

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**  
(A Component Unit of the North Slope Borough)

Financial Statements and Schedules  
June 30, 2020  
(With Independent Auditors' Report Thereon)

# NORTH SLOPE BOROUGH SCHOOL DISTRICT

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## Independent Auditors' Report

Members of the School Board  
North Slope Borough School District:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the general fund, and the aggregate remaining fund information of the North Slope Borough School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, and the aggregate remaining fund information of the North Slope Borough School District, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with U.S. generally accepted accounting principles.



## **Other Matters**

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the budgetary statement and schedules related to the defined benefit pension and OPEB plans listed under the heading Required Supplementary Information within the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### *Supplementary and Other 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 Combining and Individual Fund Financial Statements and Schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated December 19, 2020 on our consideration of the 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 the 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.

*KPMG LLP*

Anchorage, Alaska  
December 19, 2020

# **BASIC FINANCIAL STATEMENTS**



**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Statement of Net Position

June 30, 2020

	<b>Governmental activities</b>
<b>Assets and Deferred Outflows of Resources</b>	
Assets:	
Cash and cash equivalents	\$ 25,558,565
Accounts receivable	924,360
Grants receivable	674,587
Inventories	85,195
Prepaid items	63,204
Net OPEB asset	1,676,755
Capital assets not being depreciated	134,956
Capital assets, net of accumulated depreciation	839,572
Total assets	29,957,194
Deferred outflows of resources:	
Pension and OPEB related	7,187,187
Total assets and deferred outflows of resources	37,144,381
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>	
Liabilities:	
Accounts payable	255,948
Accrued payroll liabilities	2,599,520
Self-insurance liability	2,577,495
Unearned revenue	289,322
Due to student groups	580,773
Noncurrent liabilities:	
Net pension and OPEB liabilities	43,600,763
Total liabilities	49,903,821
Deferred inflows of resources:	
Pension and OPEB related	3,465,927
Total liabilities and deferred inflows of resources	53,369,748
Net position:	
Net investment in capital assets	974,528
Restricted	1,215,819
Unrestricted	(18,415,714)
Total net position	\$ (16,225,367)

See accompanying notes to basic financial statements.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Statement of Activities

Year ended June 30, 2020

Functions/Programs	Expenses	Program revenues		Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Total governmental activities
Governmental activities:				
Instruction	\$ 17,329,501	-	(1,693,531)	(19,023,032)
Special education instruction	3,375,427	-	(342,764)	(3,718,191)
Special education support services - students	954,718	-	431,968	(522,750)
Support services - students	2,303,164	-	(157,532)	(2,460,696)
Support services - instruction	10,512,481	-	555,482	(9,956,999)
School administration	2,822,339	-	(384,501)	(3,206,840)
School administration support services	1,169,168	-	(25,065)	(1,194,233)
District administration	1,825,991	-	(22,895)	(1,848,886)
District administration support services	2,093,592	-	26,218	(2,067,374)
Operations and maintenance of plant	15,097,826	1,618,249	(50,247)	(13,529,824)
Student activities	2,861,873	-	(12,245)	(2,874,118)
Student transportation	2,304,884	-	2,369,589	64,705
Community services	263,407	-	(630)	(264,037)
Food service	3,886,053	30,839	1,402,014	(2,453,200)
<b>Total governmental activities</b>	<b>\$ 66,800,424</b>	<b>1,649,088</b>	<b>2,095,861</b>	<b>(63,055,475)</b>
General revenues:				
Borough appropriation				36,227,357
State grants and entitlements not restricted				18,778,316
Federal grants and entitlements not restricted				6,974,479
Unrestricted investment earnings				6,675
E-Rate				4,825,200
Other				201,549
<b>Total general revenues</b>				<b>67,013,576</b>
Change in net position				3,958,101
Net position, beginning of year				(20,183,468)
Net position, end of year				<b>\$ (16,225,367)</b>

See accompanying notes to basic financial statements.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Balance Sheet - Governmental Funds

June 30, 2020

	<b>General (school operating fund</b>	<b>Nonmajor governmental funds</b>	<b>Total governmental funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Cash and cash equivalents	\$ 25,558,565	-	25,558,565
Accounts receivable	697,958	226,402	924,360
Grants receivable	-	674,587	674,587
Inventory	-	85,195	85,195
Prepaid items	58,204	5,000	63,204
Due from other funds	<u>782,281</u>	<u>1,593,509</u>	<u>2,375,790</u>
Total assets	<u>\$ 27,097,008</u>	<u>2,584,693</u>	<u>29,681,701</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 246,203	9,745	255,948
Accrued payroll liabilities	2,599,520	-	2,599,520
Self-insurance liability	2,577,495	-	2,577,495
Unearned revenue	5,000	284,322	289,322
Due to:			
Due to other funds	1,593,509	782,281	2,375,790
Student groups	<u>580,773</u>	<u>-</u>	<u>580,773</u>
Total liabilities	<u>7,602,500</u>	<u>1,076,348</u>	<u>8,678,848</u>
Fund balances:			
Nonspendable:			
Inventory	-	85,195	85,195
Prepaid items	58,204	5,000	63,204
Restricted:			
Pupil transportation	-	1,215,819	1,215,819
Assigned:			
Educational purposes	247,494	-	247,494
Food Service	-	202,331	202,331
Unassigned:	<u>19,188,810</u>	<u>-</u>	<u>19,188,810</u>
Total fund balances	<u>19,494,508</u>	<u>1,508,345</u>	<u>21,002,853</u>
Total liabilities and fund balances	<u>\$ 27,097,008</u>	<u>2,584,693</u>	<u>29,681,701</u>

See accompanying notes to basic financial statements.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
June 30, 2020

Amount reported as fund balance on the governmental funds balance sheet	\$	21,002,853
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		974,528
Pension and OPEB related deferred outflows of resources related to the changes in proportion and difference between District contributions and proportionate share of of contributions, District contributions subsequent to the measurement date, and net difference between projected and actual earnings on investments that are not financial resources and, therefore, are not reported in the funds:		
Pension related		4,254,705
OPEB related		2,932,482
		7,187,187
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability		(42,874,249)
Net OPEB asset		950,241
		(41,924,008)
Pension and OPEB related deferred inflows of resources related to changes in proportion and difference between District contributions and proportionate share of contributions, and actual earnings on investments are not due and payable in the current period and, therefore, are not reported in the funds:		
Pension related		(1,466,988)
OPEB related		(1,998,939)
		(3,465,927)
Net position of governmental activities	\$	(16,225,367)

See accompanying notes to basic financial statements.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

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

Year ended June 30, 2020

	<b>General (school operating) fund</b>	<b>Nonmajor governmental funds</b>	<b>Total governmental funds</b>
Revenues:			
Local sources:			
Borough appropriation	\$ 36,227,357	-	36,227,357
Earnings on investments	6,675	-	6,675
Charges for services	37,010	1,612,078	1,649,088
E-rate	4,825,200	-	4,825,200
Other	201,549	748,974	950,523
State of Alaska sources	22,618,056	2,466,135	25,084,191
Federal sources	6,974,479	2,623,927	9,598,406
Total revenues	<u>70,890,326</u>	<u>7,451,114</u>	<u>78,341,440</u>
Expenditures:			
Current:			
Instruction	21,381,581	811,616	22,193,197
Special education instruction	4,159,607	7,310	4,166,917
Special education support services - students	566,864	460,305	1,027,169
Support services - students	2,855,901	36,345	2,892,246
Support services - instruction	10,296,879	802,180	11,099,059
School administration	3,608,096	-	3,608,096
School administration support services	1,431,575	-	1,431,575
District administration	2,015,268	-	2,015,268
District administration support services	2,396,947	63,638	2,460,585
Operations and maintenance of plant	13,628,896	2,872,558	16,501,454
Student activities	2,939,140	40,097	2,979,237
Student transportation	94,784	2,567,576	2,662,360
Community services	20,699	254,777	275,476
Food service	59,667	4,117,842	4,177,509
Total expenditures	<u>65,455,904</u>	<u>12,034,244</u>	<u>77,490,148</u>
Excess (deficiency) of revenues over expenditures	<u>5,434,422</u>	<u>(4,583,130)</u>	<u>851,292</u>
Other financing sources (uses):			
Transfers in	-	4,663,734	4,663,734
Transfers out	(4,663,734)	-	(4,663,734)
Net other financing sources (uses)	<u>(4,663,734)</u>	<u>4,663,734</u>	<u>-</u>
Net change in fund balances	770,688	80,604	851,292
Fund balances, beginning of year	<u>18,723,820</u>	<u>1,427,741</u>	<u>20,151,561</u>
Fund balances, end of year	<u>\$ 19,494,508</u>	<u>1,508,345</u>	<u>21,002,853</u>

See accompanying notes to basic financial statements.

**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  
June 30, 2020

Net change in fund balances - total governmental funds	\$ 851,292
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	93,172
Depreciation expense	<u>(530,293)</u>
	<u>(437,121)</u>
Governmental funds report pension and OPEB payments as expenditures. However, in the statement of activities, the pension and OPEB costs are actuarially determined and are comprised of the change in the District's contributions subsequent to the measurement date, proportion and difference between District contributions and proportional share of contributions, difference between actual and expected experience, net difference between projected and actual earnings on investments, and changes in assumptions:	
Pension related	(1,290,955)
OPEB related	<u>455,625</u>
	<u>(835,330)</u>
Some expenses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Change in net pension liability	(3,725,830)
Change in net OPEB asset	<u>8,105,090</u>
	<u>4,379,260</u>
Change in net position of governmental activities	<u>\$ 3,958,101</u>

See accompanying notes to basic financial statements.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Statement of Fiduciary Assets and Liabilities

Student Activity Agency Fund

June 30, 2020

**Assets**

Due from School Operating Fund	\$ <u>580,773</u>
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**Liabilities**

Due to student groups	\$ <u>580,773</u>
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See accompanying notes to basic financial statements.

# NORTH SLOPE BURGHO SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2020

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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.

**(a) Description of Government-Wide 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 nonfiduciary activities of the District. Governmental activities, which normally are supported by intergovernmental revenues and other nonexchange transactions. The District does not have any business-type activities or component units.

**(b) Reporting Entity**

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 the 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, the 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.

**(c) Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**(d) Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the District's funds, including its fiduciary fund. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental fund:

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



# NORTH SLOPE BUROUGH SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2020

Additionally, the District reports the following funds:

- Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.
- The *Student Activity Agency Fund* is a fiduciary fund and accounted for on the accrual basis of accounting. This fund is custodial in nature (assets equal liabilities) and does not involve measurement or results of operations. The agency fund accounts for transactions of elementary and secondary student activities.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in or out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

### (e) **Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, compensated absences, and claims and judgments, postemployment benefits and pension obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in governmental funds.

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

Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have

**NORTH SLOPE BURGHO SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2020

been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Rental income from District owned property is recorded in the period to which it relates. All other revenue items are considered to be measurable and available only when cash is received by the District.

**(f) Budgetary Information**

*(i) Budgetary Basis of Accounting*

The annual budget for the General (School Operating) Fund is 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 is 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 is limited to the total approved budget. There are no specific line item or category limitations.

Annual budgets of the various Special Revenue Funds are prepared in connection with the application for the special 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 lapse on September 30. Expenditures are reimbursed by the various entities on a cost basis.

Excess of expenditures over appropriations in the General (School Operating) Fund are funded through available fund balance.

Excess of expenditures over appropriation in Special Revenue Funds are funded through available fund balance and operating transfers from General (School Operating) Fund.

*(ii) Excess of Expenditures over Appropriations*

The following functions that had expenditures in excess of appropriations in the School Operating Fund for the year ended June 30, 2020 were:

Special education support services-students	\$ (34,838)
School administration	(216,810)
District administration	(241,826)
Operations and maintenance of plant	(29,961)
Student activities	(996,033)
Student transportation	(11,071)
Community services	(18,681)

# NORTH SLOPE BOROUGH SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2020

Excess of expenditures over appropriations were funded through available revenues and fund balance.

**(g) Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance**

*(i) Cash and Cash Equivalents*

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.

*(ii) Inventories and Prepaid Items*

Inventories are valued at cost using the first-in/first-out method and consist of food supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

*(iii) Capital Assets*

Capital assets are tangible assets consisting of artwork and 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. School facilities are maintained, managed, and replaced, when applicable, by the Borough. Accordingly, the Borough recognized 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.

