	84.010A	284,600	115,652
Safety and Well Being	SW 26.NSSD.01	84.010A	5,400	54
Total ALN 84.010A			935,967	607,329
Title I-C Migrant Education	IP 26.NSSD.01	84.011A	62,803	13,467
Special Education Cluster:				
Positive Behavioral Intervention Strategies	PB 26.NSSD.01	84.027A	36,000	29,367
Title VI-B	SE 26.NSSD.01	84.027A	509,482	509,482
Section 619	SE 26.NSSD.01	84.173A	13,321	13,321
Total Special Education Cluster			558,803	552,170
Carl Perkins Vocational Education	EK 26.NSSD.01	84.048A	78,402	67,306
Title IV-A Student Support and Academic Enrichment	IP 26.NSSD.01	84.424A	114,351	91,233
Safety and Well Being	SW 26.NSSD.01	84.424A	1,800	1,800
Total ALN 84.424A			116,151	93,033
Title III-A English Language Acquisition	IP 26.NSSD.01	84.365A	14,068	14,068
Title II-A Supporting Effective Instruction	IP 26.NSSD.01	84.367A	182,784	156,816
Comprehensive Literacy Development 2024 Cohort	CC 26.NSSD.01	84.371C	380,000	372,197
Total passed through State of Alaska, Department of Education and Early Development			2,328,978	1,876,386
Total U.S. Department of Education			6,423,971	5,357,753

(continued)

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FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards, Continued

Grant Title	Grant Number	Assistance Listing Number		Total Grant Award	Federal Share of Expenditures
U.S. Department of Agriculture:					
Passed through the State of Alaska					
Department of Education and Early Development:					
Child Nutrition Cluster:					
National School Breakfast Program	None	10.553	$	128,508	128,508
National School Lunch Program	None	10.555		537,171	537,171
USDA Commodities	None	10.555		37,826	37,826
Total Child Nutrition Cluster				703,505	703,505
Administration Fee Reimbursement	None	10.560		5,662	5,662
Total passed through the State of Alaska				703,505	703,505
Direct:					
RUS Distance Learning and Telemedicine	AK 740-D16	10.855		987,952	248,836
Total U.S. Department of Agriculture				1,691,457	952,341
U.S. Department of Health and Human Services:					
Passed through the State of Alaska					
Department of Education and Early Development:					
Alternative Schools	BH 26.NSSD.01	93.243		26,000	4,276
U.S. Department of the Interior:					
Direct:					
Johnson O'Malley	A21AV00530	15.130		160,557	12,338
Johnson O'Malley	A22AV00419	15.130		456,157	20,793
Total ALN 15.130				616,714	33,131
Total federal financial assistance			$	8,763,804	6,353,163

See accompanying notes to the Schedule of Expenditures of Federal Awards.

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FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2026

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of North Slope Borough School District under programs of the federal government for the year ended June 30, 2026. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of North Slope Borough School District, it is not intended to and does not present the basic financial statements of North Slope Borough School District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has elected not to use the 15% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Non-monetary Assistance

Non-monetary assistance is reported in the schedule at fair market value of commodities received and disbursed. For the year ended June 30, 2026, the District received $37,826 in USDA commodities.

Note 4. Passed Through Awards

No amounts were passed through to subrecipients.

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FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Schedule of State Financial Assistance

Year Ended June 30, 2026

Grant Title	Grant Number	Grant Award	Eligible Expenditures
State of Alaska, Department of Education and Early Development:			
Public School Funding Program			
* Foundation	None	$ 20,929,350	20,929,350
* Disparity test	None	13,890	13,890
* Quality Schools	None	86,652	86,652
Total Public School Funding Program		21,029,892	21,029,892
Typhoon Halong Supplemental	None	11,631	11,631
PFD Dividend Raffle	None	10,788	10,788
Broadband Assistance	BA 26.NSSD.01	1,108,440	1,108,440
Student Transportation	None	2,241,703	2,241,703
Alternative School Kiita	BH 26.NSSD.01	8,750	1,425
Total Department of Education and Early Development		3,381,312	3,373,987
Total State Financial Assistance		$ 24,411,204	24,403,879

See accompanying notes to the Schedule.

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FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Schedule of State Financial Assistance

Year Ended June 30, 2026

Note 1. Basis of Presentation

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of North Slope Borough School District under programs of the State of Alaska for the year ended June 30, 2026. 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 North Slope Borough School District, it is not intended to and does not present the basic financial statements of North Slope Borough School District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the District's basic financial statements.