*(iv) Deferred Outflows and Inflows of Resources*

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualify for reporting in this category, the deferred amounts related to pension and OPEB. This item relates to differences between estimated and actual investment earnings, changes in proportion and differences between District contributions and proportionate share of contributions, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amounts related to pension and OPEB. This item relates to differences between estimated and actual investment earnings, differences between expected and actual experience, changes in proportion and differences between District contributions and

# NORTH SLOPE BUROUGH SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2020

proportionate share of contributions, changes in actuarial assumptions, and other pension and OPEB related changes.

(v) *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 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. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, then unrestricted resources when they are needed.

(vi) *Fund Balance*

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called fund balance. District's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- Nonspendable fund balance – amounts that cannot be spent because they are in a nonspendable form (such as inventory and prepaids) or legally or contractually required to be maintained intact (such as the corpus of an endowment fund).
- Restricted fund balance – amounts constrained by external parties, or legislation (such as grantors or higher levels of government).
- Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority through Board action memos; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action through Board memos to remove or change the constraint. The highest level of authority is the School Board.
- Assigned fund balance – amounts that are intended for a particular purpose. Intent can be expressed by the School Board or by the Superintendent.
- Unassigned fund balances – amounts available for any purpose; these amounts are reported only in the General (School Operating) Fund.

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

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

# NORTH SLOPE BUROUGH SCHOOL DISTRICT

## Notes to Financial Statements

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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 classification 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 that 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.

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 assigned fund balances since they do not constitute expenditures or liabilities.

### **(h) Revenues and Expenditures/Expenses**

#### **(i) Program Revenues**

Amounts reported as *program revenues* in the government-wide statement of activities include (1) charges to employees for housing and charges to students for food service and (2) grants and contributions that are restricted to meeting the operational requirements of a particular function. All other grants and entitlements, including those dedicated for specific purposes such as State of Alaska foundation and Federal Impact Aid, and other internally dedicated resources are reported as general revenues rather than as program revenues.

#### **(ii) 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.

#### **(iii) Compensated Absences**

All classified and certified twelve-month employees earn and accrue annual leave. All classified school year employees earn and accrue annual leave. All certified school year employees earn personal leave up to 5 days earned and 10 days accrued. Unused annual leave is accrued at current salary cost as earned by employees.

Unused annual leave and salary related payments are accrued as earned by employees and are recorded as a current liability in the period earned. Annual leave is accrued as a current liability when it is expected to be paid with current available resources. Compensated absences are reported in governmental funds only if they have matured (i.e., unused reimbursable leave still outstanding following an Employees' resignation or retirement).

All certified employees earn sick leave, which is available for use while remaining in a permanent position. Sick leave pay is recorded as an expenditure during the period it is used. Employees' unused sick leave balances are carried forward.

# NORTH SLOPE BURGESS SCHOOL DISTRICT

## Notes to Financial Statements

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### (i) **Recently Issued Accounting Pronouncements**

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95) was issued in May 2020. This Statement extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this Statement apply to the financial statements of all state and local governments.

GASB Statement No. 84, *Fiduciary Activities* (GASB 84) was issued in January 2017. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. GASB 95 extended the effective date to reporting periods beginning after December 15, 2019 or the Districts fiscal year beginning July 1, 2020. The District is currently evaluating the impact GASB 84 will have on its future financial statements.

In June 2017, GASB Statement No. 87, *Leases* was issued. This statement supersedes the lease accounting guidance contained in GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement requires a lessee to recognize a lease liability and a lease asset at the commencement of the lease term, unless the lessee is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. GASB 95 extended the effective date for the District to its fiscal year beginning July 1, 2021, with early adoption permitted, and mandates a retrospective transition method. The District is currently evaluating the effects that the new standard will have on the financial statements.

### (2) **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 or Statement of Net Position as cash and cash equivalents or amounts due to/from other funds.

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.

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, 2020 allows for short-term investment in the following:

- United States government obligations.

**NORTH SLOPE BOROUGHS SCHOOL DISTRICT**

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- 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 investment policy allows for the following concentration limits:

	<u>Instrument maximum</u>	<u>Issuer maximum</u>
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%

**(3) Receivables**

Receivable as of June 30, 2020 for the District's individual major funds and other governmental funds are as follows:

	<u>School Operating Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Grants	\$ -	674,587	674,587
Borough	394,640	226,402	621,042
Other-stoploss receivable	<u>303,318</u>	<u>-</u>	<u>303,318</u>
Total	<u>\$ 697,958</u>	<u>900,989</u>	<u>1,598,947</u>

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

**NORTH SLOPE BURGHOOD SCHOOL DISTRICT**

Notes to Financial Statements

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**(4) Capital Assets**

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Balance July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2020</u>
Governmental activities:				
Capital assets not being depreciated - artwork	\$ 134,956	-	-	134,956
Capital assets, being depreciated:				
Equipment and vehicles	9,458,280	93,172	(80,950)	9,470,502
Accumulated depreciation	<u>(8,181,587)</u>	<u>(530,293)</u>	<u>80,950</u>	<u>(8,630,930)</u>
Total capital assets being depreciated	<u>1,276,693</u>	<u>(437,121)</u>	<u>-</u>	<u>839,572</u>
Net governmental capital assets	<u>\$ 1,411,649</u>	<u>(437,121)</u>	<u>-</u>	<u>974,528</u>

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

Instruction	\$ 118,554
Special education support services	2,018
Support services – instruction	109,681
Operations and maintenance of plant	166,776
Student activities	6,973
Student transportation	111,374
Food service	14,917
Total depreciation expense	<u>\$ 530,293</u>

**(5) Interfund Receivables, Payables, and Transfers**

**(a) Interfund Receivables and Payables**

A summary of individual interfund receivables and payables at June 30, 2020 is as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Other Governmental Funds	General (School Operating) Fund	\$ 1,593,509
General (School Operating) Fund	Other Governmental Funds	782,281
		<u>\$ 2,375,790</u>

**(b) Transfers**

A summary of interfund transfers is as follows:

<u>Transfers out</u>	<u>Transfers in Nonmajor Governmental Funds</u>
General (School Operating) Fund	\$ 4,663,734



**NORTH SLOPE BURGHO SCHOOL DISTRICT**

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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.

**(6) Long-Term Obligations**

Changes in long-term liability activity for the year ended June 30, 2020 was as follows:

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>	<u>Due within one year</u>
Governmental activities:					
Net pension liability - PERS	\$ 24,365,821	2,825,384	(1,632,888)	25,558,317	-
Net pension liability - TRS	14,783,598	3,181,623	(649,289)	17,315,932	-
Net OPEB liability - PERS	4,982,936	-	(4,256,422)	726,514	-
Net OPEB liability (asset) - TRS	<u>2,171,913</u>	<u>-</u>	<u>(3,848,668)</u>	<u>(1,676,755)</u>	<u>-</u>
Total governmental activities	<u>\$ 46,304,268</u>	<u>6,007,007</u>	<u>(10,387,267)</u>	<u>41,924,008</u>	<u>-</u>

**(7) Retirement Commitments**

All full time employees and certain permanent part time employees of the District participate in the Alaska Public Employees Retirement System or the Alaska Teachers Retirement System (Systems) – both cost-sharing multiple-employer defined benefit pension and postemployment healthcare plans administered by the Commissioner of Administration and the Alaska Retirement Management Board (ARMB). The ARMB has the authority to establish and amend the benefit terms. Both Systems issue a publicly available financial report that can be obtained at [www.doa.alaska.gov/dr/pers/employee/resources/cafr.html](http://www.doa.alaska.gov/dr/pers/employee/resources/cafr.html) or [www.doa.alaska.gov/dr/trs/employee/resources/cafr.html](http://www.doa.alaska.gov/dr/trs/employee/resources/cafr.html).

*Alaska Public Employees' Retirement System (PERS)*

(i) *PERS – Plan Description and Contributions*

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

PERS benefits are earned based on the following tiers:

1. Tier 1 employee: entered system between January 1, 1961 and June 30, 1986 – 5 years credited service for pension and OPEB benefits.

**NORTH SLOPE BOROUGHS SCHOOL DISTRICT**

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2. Tier II employee: entered system between July 1, 1986 and June 30, 1996 – 5 years credited service for pension and OPEB benefits.

3. Tier III employee: entered system between July 1, 1996 and June 30, 2005 – 5 years credited service for pension benefits and 10 years credited service for OPEB benefits.

Active PERS members are required to contribute 6.75% (defined benefit plan – 2% pension cost and 4.75% postemployment healthcare cost) and 8.0% (defined contribution plan) of their annual covered salary and the District is required to contribute at an actuarially determined rates as follows:

	<u>Others</u>	<u>Police/fire</u>
Defined benefit plans:		
Pension	18.29%	18.29%
Alaska Healthcare Retirement Trust	4.89	4.89
Occupational Death and Disability	0.26	0.72
Retiree Medical Plan	1.32	1.32
Defined contribution – Pension	5.44	5.44

Alaska Statute 39.35.255(a) capped the employer rate at 22%, with the State of Alaska making a nonemployer contribution for the difference between actuarially required contribution and the cap. The contribution requirements of plan members and the District are established and may be amended by the ARMB. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the DCR Plan payroll. The DBUL amount is computed as the difference between:

- (A) Amount calculated for the statutory employer contribution rate of 22.00% on eligible salary less:
- (B) Total of the employer contributions for:
  - (1) Defined contribution employer matching amount
  - (2) Major medical
  - (3) Occupational death & disability, and
  - (4) Health reimbursement arrangement

The difference is deposited based on an actuarial allocation into the defined benefit plan's pension and healthcare funds.

The defined benefit portion (Tiers I, II and III) of PERS has been closed to new entrants since July 1, 2006.

(ii) *Defined Benefit Pension Plan*

**Pension Benefits**

Pension 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 Police/Fire members or members

**NORTH SLOPE BURGHO SCHOOL DISTRICT**

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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 police/fire personnel are 2.00% for the first ten years of service and 2.50% for all service over 10 years. The percentage multipliers for all other participants are 2.00% for the first 10 years, 2.25% for the next 10 years, and 2.50% for all remaining service earned on or after July 1, 1986. All service before that date is calculated at 2.00%.

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 automatic PRPA increase is paid beginning July 1 of each year. The discretionary PRPA may be granted to eligible recipients by the Plan's Administrator if the funding ratio of the Plan meets or exceeds 105%. If both an automatic and discretionary PRPA are granted, and a retiree is eligible for both adjustments, the one that provides the retiree the greater increase will be paid.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 25,558,317
State's proportionate share of the net pension liability associated with the District	<u>10,149,508</u>
Total	<u>\$ 35,707,825</u>

The June 30, 2020 net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net pension liability was based on a projection on of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating political subdivisions and the State, actuarially determined. At June 30, 2019, the District's proportion was .47%, which was a decrease of 0.02% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized a pension expense of \$3,539,718 and revenue of \$1,378,758 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**NORTH SLOPE BURGESS SCHOOL DISTRICT**

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	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 366,452	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	(496,518)
Difference between actual and expected experience	-	(378,363)
Changes in assumptions	782,482	-
District contributions subsequent to the measurement date	<u>1,401,057</u>	<u>-</u>
Total	<u>\$ 2,549,991</u>	<u>(874,881)</u>

The District reported \$1,401,057 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2021	\$ 314,202
2022	(270,558)
2023	103,972
2024	126,437
2025	—
Thereafter	—
	<u>\$ 274,053</u>

**Pension Plan Fiduciary Net Position**

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

(iii) *PERS – Defined Benefit OPEB Plans*

PERS includes three cost-sharing OPEB plans. Amounts for the three OPEB plans have been combined as all the amounts related to the Occupational Death and Disability and Retiree Medical plans are not significant. The combined amounts for OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources are as follows:

**Alaska Retiree Healthcare Trust (ARHCT)**

ARHCT, a healthcare trust fund of the State, provides major medical coverage to retirees of the defined benefit plan. The ARHCT is self-funded and self-insured. The ARHCT is closed to all new members effective July 1, 2006. Major medical benefits are provided to retirees and their surviving spouses at no premium cost for all Tier I members or disabled retirees. Tier II and III members, and their surviving spouses, must pay the full monthly premium if they are under age 60 and will receive benefits at no premium cost if they are over age 60. Tier III members must pay the full monthly premium regardless of their age. Tier II and Tier III members with less than five years of credited service are not eligible for postemployment healthcare benefits. Tier II members who are receiving a conditional benefit and are age eligible

**NORTH SLOPE BUROUGH SCHOOL DISTRICT**

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are eligible for postemployment healthcare benefits. In addition, peace officers, and their surviving spouses, with 25 years of peace officer membership service and all other members and their surviving spouses with 30 years of membership service receive benefits at no premium cost, regardless of their age or date of hire. Peace officers/firefighters who are disabled between 20 and 25 years must pay the full monthly premium.

**Occupational Death and Disability Plan (ODD)**

ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS.

**Retiree Medical Plan (RMP)**

RMP provides major medical coverage to retirees of the DCR Plan. The RMP 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.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2020, the District reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of net OPEB liabilities, the related State support, and the total portion of the net OPEB liabilities that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ 726,514
State's proportionate share of the net OPEB liability associated with the District (ARHCT)	275,453
Total	<u>\$ 1,001,967</u>

The net OPEB liabilities were measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the ARHCT net OPEB liability was based on a projection of the present value of the District's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating political subdivisions and the State, actuarially determined. At June 30, 2019, the District's proportion was .47% (ARHCT), .72% (RMP), and .57% (ODD) which was a decrease of .02%, .01%, and .16% respectively from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized an OPEB benefit of \$4,262,048 and revenue of \$(1,780,252), related to reductions in the District's proportionate share of the net OPEB liability and the State's proportionate share attributable to the District. At June 30, 2020, the District reported collective deferred outflows of resources and collective deferred inflows of resources related to OPEB plans from the following sources:

**NORTH SLOPE BURGESS SCHOOL DISTRICT**

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	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ -	(306,181)
Changes in proportion and difference between District contributions and proportionate share of contributions	158,166	(80,613)
Change in assumptions	1,002,923	(2,659)
Difference between actual and expected experience	-	(521,677)
District contributions subsequent to the measurement date	700,396	-
Total	<u>\$ 1,861,485</u>	<u>(911,130)</u>

The District reported \$700,396 as deferred outflows of resources related to OPEB plans resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liabilities in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ending June 30:	
2021	\$ 285,513
2022	(234,512)
2023	80,112
2024	102,319
2025	4,896
Thereafter	11,631
	<u>\$ 249,959</u>

**OPEB Plans' Fiduciary Net Position**

Detailed information about the OPEB Plans' fiduciary net position is available in the separately issued PERS financial report.

(iv) *Actuarial Assumptions*

The total pension and OPEB liabilities were determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

	<u>Pension</u>	<u>OPEB</u>
Inflation rate	2.50%	2.50%
Projected salary increase:		
Graded productivity and merit:		
Peace officers and firefighters	2.75 to 7.75	2.75 to 7.75
Others	2.75 to 6.75	2.75 to 6.75
Investment rate of return/Discount Rate	7.38	7.38
Healthcare cost and trend rates:		
Pre-65 medical	N/A	7.5 grading down to 4.5
Post 65 medical	N/A	5.5 grading down to 4.5
Prescription drugs	N/A	8.5 grading down to 4.5
Participation rates	N/A	100% of system paid members and spouses and 20% of non-system paid members and spouses

# NORTH SLOPE BUROUGH SCHOOL DISTRICT

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Pre-termination mortality rates were based upon the 2013-2017 actual mortality experience, 100% of male and female post-termination rates of RP-2014 healthy annuitant table with MP-2017 generational improvement. Post-termination mortality rates were based on the 2013-2017 actual mortality experience, 91% of male and 96% of female rates of the RP-2014 healthy annuitant table with MP-2017 generational improvement.

The net pension and OPEB liabilities are measured as of June 30, 2019. Liabilities are based on the results of the actuarial calculations performed as of June 30, 2018 and were rolled forward to June 30, 2019 using standard update procedures. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017.

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

Asset class:	<u>Target allocation</u>	<u>Long – term expected real rate of return</u>
Broad domestic equity	24.00%	8.16%
Global equity	22.00	7.51
Fixed income	10.00	1.58
Opportunistic	10.00	3.96
Real assets	17.00	4.76
Absolute return	7.00	3.96
Private equity	9.00	11.39
Cash equivalents	1.00	0.83
Total	<u>100.00%</u>	

### Discount Rate

The discount rate used to measure the total pension and total OPEB liabilities was 7.38 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, contributions from employers will be made at contractually required rates (based on State statute), and nonemployer contributions from the State will continue to follow current funding policy. Based on those assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities. 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 benefit payments not covered by the plan's

**NORTH SLOPE BURGHO SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2020

fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 2.79% as of June 30, 2019.

**Sensitivity of the District’s proportionate share of the net pension and OPEB liability to changes in the discount rate.**

The following presents the District’s proportionate share of the net pension and OPEB liability calculated using the discount rate of 7.38 percent, as well as what the District’s proportionate share of the net pension and OPEB liability (assets) would be if it were calculated using a discount rate that is 1-percentage point-lower (6.38 percent) or 1-percentage-point higher (8.38 percent) than the current rate:

Plan:	<b>1% decrease (6.38)%</b>	<b>Discount rate (7.38)%</b>	<b>1% increase (8.38)%</b>
Pension	\$ 33,732,493	25,558,317	18,712,711
ARHCT	5,572,416	692,764	(3,321,284)
ODD	(131,896)	(139,047)	(144,828)
RMP	434,007	172,797	(23,857)

**Sensitivity of the District’s proportionate share of the collective net OPEB liability to changes in the healthcare cost trends rates.**

The following presents the District’s proportionate share of the collective net OPEB liability for each plan, as well as the District’s proportionate share of each plans collective 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:

Plan:	<b>1% decrease</b>	<b>Current trend rate</b>	<b>1% increase</b>
ARHCT	\$ (3,790,755)	692,764	6,164,347
ODD	N/A	(139,047)	N/A
RMP	(53,145)	172,797	482,089

(v) *PERS – Defined Contribution Plan*

The State of Alaska Legislature approved SB 141 to create the PERS Tier IV for employees hired after July 1, 2006 or for employees converting from the PERS Tier I, II, or III defined benefit plans. The plan is administered by the State of Alaska, Department of Administration, and benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the plan are individual pension accounts, retiree medical insurance plan, and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan.



**NORTH SLOPE BUROUGH SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2020

Employees are required to contribute 8% of their annual covered salary, and the District is required to make the following contributions:

	<b>Others Tier IV</b>	<b>Police/fire Tier IV</b>
Individual account	5.44%	5.44%
Health reimbursement arrangement (HRA)*	3.00	3.00
	<u>8.44%</u>	<u>8.44%</u>

\* HRA – AS 39.30.370 requires that the employer contribute “an amount equal to three percent (3%) of the employer’s average annual employee compensation.” For actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period.

Employees are immediately vested in their own contributions and vest 25% per year in employer contributions. The District’s contribution to PERS, including the HRA contribution, for the year ended June 30, 2020 was \$739,190.

*Alaska Teachers’ Retirement System (TRS)*

(i) *TRS – Plan Description and Contributions*

TRS provides retirement, disability, death, and postemployment health benefits. Benefits vest with five years of credited service. Employees enrolled prior to July 1, 1990 with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. For employees enrolled after June 30, 1990, but before July 1, 2006, the normal and early retirement ages are 60 and 55, respectively. Employees with 20 or more years of credited service may retire at any age and receive a normal benefit.

TRS benefits are earned based on the following tiers:

1. Tier I employee: entered system between January 1, 1961 and June 30, 1990 – 5 years credited service for pension and OPEB benefits.
2. Tier II employee: entered system between July 1, 1990 and June 30, 2006 – 5 years credited service for pension and OPEB benefits.

Active TRS members are required to contribute 8.65% (defined benefit plan – 5.8% pension cost and 2.85% postemployment healthcare cost) and 8.0% (defined contribution plan) of their annual covered salary, and the District is required to contribute at an actuarially determined rates as follows:

Defined benefit plans:	
Pension	20.71%
Alaska Healthcare Retirement Trust	3.81
Occupational Death and Disability	0.08
Retiree Medical Plan	1.09
Defined contribution – Pension	5.85

Alaska Statute 39.35.255(a) capped the employer rate at 12.56%, with the State of Alaska making a nonemployer contribution for the difference between actuarially required contribution

**NORTH SLOPE BUROUGH SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2020

and the cap. The contribution requirements of plan members and the District are established and may be amended by the ARMB. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the DCR Plan payroll. The DBUL amount is computed as the difference between:

- (A) Amount calculated for the statutory employer contribution rate of 12.56% on eligible salary less:
- (B) Total of the employer contributions for:
  - (1) Defined contribution employer matching amount
  - (2) Major medical
  - (3) Occupational death & disability, and
  - (4) Health reimbursement arrangement

The difference is deposited based on an actuarial allocation into the defined benefit plan's pension and healthcare funds.

The defined benefit portion (Tiers I, II and III) of TRS has been closed to new entrants since July 1, 2006.

(ii) *Defined Benefit Pension Plan*

**Pension Benefits**

Pension benefits are calculated by multiplying the average monthly compensation (AMC) times credited TRS service times the percentage multiplier. The AMC is determined by averaging the salaries earned during the three highest 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 TRS pays a minimum benefit of \$25 per month for each year of service when the calculated benefit is less.

The percentage multipliers are 2.00% for the first twenty years of service and 2.50% for all service over 20 years.

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 automatic PRPA increase is paid beginning July 1 of each year. The discretionary PRPA may be granted to eligible recipients by the Plan's Administrator if the funding ratio of the Plan meets or exceeds 105%. If both an automatic and discretionary PRPA are granted, and a retiree is eligible for both adjustments, the one that provides the retiree the greater increase will be paid.

**NORTH SLOPE BURGESS SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2020

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 17,315,932
State's proportionate share of the net pension liability associated with the District	25,681,701
Total	<u>\$ 42,997,633</u>

The June 30, 2020 net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net pension liability was based on a projection on of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating political subdivisions and the State, actuarially determined. At June 30, 2019, the District's proportion was .93%, which was a decrease of 0.16% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized a pension benefit of \$3,338,837 and revenue of \$(1,973,378) for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred outflows of resources</b>	<b>Deferred inflows of resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 444,762	-
Changes in proportion and differences between District contributions and proportionate share of contributions	776,323	-
Difference between actual and expected experience	-	(469,563)
Changes in assumptions	-	(122,544)
District contributions subsequent to the measurement date	483,629	-
Total	<u>\$ 1,704,714</u>	<u>(592,107)</u>

The District reported \$483,629 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**NORTH SLOPE BURGHO SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2020

Year ending June 30:	
2021	\$ 678,846
2022	(322,428)
2023	121,575
2024	150,985
2025	-
Thereafter	-
	<u>\$ 628,978</u>

**Pension Plan Fiduciary Net Position**

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

(iii) *TRS – Defined Benefit OPEB Plans*

TRS includes three cost-sharing OPEB plans. Amounts for the three OPEB plans have been combined as all the amounts related to the Occupational Death and Disability and Retiree Medical plans are not significant. The combined amounts for OPEB assets, OPEB expense, and deferred outflows of resources and deferred inflows of resources are as follows:

**Alaska Retiree Healthcare Trust (ARHCT)**

ARHCT, a healthcare trust fund of the State, provides major medical coverage to retirees of the defined benefit plan. The ARHCT is self-funded and self-insured. The ARHCT is closed to all new members effective July 1, 2006. When pension benefits begin, major medical benefits are provided without cost to (1) all members first hired before July 1, 1990 (Tier I); (2) members hired after July 1, 1990 (Tier II), with 25 years of membership service; and (3) members who are disabled or age 60 or older, regardless of their initial hire dates. Members first hired after June 30, 1990, may receive major medical benefits prior to age 60 by paying premiums.

**Occupational Death and Disability Plan (ODD)**

ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within TRS.