Note 3. Subrecipients

No state funds were passed through to subrecipients.

Note 4. Major Programs

* denotes a major program for compliance audit purposes.

Note 5. Reconciliation of State Expenditures to the Financial Statements

The following programs are reported as Intergovernmental-State of Alaska revenues, however are not subject to compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*:

Total State Financial Assistance	$	24,403,879
PERS On-Behalf		821,792
TRS On-Behalf		3,455,650
Total State Revenue	$	28,681,321

REVISED DRAFT
FOR DISCUSSION PURPOSES ONLY

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Members of the School Board
North Slope Borough School District
Utqiagvik, 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 (Government Auditing Standards), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Slope Borough School District, a component unit of the North Slope Borough, Alaska, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise North Slope Borough School District's basic financial statements, and have issued our report thereon dated Month XX, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Anchorage, Alaska
Month XX, 2026

REVISED DRAFT
FOR DISCUSSION PURPOSES ONLY

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

Independent Auditor's Report

Members of the School Board
North Slope Borough School District
Utqiagvik, Alaska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited North Slope Borough School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of North Slope Borough School District's major federal programs for the year ended June 30, 2026. North Slope Borough School District's major federal programs are identified in the summary of auditor's results section of the accompanying federal schedule of findings and questioned costs.

In our opinion, North Slope Borough School District 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, 2026.

Basis for Opinion on Each Major Federal Program

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

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

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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Report on Internal Control Over Compliance

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

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

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

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

Anchorage, Alaska
Month XX, 2026

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FOR DISCUSSION PURPOSES ONLY

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs

Year Ended June 30, 2026

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP:	*Unmodified*
Is a going concern emphasis-of-matter paragraph included in the audit report?	____ Yes __X__ No
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 Awards

Internal control over major federal programs (2 CFR 200.516 (a)(1)):	
Material weakness(es) identified?	____ Yes __X__ No
Significant deficiency(ies) identified?	____ Yes __X__ None Reported
Any material noncompliance with provisions of laws, regulations, contracts, or grant agreements related to a major program (2 CFR 200.516 (a)(2))?	____ Yes __X__ No
Type of auditor's report issued on compliance for major program:	*Unmodified*
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, 2 CFR 200.516 (a)(3) or (4)?	____ Yes __X__ No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.041	Impact Aid
84.371C	Comprehensive Literacy Development

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,000,000
Auditee qualified as low-risk auditee?	__X__ Yes _____ No

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FOR DISCUSSION PURPOSES ONLY

Section II - Financial Statement Findings

The North Slope Borough School District did not have any findings related to the financial statements.

Section III - Federal Award Findings and Questioned Costs

The North Slope Borough School District did not have any findings related to federal awards.

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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*

Independent Auditor's Report

Members of the School Board
North Slope Borough School District
Utqiagvik, Alaska

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited North Slope Borough School District's compliance with the types of compliance requirements identified as subject to audit in the State of Alaska Audit Guide and Compliance Supplements that could have a direct and material effect on each of North Slope Borough School District's major state programs for the year ended June 30, 2026. North Slope Borough School District's major state programs are identified on the Schedule of State Financial Assistance.

In our opinion, North Slope Borough School District 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, 2026.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements in the State of Alaska Audit Guide. Our responsibilities under those standards and the State of Alaska Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, Government Auditing Standards, and the State of Alaska Audit Guide, we:

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

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

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Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Anchorage, Alaska
Month XX, 2026

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NORTH SLOPE BOROUGH SCHOOL DISTRICT

State Schedule of Findings and Questioned Costs

Year Ended June 30, 2026

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	*Unmodified*	
Internal control over financial reporting:		
Material weakness identified?	_____ Yes	___X__ No
Significant deficiency identified?	_____ Yes	___X__ None reported
Noncompliance material to the financial statements noted?	_____ Yes	___X__ No

State Financial Assistance

Internal control over major programs:		
Material weakness identified?	_____ Yes	___X__ No
Significant deficiency identified?	_____ Yes	___X__ None reported
Type of auditor's report issued on compliance for major programs:	*Unmodified*	
Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	___X__ Yes	_____ No

Section II – Financial Statement Findings

North Slope Borough School District did not have any findings that related to the financial statements.

Section III – State Award Findings and Questioned Costs

North Slope Borough School District did not have any findings related to State awards.

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