**Retiree Medical Plan (RMP)**

RMP provides major medical coverage to retirees of the DCR Plan. The RMP 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.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2020, the District reported an asset for its proportionate share of the net OPEB asset that reflected a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of net OPEB asset, the related State support, and the total portion of the net OPEB asset that was associated with the District were as follows:

**NORTH SLOPE BURGESS SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2020

District's proportionate share of the net OPEB asset	\$ 1,676,755
State's proportionate share of the net OPEB asset associated with the District (ARHCT)	<u>2,103,108</u>
Total	<u><u>\$ 3,779,863</u></u>

The net OPEB assets were measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the ARHCT net OPEB liability was based on a projection of the present value of the District's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating political subdivisions and the State, actuarially determined. At June 30, 2019, the District's proportion was .93% (ARHCT), 3.35% (RMP), and 3.37% (ODD) which was a decrease of .16%, .00%, and .02% respectively from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized an OPEB benefit of \$2,958,633 and revenue of \$(5,315,060), related to reductions in the District's proportionate share of the net OPEB asset and the State's proportionate share attributable to the District. At June 30, 2020, the District reported collective deferred outflows of resources and collective deferred inflows of resources related to OPEB plans from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ -	(222,963)
Changes in proportion and difference between Borough contributions and proportionate share of contributions	366,266	(18,006)
Change in assumptions	196,516	(562,462)
Difference between actual and expected experience	80,182	(284,378)
District contributions subsequent to the measurement date	<u>428,033</u>	<u>-</u>
Total	<u><u>\$ 1,070,997</u></u>	<u><u>(1,087,809)</u></u>

The District reported \$428,033 as deferred outflows of resources related to OPEB plans resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liabilities in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ending June 30:	
2021	\$ (369,546)
2022	(182,876)
2023	54,654
2024	70,413
2025	(4,430)
Thereafter	<u>(13,060)</u>
	<u><u>\$ (444,845)</u></u>

**NORTH SLOPE BURGHO SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2020

**OPEB Plans' Fiduciary Net Position**

Detailed information about the OPEB Plans' fiduciary net position is available in the separately issued TRS financial report.

(iv) *Actuarial Assumptions*

The total pension and OPEB liabilities were determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

	<u>Pension</u>	<u>OPEB</u>
Inflation rate	2.50%	2.50%
Projected salary increase:		
Graded productivity and merit	2.75 to 6.75	2.75 to 6.75
Investment rate of return/Discount Rate	7.38	7.38
Healthcare cost and trend rates:		
Pre-65 medical	N/A	7.5 grading down to 4.5
Post 65 medical	N/A	5.5 grading down to 4.5
Prescription drugs	N/A	8.5 grading down to 4.5
Participation rates	N/A	100% of system paid members and spouses and 20% of non-system paid members and spouses

Pre-termination mortality rates were based upon the 2013-2017 actual morality experience, 100% of male and female post-termination rates of RP-2014 white collar employee table with MP-2017 generational improvement. Post-termination mortality rates were based on the 2013-2017 actual morality experience, 93% of male and 90% of female rates of the RP-2014 healthy annuitant table with MP-2017 generational improvement. Deaths are assumed to be occupational 15% of the time.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017.

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

**NORTH SLOPE BUROUGH SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2020

	<u>Target allocation</u>	<u>Long – term expected real rate of return</u>
Asset class:		
Broad domestic equity	24.00%	8.16%
Global equity	22.00	7.51
Fixed income	10.00	1.58
Opportunistic	10.00	3.96
Real assets	17.00	4.76
Absolute return	7.00	3.96
Private equity	9.00	11.39
Cash equivalents	1.00	0.83
Total	<u>100.00%</u>	

**Discount Rate**

The discount rate used to measure the total pension and total OPEB liabilities was 7.38 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, contributions from employers will be made at contractually required rates (based on State statute), and nonemployer contributions from the State will continue to follow current funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities. 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 benefit payments not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 2.79% as of June 30, 2019.

**Sensitivity of the District's proportionate share of the net pension liability and OPEB liability (asset) to changes in the discount rate.**

The following presents the District's proportionate share of the net pension liability and OPEB liability (asset) calculated using the discount rate of 7.38 percent, as well as what the District's proportionate share of the net pension and OPEB liability (assets) would be if it were calculated using a discount rate that is 1-percentage point-lower (6.38 percent) or 1-percentage-point higher (8.38 percent) than the current rate:

	<u>1% decrease (6.38)%</u>	<u>Discount rate (7.38)%</u>	<u>1% increase (8.38)%</u>
Plan:			
Pension	\$ 24,944,080	17,315,932	10,911,168
ARHCT	2,120,195	(1,412,949)	(4,305,037)
ODD	(135,931)	(135,459)	(135,190)
RMP	224,908	(128,347)	(391,064)

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2020

**Sensitivity of the District's proportionate share of the collective net OPEB liability (asset) to changes in the healthcare cost trends rates.**

The following presents the District's proportionate share of the collective net OPEB liability (asset) for each plan, as well as the District's proportionate share of each plans collective 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:

	<u>1% decrease</u>	<u>Current trend rate</u>	<u>1% increase</u>
Plan:			
ARHCT	\$ (4,624,035)	(1,412,949)	2,526,011
ODD	N/A	(135,459)	N/A
RMP	(428,102)	(128,347)	286,907

(v) *TRS – Defined Contribution Plan*

The State of Alaska Legislature approved SB 141 to create the TRS Tier III for employees hired after July 1, 2006 or for employees converting from the TRS Tier I or II defined benefit plans. The plan is administered by the State of Alaska, Department of Administration, and benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the plan are individual pension accounts, retiree medical insurance plan, and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan.

Employees are required to contribute 8% of their annual covered salary, and the District is required to make the following contributions:

Individual account	5.85%
Health reimbursement arrangement (HRA)*	<u>3.00</u>
	<u><u>8.85%</u></u>

\* HRA – AS 39.30.370 requires that the employer contribute “an amount equal to three percent (3%) of the employer’s average annual employee compensation.” For actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period.

Employees are immediately vested in their own contributions and vest 25% per year in employer contributions. The District’s contribution to TRS, including the HRA contribution, for the year ended June 30, 2020 was \$1,278,488.



**NORTH SLOPE BURGESS SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2020

**(8) 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 \$175,000 and \$1,000,000 in aggregate. Health and medical insurance expense was \$8,373,146 for the year ended June 30, 2020, and consisted of paid claims incurred, stop-loss premiums, and administrative fees.

As of June 30, 2020, an estimated liability for claims payable incurred but unreported claims of approximately \$2,577,495 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, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Unpaid claims, beginning of year	\$ 2,187,267	2,424,846
Incurred claims	8,840,974	9,844,916
Claims payments	<u>(8,450,746)</u>	<u>(10,082,495)</u>
Unpaid claims, end of year	<u>\$ 2,577,495</u>	<u>2,187,267</u>

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.

**(9) Operating Leases**

In 2018, the District entered into a five year operating purchase lease agreement for the purpose of acquiring educational equipment such as personal computers, electronic devices, servers and network devices. Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) as of June 30, 2020 are:

Year ending June 30:	
2021	\$ 307,100
2022	<u>307,100</u>
	<u>\$ 614,200</u>

# NORTH SLOPE BOROUGH SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2020

### (10) Contingencies

#### (a) *Litigation*

In the opinion of management, no litigation is pending, or to their knowledge, threatened, which is likely to result, either individually or in the aggregate, in final judgments against the District, which would have a material effect on its financial statements.

#### (b) *Grants*

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.

#### (c) *COVID-19*

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (COVID-19) originating in Wuhan, China and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

In March 2020, the governor of Alaska declared a public health disaster as did the president of the United States. These declarations imposed travel restrictions and other health and safety protocols that restricted travel and access to Borough communities.

The District's operations are heavily dependent on the ability to conduct classroom learning and travel throughout the Borough. Additionally, access to grants and contracts from federal and state government may decrease or may not be available depending on appropriations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. As such, this may impact the District's ability to fulfill its mission.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

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

General (School Operating) Fund (RSI-1) (Unaudited)

Year Ended June 30, 2020

	<b>Budgeted amounts</b>		<b>Actual</b>	<b>Variance with final budget - positive (negative)</b>
	<b>Original</b>	<b>Final</b>	<b>amounts</b>	
Revenues:				
Local sources:				
Borough appropriation	\$ 34,338,063	\$ 34,338,063	\$ 36,227,357	\$ 1,889,294
Earnings on investments	5,000	5,000	6,675	1,675
Charges for services	83,000	83,000	37,010	(45,990)
E-rate	4,881,600	4,881,600	4,825,200	(56,400)
Other	108,400	108,400	201,549	93,149
State of Alaska sources	23,759,056	23,759,056	22,618,056	(1,141,000)
Federal sources	6,860,420	6,860,420	6,974,479	114,059
	<u>70,035,539</u>	<u>70,035,539</u>	<u>70,890,326</u>	<u>854,787</u>
Total revenues				
Expenditures:				
Current:				
Instruction	22,981,915	23,475,716	21,381,581	2,094,135
Special education instruction	4,499,181	4,499,181	4,159,607	339,574
Special education support services - students	532,026	532,026	566,864	(34,838)
Support services - students	3,015,321	3,015,321	2,855,901	159,420
Support services - instruction	10,172,681	10,578,880	10,296,879	282,001
School administration	3,391,286	3,391,286	3,608,096	(216,810)
School administration support services	1,726,090	1,726,090	1,431,575	294,515
District administration	1,773,442	1,773,442	2,015,268	(241,826)
District administration support services	2,752,647	2,752,647	2,396,947	355,700
Operations and maintenance of plant	13,598,935	13,598,935	13,628,896	(29,961)
Student activities	1,943,113	1,943,107	2,939,140	(996,033)
Student transportation	83,713	83,713	94,784	(11,071)
Community services	2,018	2,018	20,699	(18,681)
Food service	78,295	78,301	59,667	18,634
	<u>66,550,663</u>	<u>67,450,663</u>	<u>65,455,904</u>	<u>1,994,759</u>
Total expenditures				
Excess of revenues over expenditures	3,484,876	2,584,876	5,434,422	2,849,546
Other financing uses:				
Transfers out	<u>(3,491,876)</u>	<u>(3,491,876)</u>	<u>(4,663,734)</u>	<u>(1,171,858)</u>
Net change in fund balance	<u>\$ (7,000)</u>	<u>\$ (907,000)</u>	770,688	<u>\$ 1,677,688</u>
Fund balance, beginning of year			<u>18,723,820</u>	
Fund balance, end of year			<u>\$ 19,494,508</u>	

See accompanying independent auditors' report.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Alaska Public Employees' Retirement System

Schedule of the District's Proportionate Share of the Net Pension Liability (RSI-2) (Unaudited)

Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
District's proportion of the net pension liability	0.47%	0.49%	0.44%	0.49%	0.42%	0.27%	*	*	*	*
District's proportionate share of the net pension liability	\$ 25,558,317	24,364,821	22,715,059	27,181,923	20,492,879	12,410,612	*	*	*	*
State's proportionate share of the net pension liability	10,149,508	7,053,609	8,463,298	3,427,838	5,488,680	10,669,598	*	*	*	*
Total	\$ 35,707,825	31,418,430	31,178,357	30,609,761	25,981,559	23,080,210	*	*	*	*
District's covered payroll	\$ 5,001,401	5,880,048	5,991,957	6,342,422	6,511,486	6,690,330	*	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered payroll	511.02%	414.36%	379.09%	428.57%	314.72%	185.50%	*	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	63.42%	65.19%	63.37%	59.55%	63.96%	62.37%	*	*	*	*

\* This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Alaska Public Employees' Retirement System

Schedule of the District Pension Contributions (RSI-3) (Unaudited)

Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 1,401,057	1,655,804	1,785,699	1,490,393	1,281,138	1,156,138	*	*	*	*
Contributions in relation to the contractually required contributions	<u>(1,401,057)</u>	<u>(1,655,804)</u>	<u>(1,785,699)</u>	<u>(1,490,393)</u>	<u>(1,281,138)</u>	<u>(1,156,138)</u>	*	*	*	*
Contributions deficiency (excess)	\$ <u>1,401,057</u>	<u>1,655,804</u>	<u>1,785,699</u>	<u>1,490,393</u>	<u>1,281,138</u>	<u>1,156,138</u>				
District's covered payroll	4,008,868	5,001,401	5,880,048	5,991,957	6,342,422	6,511,486	*	*	*	*
Contributions as a percentage of covered payroll	34.95%	33.11%	30.37%	24.87%	20.20%	17.76%	*	*	*	*

\* This schedule is intended to present information for 10 years. Additional years will be displayed as the information becomes available.

Changes in assumptions. Amounts reported reflect a change between 2016 and 2017 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

See accompanying independent auditors' report.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Alaska Public Employees' Retirement System

Schedule of the District's Proportionate Share of the Net OPEB Liability (RSI-4) (Unaudited)

Last Ten Fiscal Years

	ARHCT			ODD			RMP		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
District's proportion of the net OPEB liability	0.47%	0.49%	0.44%	0.57%	0.72%	0.70%	0.72%	0.72%	0.70%
District's proportionate share of the net OPEB liability (asset)	\$ 692,764	5,031,481	3,712,280	(139,047)	(14,078)	(99,788)	172,797	92,240	36,676
State's proportionate share of the net OPEB liability (asset)	275,453	1,459,957	217,422	—	—	—	—	—	—
Total	\$ 968,217	6,491,438	3,929,702	(139,047)	(14,078)	(99,788)	172,797	92,240	36,676
District's covered payroll	\$ 5,001,401	5,880,048	5,991,957	9,164,709	8,204,413	7,318,628	9,164,709	8,204,413	7,318,628
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	13.85%	85.57%	61.95%	(1.52)%	(0.17)%	(1.36)%	1.89%	1.12%	0.50%
Plan fiduciary net position as a percentage of the total OPEB liability	98.13%	88.12%	89.68%	297.43%	270.62%	212.97%	83.17%	88.71%	93.98%

This schedule is intended to present information for 10 years. Additional years will be displayed as information becomes available.

Note 1

The significant change in OPEB liability (asset) from 2019 to 2020 was a result of change to the PERS medical benefit provisions since the prior valuation to reflect the implementation of a group Medicare Part D prescription drug plan known as an enhanced Employer Group Waiver Plan (EGWP) for all Medicare eligible members covered under the Plan as of January 1, 2019. As prescribed by GASB, the implementation of EGWP has been treated as a plan change and its effect immediately recognized.

See accompanying independent auditors' report.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Alaska Public Employees' Retirement System

Schedule of the District OPEB Contributions (RSI-5) (Unaudited)

Last Ten Fiscal Years

	ARHCT			ODD			RMP		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Contractually required contributions	\$ 559,721	595,625	509,336	23,137	23,809	13,127	117,538	86,183	84,602
Contributions in relation to the contractually required contributions	(559,721)	(595,625)	(509,336)	(23,137)	(23,809)	(13,127)	(117,538)	(86,183)	(84,602)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-
District's covered payroll	\$ 4,008,868	5,001,401	5,880,048	8,900,878	9,164,709	8,204,413	8,900,878	9,164,709	8,204,413
Contributions as a percentage of covered payroll	13.96%	11.91%	8.66%	0.26%	0.26%	0.16%	1.32%	0.94%	1.03%

This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.



**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Alaska Teachers' Retirement System

Schedule of the District's Proportionate Share of the Net Pension Liability (RSI-6) (Unaudited)

Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
District's proportion of the net pension liability	0.93%	0.77%	0.66%	0.91%	0.01%	0.03%	*	*	*	*
District's proportionate share of the net pension liability	\$ 17,315,932	14,783,598	13,296,924	20,675,894	13,168,117	8,207,032	*	*	*	*
State's proportionate share of the net pension liability	<u>25,681,701</u>	<u>21,977,229</u>	<u>23,209,005</u>	<u>24,574,393</u>	<u>21,049,386</u>	<u>55,971,081</u>	*	*	*	*
Total	\$ <u>42,997,633</u>	<u>36,760,827</u>	<u>36,505,929</u>	<u>45,250,287</u>	<u>34,217,503</u>	<u>64,178,113</u>	*	*	*	*
District's covered payroll	\$ 4,177,653	4,982,771	6,191,797	6,963,281	7,355,691	8,790,152	*	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered payroll	414.49%	296.69%	214.75%	296.93%	179.02%	93.37%	*	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	74.68%	74.09%	72.39%	68.40%	73.82%	55.70%	*	*	*	*

\*This schedule is intended to present information for 10 years. Additional years will be displayed as information becomes available.

See accompanying independent auditors' report.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Alaska Teachers' Retirement System

Schedule of the District's Pension Contributions (RSI-7) (Unaudited)

Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 483,629	538,013	585,302	588,274	538,092	591,114	*	*	*	*
Contributions in relation to the contractually required contributions	<u>(483,629)</u>	<u>(538,013)</u>	<u>(585,302)</u>	<u>(588,274)</u>	<u>(538,092)</u>	<u>(591,114)</u>	*	*	*	*
Contributions deficiency (excess)	\$ <u>483,629</u>	<u>538,013</u>	<u>585,302</u>	<u>588,274</u>	<u>538,092</u>	<u>591,114</u>				
District's covered payroll	4,086,959	4,177,653	4,982,771	6,191,797	6,963,281	7,355,691	*	*	*	*
Contributions as a percentage of covered payroll	11.83%	12.88%	11.75%	9.50%	7.73%	8.04%	*	*	*	*

\* This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

Changes in assumptions. Amounts reported reflect a change between 2016 and 2017 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

See accompanying independent auditors' report.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Alaska Teachers' Retirement System (TRS)

Schedule of the District's Proportionate Share of the Net OPEB Liability (RSI-8) (Unaudited)

June 30, 2020

	ARHCT			ODD			RMP		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
District's proportion of the net OPEB liability	0.93%	0.77%	0.65%	3.37%	3.35%	3.03%	3.35%	3.35%	3.03%
District's proportionate share of the net OPEB liability (asset)	\$ (1,412,949)	2,396,367	1,203,383	(135,459)	(117,383)	(99,168)	(128,347)	(107,071)	(143,836)
State's proportionate share of the net OPEB liability (asset)	(2,103,108)	3,574,845	2,110,057	—	—	—	—	—	—
Total	\$ (3,516,057)	5,971,212	3,313,440	(135,459)	(117,383)	(99,168)	(128,347)	(107,071)	(143,836)
District's covered payroll	\$ 4,177,653	4,982,771	6,191,797	13,037,843	12,034,621	10,181,445	13,037,843	12,034,621	10,181,445
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	(33.82)%	48.09%	19.44%	(1.04)%	(0.98)%	(0.97)%	(0.98)%	(0.89)%	(1.41)%
Plan fiduciary net position as a percentage of the total OPEB liability	105.50%	90.23%	93.75%	1,409.77%	1,304.81%	1,342.59%	110.03%	109.56%	118.2%

This schedule is intended to present information for 10 years. Additional year will be displayed as they become available.

Note 1

The significant change in OPEB liability (asset) from 2019 to 2020 was a result of a change to the TERS medical benefit provisions since the prior valuation to reflect the implementation of a group Medicare Part D prescription drug plan known as an enhanced Employer Group Waiver Plan (EGWP) for all Medicare eligible members covered under the Plan as of January 1, 2019. As prescribed by GASB, the implementation of EGWP has been treated as a plan change and its effect immediately recognized.

See accompanying independent auditors' report.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Alaska Teachers' Retirement System

Schedule of District OPEB Contributions (RSI-9) (Unaudited)

Last Ten Fiscal Years

	ARHCT			ODD			RMP		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Contractually required contributions	\$ 428,033	595,625	509,336	10,674	23,809	13,127	145,626	86,183	84,602
Contributions in relation to the contractually required contributions	(428,033)	(595,625)	(509,336)	(10,674)	(23,809)	(13,127)	(145,626)	(86,183)	(84,602)
Contribution deficiency (excess)	\$ —	—	—	—	—	—	—	—	—
						12,034,621		13,037,843	
District's covered payroll	\$ 4,086,959	4,177,653	4,982,771	13,343,586	13,037,843	1	13,343,586		12,034,621
Contributions as a percentage of covered payroll	10.47%	14.26%	10.22%	0.08%	0.18%	0.11%	1.09%	0.66%	0.70%

This schedule is intended to present information for 10 years. Additional years will be displayed as they become available .

See accompanying independent auditors' report.

**COMBINING AND INDIVIDUAL  
FUND FINANCIAL STATEMENTS  
AND SCHEDULES**

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

School Operating Fund

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

Year ended June 30, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
<b>Revenues:</b>			
Intergovernmental:			
Borough appropriation	\$ 31,838,063	33,563,297	1,725,234
Borough in-kind contribution	2,500,000	2,664,060	164,060
Local sources:			
Earnings on investments	5,000	6,675	1,675
Charges for services	83,000	37,010	(45,990)
E-rate revenue	4,881,600	4,825,200	(56,400)
Other	108,400	201,549	93,149
Total local sources	<u>39,416,063</u>	<u>41,297,791</u>	<u>1,881,728</u>
Intergovernmental:			
State of Alaska:			
Foundation program	19,885,272	18,059,133	(1,826,139)
TRS on-behalf	2,799,095	2,958,738	159,643
PERS on-behalf	924,689	881,002	(43,687)
SB142	150,000	719,183	569,183
Total State of Alaska	<u>23,759,056</u>	<u>22,618,056</u>	<u>(1,141,000)</u>
Federal sources:			
Direct sources - Impact Aid	6,860,420	6,974,479	114,059
Total revenues	<u>70,035,539</u>	<u>70,890,326</u>	<u>854,787</u>
<b>Expenditures:</b>			
Instruction:			
Certified salaries	11,479,661	11,718,274	(238,613)
Non-certified salaries	2,268,620	1,442,147	826,473
Employee benefits	8,440,234	7,497,886	942,348
Professional and technical services	558,601	198,185	360,416
Staff travel	24,780	9,557	15,223
Student travel	130,000	47,476	82,524
Utility services	4,000	1,465	2,535
Other purchased services	4,900	950	3,950
Supplies, materials, and media	559,820	464,734	95,086
Tuition and stipends	750	-	750
Other	4,350	907	3,443
Total Instruction	<u>23,475,716</u>	<u>21,381,581</u>	<u>2,094,135</u>
Special education instruction:			
Certified salaries	1,568,208	1,884,719	(316,511)
Non-certified salaries	1,160,064	713,262	446,802
Employee benefits	1,755,499	1,546,702	208,797
Utility services	-	36	(36)
Supplies, materials, and media	15,410	14,888	522
Total special education instruction	<u>4,499,181</u>	<u>4,159,607</u>	<u>339,574</u>
Special education support services - students:			
Certified salaries	107,289	138,026	(30,737)
Non-certified salaries	31,059	24,497	6,562
Employee benefits	85,708	100,964	(15,256)
Professional and technical services	279,000	291,732	(12,732)
Staff travel	8,920	3,884	5,036
Utility services	1,000	508	492
Other purchased services	2,000	3,212	(1,212)
Supplies, materials, and media	16,250	3,108	13,142
Other	800	933	(133)
Total special education support services - students	<u>532,026</u>	<u>566,864</u>	<u>(34,838)</u>

(continued)

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

School Operating Fund

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

Year ended June 30, 2020

	<b>Final budgeted amounts</b>	<b>Actual amounts</b>	<b>Variance with final budget- positive (negative)</b>
Expenditures, continued:			
Support services - students:			
Certified salaries	911,888	936,757	(24,869)
Non-certified salaries	932,388	765,515	166,873
Employee benefits	1,148,635	1,148,404	231
Staff travel	11,340	1,285	10,055
Utility services	500	-	500
Supplies, materials, and media	9,920	3,940	5,980
Other	650	-	650
Total support services - students	<u>3,015,321</u>	<u>2,855,901</u>	<u>159,420</u>
Support services - instruction:			
Certified salaries	519,357	466,157	53,200
Non-certified salaries	867,179	1,062,694	(195,515)
Employee benefits	852,654	919,651	(66,997)
Professional and technical services	273,520	276,254	(2,734)
Staff travel	108,270	62,018	46,252
Utility services	6,125,800	6,052,631	73,169
Other purchased services	292,220	121,044	171,176
Supplies, materials, and media	1,465,691	1,306,451	159,240
Other	74,189	29,979	44,210
Total support services - instruction	<u>10,578,880</u>	<u>10,296,879</u>	<u>282,001</u>
School administration:			
Certified salaries	2,032,815	2,143,933	(111,118)
Employee benefits	1,070,440	1,149,102	(78,662)
Staff travel	24,975	21,470	3,505
Utility services	144,542	117,555	26,987
Other purchased services	85,102	104,304	(19,202)
Supplies, materials, and media	27,959	69,605	(41,646)
Other	5,453	2,127	3,326
Total school administration	<u>3,391,286</u>	<u>3,608,096</u>	<u>(216,810)</u>
School administration support services:			
Non-certified salaries	973,965	827,553	146,412
Employee benefits	752,025	604,022	148,003
Staff travel	100	-	100
Total school administration support services	<u>1,726,090</u>	<u>1,431,575</u>	<u>294,515</u>
District administration:			
Certified salaries	436,236	335,546	100,690
Non-certified salaries	351,147	594,777	(243,630)
Employee benefits	540,789	454,353	86,436
Professional and technical services	207,000	406,078	(199,078)
Staff travel	144,410	166,695	(22,285)
Student travel	-	11,208	(11,208)
Utility services	13,000	8,986	4,014
Other purchased services	5,500	10,266	(4,766)
Supplies, materials, and media	35,860	24,081	11,779
Other	39,500	3,278	36,222
Total district administration	<u>1,773,442</u>	<u>2,015,268</u>	<u>(241,826)</u>

(continued)

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

School Operating Fund

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

Year ended June 30, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Expenditures, continued:			
District administration support services:			
Non-certified salaries	1,250,204	1,196,897	53,307
Employee benefits	966,735	718,209	248,526
Professional and technical service	337,378	270,618	66,760
Staff travel	103,740	122,581	(18,841)
Staff Travel	3,500	-	3,500
Utility services	49,000	24,007	24,993
Other purchased services	40,000	37,306	2,694
Supplies, materials, and media	59,390	69,320	(9,930)
Other	80,700	21,656	59,044
District support_Indirect cost	<u>(138,000)</u>	<u>(63,647)</u>	<u>(74,353)</u>
Total district administration support services	<u>2,752,647</u>	<u>2,396,947</u>	<u>355,700</u>
Operations and maintenance of plant:			
Non-certified salaries	4,635,130	4,446,008	189,122
Employee benefits	3,022,731	2,726,546	296,185
Professional and technical services	145,800	282,623	(136,823)
Staff travel	69,970	76,523	(6,553)
Utility services	549,400	394,158	155,242
Energy	3,335,000	2,643,715	691,285
Other purchased services	41,900	19,172	22,728
Insurance and bond premiums	1,066,573	2,160,091	(1,093,518)
Supplies, materials, and media	722,231	875,092	(152,861)
Other	2,700	1,008	1,692
Equipment	7,500	3,960	3,540
Total operations and maintenance of plant	<u>13,598,935</u>	<u>13,628,896</u>	<u>(29,961)</u>
Student activities:			
Certified salaries	238,000	255,271	(17,271)
Non-certified salaries	92,057	191,759	(99,702)
Employee benefits	-	121,271	(121,271)
Professional and technical services	2,700	98,194	(95,494)
Staff travel	4,540	7,192	(2,652)
Student travel	1,578,241	2,222,806	(644,565)
Utility services	2,000	201	1,799
Supplies, materials, and media	16,910	41,166	(24,256)
Other	8,659	1,280	7,379
Total student activities	<u>1,943,107</u>	<u>2,939,140</u>	<u>(996,033)</u>
Transportation:			
Employee benefits	83,713	94,784	(11,071)
Total transportation	<u>83,713</u>	<u>94,784</u>	<u>(11,071)</u>
Community services:			
Employee benefits	2,018	2,249	(231)
Staff travel	-	18,450	(18,450)
Total community services	<u>2,018</u>	<u>20,699</u>	<u>(18,681)</u>
Food Service:			
Employee benefits	78,301	59,667	18,634
Total food service	<u>78,301</u>	<u>59,667</u>	<u>18,634</u>
Total expenditures	<u>67,450,663</u>	<u>65,455,904</u>	<u>1,994,759</u>

(continued)



**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

School Operating Fund

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

Year ended June 30, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Excess of revenues over expenditures	\$ 2,584,876	5,434,422	2,849,546
Other financing (uses):			
Transfers out:			
Special Revenue Funds:			
Pupil Transportation	-	(127,330)	(127,330)
Community Education	(300,000)	(254,283)	45,717
Food Service	(2,306,488)	(2,759,551)	(453,063)
Residential Learning	-	(330,059)	(330,059)
Teacher Housing	(885,388)	(1,192,511)	(307,123)
Net other financing (uses)	<u>(3,491,876)</u>	<u>(4,663,734)</u>	<u>(1,171,858)</u>
Net change in fund balance	<u>\$ (907,000)</u>	770,688	<u>1,677,688</u>
Fund balance, beginning of year		<u>18,723,820</u>	
Fund balance, end of year		<u>\$ 19,494,508</u>	

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2020

	<b>Special revenue funds</b>					
	<b>Student Transportation</b>	<b>Community Education</b>	<b>Early Learning Moore Expansion</b>	<b>Suicide Awareness and Prevention</b>	<b>Food Service</b>	<b>Title III-A English Language Acquisition</b>
<b>Assets</b>						
Accounts receivable	\$ -	-	-	-	118,708	-
Grants receivable	-	-	-	16,918	-	8,901
Inventory	-	-	-	-	85,195	-
Prepaid items	-	-	-	-	-	-
Due from other funds	1,215,819	-	-	-	83,623	-
<b>Total assets</b>	<b>\$ 1,215,819</b>	<b>-</b>	<b>-</b>	<b>16,918</b>	<b>287,526</b>	<b>8,901</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Due to other funds	-	-	-	16,918	-	8,901
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,918</b>	<b>-</b>	<b>8,901</b>
<b>Fund balances:</b>						
<b>Nonspendable:</b>						
Inventory	-	-	-	-	85,195	-
Prepaid items	-	-	-	-	-	-
<b>Restricted:</b>						
Pupil transportation	1,215,819	-	-	-	-	-
<b>Assigned:</b>						
Food Service	-	-	-	-	202,331	-
<b>Unassigned:</b>						
	-	-	-	-	-	-
<b>Total fund balances</b>	<b>1,215,819</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>287,526</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,215,819</b>	<b>-</b>	<b>-</b>	<b>16,918</b>	<b>287,526</b>	<b>8,901</b>

(continued)

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Nonmajor Governmental Funds

Combining Balance Sheet, Continued

June 30, 2020

	<b>Special revenue funds</b>					
	<b>Title I-A Basic</b>	<b>Migrant Education</b>	<b>Title I-C</b>	<b>Title I-A School Improvement</b>	<b>Title II-A Teacher and Principal Training and Recruitment</b>	<b>Special Education Title VI-B</b>
<b>Assets</b>						
Accounts receivable	\$ -	-	-	-	-	-
Grants receivable	153,074	-	15,170	54,503	28,126	150,326
Inventory	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 153,074</b>	<b>-</b>	<b>15,170</b>	<b>54,503</b>	<b>28,126</b>	<b>150,326</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Due to other funds	153,074	-	15,170	54,503	28,126	150,326
<b>Total liabilities</b>	<b>153,074</b>	<b>-</b>	<b>15,170</b>	<b>54,503</b>	<b>28,126</b>	<b>150,326</b>
<b>Fund balances:</b>						
<b>Nonspendable:</b>						
Inventory	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
<b>Restricted:</b>						
Pupil transportation	-	-	-	-	-	-
<b>Assigned:</b>						
Food Service	-	-	-	-	-	-
<b>Unassigned:</b>						
	-	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 153,074</b>	<b>-</b>	<b>15,170</b>	<b>54,503</b>	<b>28,126</b>	<b>150,326</b>

(continued)

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Nonmajor Governmental Funds

Combining Balance Sheet, Continued

June 30, 2020

	<b>Special revenue funds</b>					
	<b>Alternative School Kiita</b>	<b>Substance Misuse and Addiction Prevention</b>	<b>Carl Perkins Vocational Education</b>	<b>Special Education Section 619 Preschool Disabled</b>	<b>Student Health and Academic Achievement</b>	<b>Alaska State Council of the Arts New Visions</b>
<b>Assets</b>						
Accounts receivable	\$ -	-	-	-	-	-
Grants receivable	12,063	6,481	46,093	-	-	-
Inventory	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	13,188
<b>Total assets</b>	<b>\$ 12,063</b>	<b>6,481</b>	<b>46,093</b>	<b>-</b>	<b>-</b>	<b>13,188</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	13,188
Due to other funds	12,063	6,481	46,093	-	-	-
<b>Total liabilities</b>	<b>12,063</b>	<b>6,481</b>	<b>46,093</b>	<b>-</b>	<b>-</b>	<b>13,188</b>
<b>Fund balances:</b>						
<b>Nonspendable:</b>						
Inventory	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
<b>Restricted:</b>						
Pupil transportation	-	-	-	-	-	-
<b>Assigned:</b>						
Food Service	-	-	-	-	-	-
<b>Unassigned:</b>						
	-	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,063</b>	<b>6,481</b>	<b>46,093</b>	<b>-</b>	<b>-</b>	<b>13,188</b>

(continued)

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Nonmajor Governmental Funds

Combining Balance Sheet, Continued

June 30, 2020

	<b>Special revenue funds</b>					<b>Exxon/Mobil Kaktovik General Operations Support</b>
	<b>Johnson O'Malley</b>	<b>Indian Education</b>	<b>Alaska Native Education Association</b>	<b>ASRC Contribution</b>	<b>Residential Learning Center</b>	
<b>Assets</b>						
Accounts receivable	\$ -	-	-	-	-	-
Grants receivable	-	105,598	77,334	-	-	-
Inventory	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	110,068	-	-	118,322	-	42,744
<b>Total assets</b>	<b>\$ 110,068</b>	<b>105,598</b>	<b>77,334</b>	<b>118,322</b>	<b>-</b>	<b>42,744</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	-	-	-	-	-	-
Unearned revenue	110,068	-	-	118,322	-	42,744
Due to other funds	-	105,598	77,334	-	-	-
<b>Total liabilities</b>	<b>110,068</b>	<b>105,598</b>	<b>77,334</b>	<b>118,322</b>	<b>-</b>	<b>42,744</b>
<b>Fund balances:</b>						
<b>Nonspendable:</b>						
Inventory	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
<b>Restricted:</b>						
Pupil transportation	-	-	-	-	-	-
<b>Assigned:</b>						
Food Service	-	-	-	-	-	-
<b>Unassigned:</b>						
	-	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 110,068</b>	<b>105,598</b>	<b>77,334</b>	<b>118,322</b>	<b>-</b>	<b>42,744</b>

(continued)

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Nonmajor Governmental Funds

Combining Balance Sheet, Continued

June 30, 2020

	<u>Special revenue funds</u>		
	<u>Major</u>	<u>Teacher</u>	
<b>Assets</b>	<b>Maintenance</b>	<b>Housing</b>	<b>Total</b>
Accounts receivable	107,694	-	226,402
Grants receivable	-	-	674,587
Inventory	-	-	85,195
Prepaid items	-	5,000	5,000
Due from other funds	-	9,745	1,593,509
	<hr/>	<hr/>	<hr/>
Total assets	107,694	14,745	2,584,693
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	-	9,745	9,745
Unearned revenue	-	-	284,322
Due to other funds	107,694	-	782,281
	<hr/>	<hr/>	<hr/>
Total liabilities	107,694	9,745	1,076,348
	<hr/>	<hr/>	<hr/>
Fund balances:			
Nonspendable:			
Inventory	-	-	85,195
Prepaid items	-	5,000	5,000
Restricted:			
Pupil transportation	-	-	1,215,819
Assigned:			
Food Service	-	-	202,331
Unassigned:	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	-	5,000	1,508,345
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	107,694	14,745	2,584,693
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2020

	<b>Special revenue funds</b>					
	<b>Student Transportation</b>	<b>Community Education</b>	<b>Early Learning Moore Expansion</b>	<b>Suicide Awareness and Prevention</b>	<b>Youth Risk Behavior Survey</b>	<b>Food Service</b>
<b>Revenues:</b>						
Local sources:						
Charges for services	\$ -	-	-	-	-	30,839
Other	-	-	-	-	-	628,711
Intergovernmental:						
State of Alaska	2,415,737	-	-	26,925	-	-
Federal sources	-	-	-	-	-	803,854
<b>Total revenues</b>	<b>2,415,737</b>	<b>-</b>	<b>-</b>	<b>26,925</b>	<b>-</b>	<b>1,463,404</b>
<b>Expenditures:</b>						
Current:						
Instruction	-	-	-	-	-	-
Special education instruction	-	-	-	-	-	-
Special education support services - students	-	-	-	-	-	-
Support services - students	-	-	-	25,874	-	-
Support services - instruction	-	-	-	-	-	-
District administration support services	-	-	-	1,051	-	-
Operations and maintenance of plant	-	-	-	-	-	-
Student activities	-	-	-	-	-	-
Student transportation	2,567,576	-	-	-	-	-
Community services	-	254,283	-	-	-	-
Food service	-	-	-	-	-	4,117,842
<b>Total expenditures</b>	<b>2,567,576</b>	<b>254,283</b>	<b>-</b>	<b>26,925</b>	<b>-</b>	<b>4,117,842</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(151,839)</b>	<b>(254,283)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,654,438)</b>
Other financing sources:						
Transfers in	127,330	254,283	-	-	-	2,759,551
<b>Net change in fund balance</b>	<b>(24,509)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105,113</b>
Fund balance, beginning of year	1,240,328	-	-	-	-	182,413
Fund balance, end of year	\$ 1,215,819	-	-	-	-	287,526

(continued)

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2020

	<b>Special revenue funds</b>					
	<b>Title III-A English Language Acquisition</b>	<b>Title I-A Basic</b>	<b>Migrant Education</b>	<b>Title I-C</b>	<b>Title I-A School Improvement</b>	<b>Title II-A Teacher and Principal Training and Recruitment</b>
<b>Revenues:</b>						
Local sources:						
Charges for services	\$ -	-	-	-	-	-
Other	-	-	-	-	-	-
Intergovernmental:						
State of Alaska	-	-	-	-	-	-
Federal sources	36,718	412,292	1,078	15,170	46,905	137,899
<b>Total revenues</b>	<b>36,718</b>	<b>412,292</b>	<b>1,078</b>	<b>15,170</b>	<b>46,905</b>	<b>137,899</b>
<b>Expenditures:</b>						
Current:						
Instruction	-	354,679	-	-	-	-
Special education instruction	-	-	-	-	7,310	-
Special education support services - students	-	-	-	-	-	-
Support services - students	-	-	-	-	-	700
Support services - instruction	35,286	41,529	1,078	14,579	36,323	131,819
District administration support services	1,432	16,084	-	591	3,272	5,380
Operations and maintenance of plant	-	-	-	-	-	-
Student activities	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Food service	-	-	-	-	-	-
<b>Total expenditures</b>	<b>36,718</b>	<b>412,292</b>	<b>1,078</b>	<b>15,170</b>	<b>46,905</b>	<b>137,899</b>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-
Other financing sources:						
Transfers in	-	-	-	-	-	-
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balance, beginning of year	-	-	-	-	-	-
Fund balance, end of year	\$ -	-	-	-	-	-

(continued)



**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2020

	<b>Special revenue funds</b>					
	<b>Special Education Title VI-B</b>	<b>Alternative School Kiita</b>	<b>Substance Misuse and Addiction Prevention</b>	<b>Carl Perkins Vocational Education</b>	<b>Special Education Section 619 Preschool Disabled</b>	<b>Student Health and Academic Achievement</b>
<b>Revenues:</b>						
Local sources:						
Charges for services	\$ -	-	-	-	-	-
Other	-	-	-	-	-	-
Intergovernmental:						
State of Alaska	-	16,431	6,481	-	-	-
Federal sources	466,636	-	-	47,283	12,357	-
<b>Total revenues</b>	<b>466,636</b>	<b>16,431</b>	<b>6,481</b>	<b>47,283</b>	<b>12,357</b>	<b>-</b>
<b>Expenditures:</b>						
Current:						
Instruction	-	15,790	6,228	45,439	-	-
Special education instruction	-	-	-	-	-	-
Special education support services - students	448,430	-	-	-	11,875	-
Support services - students	-	-	-	-	-	-
Support services - instruction	-	-	-	-	-	-
District administration support services	18,206	641	253	1,844	482	-
Operations and maintenance of plant	-	-	-	-	-	-
Student activities	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Food service	-	-	-	-	-	-
<b>Total expenditures</b>	<b>466,636</b>	<b>16,431</b>	<b>6,481</b>	<b>47,283</b>	<b>12,357</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-
Other financing sources:						
Transfers in	-	-	-	-	-	-
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balance, beginning of year	-	-	-	-	-	-
Fund balance, end of year	\$ -	-	-	-	-	-

(continued)

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2020

	<b>Special revenue funds</b>					
	<b>Alaska State Council of the Arts New Visions</b>	<b>Johnson O'Malley</b>	<b>Indian Education</b>	<b>Alaska Native Education Association</b>	<b>ASRC Contribution</b>	<b>Residential Learning Center</b>
<b>Revenues:</b>						
Local sources:						
Charges for services	\$ -	-	-	-	-	-
Other	-	-	-	-	21,455	-
Intergovernmental:						
State of Alaska	561	-	-	-	-	-
Federal sources	-	7,196	369,166	267,373	-	-
<b>Total revenues</b>	<b>561</b>	<b>7,196</b>	<b>369,166</b>	<b>267,373</b>	<b>21,455</b>	<b>-</b>
<b>Expenditures:</b>						
Current:						
Instruction	-	-	123,394	-	17,183	248,903
Special education instruction	-	-	-	-	-	-
Special education support services - students	-	-	-	-	-	-
Support services - students	-	-	9,405	-	366	-
Support services - instruction	561	-	221,965	237,884	-	81,156
District administration support services	-	-	14,402	-	-	-
Operations and maintenance of plant	-	-	-	-	-	-
Student activities	-	7,196	-	29,489	3,412	-
Student transportation	-	-	-	-	-	-
Community services	-	-	-	-	494	-
Food service	-	-	-	-	-	-
<b>Total expenditures</b>	<b>561</b>	<b>7,196</b>	<b>369,166</b>	<b>267,373</b>	<b>21,455</b>	<b>330,059</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(330,059)</b>
<b>Other financing sources:</b>						
Transfers in	-	-	-	-	-	330,059
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balance, beginning of year	-	-	-	-	-	-
Fund balance, end of year	\$ -	-	-	-	-	-

(continued)

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2020

	<u>Special revenue funds</u>			
	<u>Exxon/Mobil Kaktovik General Operations Support</u>	<u>Major Maintenance</u>	<u>Teacher Housing</u>	<u>Total</u>
Revenues:				
Local sources:				
Charges for services	-	-	1,581,239	1,612,078
Other	-	98,808	-	748,974
Intergovernmental:				
State of Alaska	-	-	-	2,466,135
Federal sources	-	-	-	2,623,927
Total revenues	<u>-</u>	<u>98,808</u>	<u>1,581,239</u>	<u>7,451,114</u>
Expenditures:				
Current:				
Instruction	-	-	-	811,616
Special education instruction	-	-	-	7,310
Special education support services - students	-	-	-	460,305
Support services - students	-	-	-	36,345
Support services - instruction	-	-	-	802,180
District administration support services	-	-	-	63,638
Operations and maintenance of plant	-	98,808	2,773,750	2,872,558
Student activities	-	-	-	40,097
Student transportation	-	-	-	2,567,576
Community services	-	-	-	254,777
Food service	-	-	-	4,117,842
Total expenditures	<u>-</u>	<u>98,808</u>	<u>2,773,750</u>	<u>12,034,244</u>
Excess (deficiency) of revenues over expenditures	-	-	(1,192,511)	(4,583,130)
Other financing sources:				
Transfers in	-	-	1,192,511	4,663,734
Net change in fund balance	-	-	-	80,604
Fund balance, beginning of year	-	-	5,000	1,427,741
Fund balance, end of year	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>1,508,345</u>

**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, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Intergovernmental:			
State of Alaska	\$ 2,429,840	2,415,737	(14,103)
Total revenues	<u>2,429,840</u>	<u>2,415,737</u>	<u>(14,103)</u>
Expenditures:			
Supplies, materials, and media	-	(464)	464
Student transportation:			
Non-certified salaries	1,380,626	1,492,005	(111,379)
Employee benefits	858,721	877,735	(19,014)
Professional and technical services	20,500	13,441	7,059
Staff travel	1,500	4,954	(3,454)
Utility services	10,000	57,618	(47,618)
Energy	10,500	13,592	(3,092)
Other purchased services	6,000	-	6,000
Supplies, materials, and media	141,593	108,338	33,255
Other	400	357	43
Total expenditures	<u>2,429,840</u>	<u>2,567,576</u>	<u>(137,736)</u>
Excess (deficiency) of revenues over expenditures	-	(151,839)	(151,839)
Other financing sources:			
Transfers in - School Operating Fund	-	127,330	127,330
Net change in fund balance	<u>\$ -</u>	<u>(24,509)</u>	<u>(24,509)</u>
Fund balance, beginning of year		<u>1,240,328</u>	
Fund balance, end of year		<u>\$ 1,215,819</u>	

See accompanying independent auditors' report.

**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, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Expenditures:			
Community services:			
Non-certified salaries	\$ 265,676	203,030	62,646
Employee benefits	9,921	32,011	(22,090)
Professional and technical services	17,000	18,633	(1,633)
Staff travel	2,979	-	2,979
Supplies, materials, and media	4,424	609	3,815
	<u>300,000</u>	<u>254,283</u>	<u>45,717</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	(300,000)	(254,283)	45,717
Other financing sources:			
Transfers in - School Operating Fund	<u>300,000</u>	<u>254,283</u>	<u>(45,717)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

See accompanying independent auditors' report.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**  
 Suicide Awareness and Prevention Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year ended June 30, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Intergovernmental:			
State of Alaska	\$ 27,500	26,925	(575)
Total revenues	<u>27,500</u>	<u>26,925</u>	<u>(575)</u>
Expenditures:			
Support services - students:			
Certified salaries	1,000	860	140
Employee benefits	500	145	355
Professional and technical services	2,680	2,680	-
Staff travel	7,082	7,082	-
Supplies, materials, and media	15,165	15,107	58
Total support services - students	<u>26,427</u>	<u>25,874</u>	<u>553</u>
District administration support services:			
Indirect cost	1,073	1,051	22
Total district administration support services	<u>1,073</u>	<u>1,051</u>	<u>22</u>
Total expenditures	<u>27,500</u>	<u>26,925</u>	<u>575</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

See accompanying independent auditors' report.

**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, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Local sources:			
Charges for services	\$ -	30,839	30,839
Other	115,000	628,711	513,711
Intergovernmental-federal sources passed through the State of Alaska:			
Type A reimbursement	884,000	646,645	(237,355)
Fresh fruit and vegetable program	35,000	157,209	122,209
Direct federal sources	<u>112,000</u>	<u>-</u>	<u>(112,000)</u>
Total revenues	<u>1,146,000</u>	<u>1,463,404</u>	<u>317,404</u>
Expenditures:			
Food services:			
Non-certified salaries	1,253,339	945,765	307,574
Employee benefits	865,648	1,035,296	(169,648)
Staff travel	4,995	18,289	(13,294)
Other purchased services	5,000	-	5,000
Supplies, materials, and media	1,323,406	2,118,492	(795,086)
Other	<u>100</u>	<u>-</u>	<u>100</u>
Total food services	<u>3,452,488</u>	<u>4,117,842</u>	<u>(665,354)</u>
Total expenditures	<u>3,452,488</u>	<u>4,117,842</u>	<u>(665,354)</u>
Excess (deficiency) of revenues over expenditures	(2,306,488)	(2,654,438)	(347,950)
Other financing sources:			
Transfers in - School Operating Fund	<u>2,306,488</u>	<u>2,759,551</u>	<u>453,063</u>
Net change in fund balance	<u>\$ -</u>	<u>105,113</u>	<u>105,113</u>
Fund balance, beginning of year		<u>182,413</u>	
Fund balance, end of year		<u>\$ 287,526</u>	

See accompanying independent auditors' report.

**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, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 45,056	36,718	(8,338)
Total revenues	<u>45,056</u>	<u>36,718</u>	<u>(8,338)</u>
Expenditures:			
Support services - instruction:			
Certified salaries	18,382	18,800	(418)
Employee benefits	12,026	7,837	4,189
Staff travel	8,000	5,129	2,871
Supplies, materials, and media	4,890	3,520	1,370
Total support services - instruction	<u>43,298</u>	<u>35,286</u>	<u>8,012</u>
District administration support services:			
Indirect cost	1,758	1,432	326
Total district administration support services	<u>1,758</u>	<u>1,432</u>	<u>326</u>
Total expenditures	<u>45,056</u>	<u>36,718</u>	<u>8,338</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

See accompanying independent auditors' report.



**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, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 479,372	412,292	(67,080)
Total revenues	<u>479,372</u>	<u>412,292</u>	<u>(67,080)</u>
Expenditures:			
Instruction:			
Certified salaries	275,141	257,685	17,456
Employee benefits	124,442	96,994	27,448
Supplies, materials, and media	871	-	871
Total instruction	<u>400,454</u>	<u>354,679</u>	<u>45,775</u>
Support services - students:			
Supplies, materials, and media	1,800	-	1,800
Total support services - students	<u>1,800</u>	<u>-</u>	<u>1,800</u>
Support services - instruction:			
Certified salaries	13,024	13,662	(638)
Non-certified salaries	36,000	20,000	16,000
Employee benefits	6,804	7,538	(734)
Staff travel	2,587	329	2,258
Total support services - instruction	<u>58,415</u>	<u>41,529</u>	<u>16,886</u>
District administration support services:			
Indirect cost	18,703	16,084	2,619
Total district administration support services	<u>18,703</u>	<u>16,084</u>	<u>2,619</u>
Total expenditures	<u>479,372</u>	<u>412,292</u>	<u>67,080</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

See accompanying independent auditors' report.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Migrant Education

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

Year ended June 30, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 1,078	1,078	-
Total revenues	<u>1,078</u>	<u>1,078</u>	<u>-</u>
Expenditures:			
Support Services-Instruction: Supplies, materials, and media	1,078	1,078	-
Total expenditures	<u>1,078</u>	<u>1,078</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

See accompanying independent auditors' report.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Title I-C

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

Year ended June 30, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 23,821	15,170	(8,651)
Total revenues	<u>23,821</u>	<u>15,170</u>	<u>(8,651)</u>
Expenditures:			
Support Services - Instruction			
Non-certified salaries	20,000	11,821	8,179
Employee benefits	-	2,758	(2,758)
Supplies, materials, and media	2,892	-	2,892
Total Support Services-Instruction	<u>22,892</u>	<u>14,579</u>	<u>8,313</u>
District administration support services:			
Indirect cost	929	591	338
Total district administration support services	<u>929</u>	<u>591</u>	<u>338</u>
Total expenditures	<u>23,821</u>	<u>15,170</u>	<u>8,651</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

See accompanying independent auditors' report.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Title I-A School Improvement

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

Year ended June 30, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 123,700	46,905	(76,795)
Total revenues	<u>123,700</u>	<u>46,905</u>	<u>(76,795)</u>
Expenditures:			
Special education:			
Certified salaries	12,993	6,611	6,382
Employee benefits	10,605	699	9,906
Total Special education	<u>23,598</u>	<u>7,310</u>	<u>16,288</u>
Instruction:			
Certified salaries	14,214	15,600	(1,386)
Non-certified salaries	1,200	-	1,200
Employee benefits	7,223	1,922	5,301
Professional and technical services	23,606	4,900	18,706
Staff travel	3,136	-	3,136
Supplies, materials, and media	43,787	13,901	29,886
Total instruction	<u>93,166</u>	<u>36,323</u>	<u>56,843</u>
District administration support services:			
Indirect cost	6,936	3,272	3,664
Total district administration support services	<u>6,936</u>	<u>3,272</u>	<u>3,664</u>
Total expenditures	<u>123,700</u>	<u>46,905</u>	<u>76,795</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

See accompanying independent auditors' report.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Title II-A Teacher and Principal Training and Recruitment Special Revenue Fund

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

Year ended June 30, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 223,040	137,899	(85,141)
Total revenues	<u>223,040</u>	<u>137,899</u>	<u>(85,141)</u>
Expenditures:			
Support services - students:			
Supplies, materials, and media	-	700	(700)
Support services - instruction:			
Certified salaries	66,801	60,718	6,083
Non-certified salaries	29,499	7,297	22,202
Employee benefits	29,536	25,596	3,940
Professional and technical services	70,502	32,423	38,079
Staff travel	18,000	5,785	12,215
Total support services - instruction	<u>214,338</u>	<u>131,819</u>	<u>82,519</u>
District administration support services:			
Indirect cost	8,702	5,380	3,322
Total district administration support services	<u>8,702</u>	<u>5,380</u>	<u>3,322</u>
Total expenditures	<u>223,040</u>	<u>137,899</u>	<u>85,141</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

See accompanying independent auditors' report.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Special Education Title VI-B Special Revenue Fund

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

Year ended June 30, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 481,395	466,636	(14,759)
Total revenues	<u>481,395</u>	<u>466,636</u>	<u>(14,759)</u>
Expenditures:			
Special education support services - students:			
Non-certified salaries	70,968	49,686	21,282
Employee benefits	36,903	39,897	(2,994)
Professional and technical services	354,742	358,847	(4,105)
Total special education support services - students	<u>462,613</u>	<u>448,430</u>	<u>14,183</u>
District administration support services:			
Indirect cost	18,782	18,206	576
Total district administration support services	<u>18,782</u>	<u>18,206</u>	<u>576</u>
Total expenditures	<u>481,395</u>	<u>466,636</u>	<u>14,759</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

See accompanying independent auditors' report.

**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, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Intergovernmental:			
State of Alaska	\$ 23,000	16,431	(6,569)
Total revenues	<u>23,000</u>	<u>16,431</u>	<u>(6,569)</u>
Expenditures:			
Instruction:			
Professional and technical services	4,439	-	4,439
Supplies, materials, and media	17,664	15,790	1,874
Total instruction	<u>22,103</u>	<u>15,790</u>	<u>6,313</u>
District administration support services:			
Indirect cost	897	641	256
Total district administration support services	<u>897</u>	<u>641</u>	<u>256</u>
Total expenditures	<u>23,000</u>	<u>16,431</u>	<u>6,569</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		<u>\$ -</u>	

See accompanying independent auditors' report.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Substance Misuse and Addiction Prevention

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

Year ended June 30, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Intergovernmental:			
State of Alaska	\$ 7,000	6,481	(519)
Total revenues	<u>7,000</u>	<u>6,481</u>	<u>(519)</u>
Expenditures:			
Instruction:			
Supplies, materials, and media	6,727	6,228	499
District administration support services:			
Indirect cost	<u>273</u>	<u>253</u>	<u>20</u>
Total district administration support services	<u>273</u>	<u>253</u>	<u>20</u>
Total expenditures	<u>7,000</u>	<u>6,481</u>	<u>519</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

See accompanying independent auditors' report.



**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Carl Perkins Vocational Education Special Revenue Fund

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

Year ended June 30, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 55,888	47,283	(8,605)
Total revenues	<u>55,888</u>	<u>47,283</u>	<u>(8,605)</u>
Expenditures:			
Instruction:			
Certified salaries	2,364	-	2,364
Employee benefits	2,042	-	2,042
Staff travel	2,100	1,144	956
Supplies, materials, and media	47,201	44,295	2,906
Total instruction	<u>53,707</u>	<u>45,439</u>	<u>8,268</u>
District administration support services:			
Indirect cost	2,181	1,844	337
Total district administration support services	<u>2,181</u>	<u>1,844</u>	<u>337</u>
Total expenditures	<u>55,888</u>	<u>47,283</u>	<u>8,605</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

See accompanying independent auditors' report.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Special Education Section 619 Preschool Disabled Special Revenue Fund

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

Year ended June 30, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 12,357	12,357	-
Total revenues	<u>12,357</u>	<u>12,357</u>	<u>-</u>
Expenditures:			
Special education support services - students:			
Professional and technical services	11,875	11,875	-
Total special education support services - students	<u>11,875</u>	<u>11,875</u>	<u>-</u>
District administration support services:			
Indirect cost	482	482	-
Total district administration support services	<u>482</u>	<u>482</u>	<u>-</u>
Total expenditures	<u>12,357</u>	<u>12,357</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

See accompanying independent auditors' report.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Alaska State Council on the Arts New Visions Special Revenue Fund

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

Year ended June 30, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Intergovernmental:			
State of Alaska	\$ 10,000	561	(9,439)
Total revenues	<u>10,000</u>	<u>561</u>	<u>(9,439)</u>
Expenditures:			
Support services - instruction:			
Staff travel	5,000	561	4,439
Supplies, materials, and media	5,000	-	5,000
Total support services - instruction	<u>10,000</u>	<u>561</u>	<u>9,439</u>
Total expenditures	<u>10,000</u>	<u>561</u>	<u>9,439</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

See accompanying independent auditors' report.

**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, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Intergovernmental:			
Direct federal sources	\$ 29,598	7,196	(22,402)
Total revenues	<u>29,598</u>	<u>7,196</u>	<u>(22,402)</u>
Expenditures:			
Student activities:			
Certified salaries	5,910	2,361	3,549
Non-certified salaries	-	3,546	(3,546)
Employee benefits	759	1,289	(530)
Student travel	21,275	-	21,275
Total student activities	<u>27,944</u>	<u>7,196</u>	<u>20,748</u>
District administration support services:			
Indirect cost	1,654	-	1,654
Total district administration support services	<u>1,654</u>	<u>-</u>	<u>1,654</u>
Total expenditures	<u>29,598</u>	<u>7,196</u>	<u>22,402</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

See accompanying independent auditors' report.

**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, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Intergovernmental:			
Direct federal sources	\$ 369,166	369,166	-
Total revenues	<u>369,166</u>	<u>369,166</u>	<u>-</u>
Expenditures:			
Instruction:			
Certified salaries	70,239	34,022	36,217
Non-certified salaries	40,061	40,061	-
Employee benefits	-	7,772	(7,772)
Student travel	35,000	37,253	(2,253)
Supplies, materials, and media	5,200	4,286	914
Total instruction	<u>150,500</u>	<u>123,394</u>	<u>27,106</u>
Support services - students:			
Supplies, materials, and media	-	9,405	(9,405)
Total support services - students	<u>-</u>	<u>9,405</u>	<u>(9,405)</u>
Support services - instruction:			
Certified salaries	133,080	67,090	65,990
Non-certified salaries	7,471	77,897	(70,426)
Employee benefits	27,455	47,844	(20,389)
Staff travel	13,000	12,332	668
Supplies, materials, and media	23,257	16,802	6,455
Total support services - instruction	<u>204,263</u>	<u>221,965</u>	<u>(17,702)</u>
District administration support services:			
Indirect cost	14,403	14,402	1
Total district administration support services	<u>14,403</u>	<u>14,402</u>	<u>1</u>
Total expenditures	<u>369,166</u>	<u>369,166</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

See accompanying independent auditors' report.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Alaska Native Education Association

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

Year ended June 30, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Intergovernmental:			
Federal sources passed through Arctic Slope Native Foundation	\$ 533,319	267,373	(265,946)
Total revenues	<u>533,319</u>	<u>267,373</u>	<u>(265,946)</u>
Expenditures:			
Instruction:			
Certified salaries	51,876	11,012	40,864
Employee benefits	31,341	5,432	25,909
Professional and technical services	326,352	174,386	151,966
Staff travel	20,250	610	19,640
Supplies, materials, and media	47,000	46,444	556
Total instruction	<u>476,819</u>	<u>237,884</u>	<u>238,935</u>
Activities:			
Student travel	56,500	29,489	27,011
Total expenditures	<u>533,319</u>	<u>267,373</u>	<u>265,946</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		<u>\$ -</u>	

See accompanying independent auditors' report.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

ASRC Contribution Special Revenue Fund

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

Year ended June 30, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Local sources:			
Other	\$ 120,596	21,455	(99,141)
Total revenues	<u>120,596</u>	<u>21,455</u>	<u>(99,141)</u>
Expenditures:			
Instruction:			
Non-certified salaries	35,070	-	35,070
Supplies, materials, and media	44,158	17,183	26,975
Other	2,500	-	2,500
Total instruction	<u>81,728</u>	<u>17,183</u>	<u>64,545</u>
Support services - students:			
Supplies, materials, and media	811	366	445
Total support services - students	<u>811</u>	<u>366</u>	<u>445</u>
Student activities:			
Certified salaries	1,631	-	1,631
Non-certified salaries	724	-	724
Student travel	6,492	1,331	5,161
Supplies, materials, and media	27,100	2,081	25,019
Total student activities	<u>35,947</u>	<u>3,412</u>	<u>32,535</u>
Community services:			
Supplies, materials, and media	18,290	494	17,796
Total community services	<u>18,290</u>	<u>494</u>	<u>17,796</u>
Food services:			
Supplies, materials, and media	3,000	-	3,000
Total food services	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total expenditures	<u>139,776</u>	<u>21,455</u>	<u>118,321</u>
Net change in fund balance	<u>\$ (19,180)</u>	<u>-</u>	<u>19,180</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

See accompanying independent auditors' report.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Residential Learning Center Special Revenue Fund

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

Year ended June 30, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Expenditures:			
Instruction:			
Professional and technical services	\$ 20,000	6,705	13,295
Staff travel	10,000	8,938	1,062
Student travel	-	801	(801)
Utility services	50,000	-	50,000
Other purchased services	10,000	1,939	8,061
Supplies, materials, and media	400,000	230,520	169,480
Total instruction	<u>490,000</u>	<u>248,903</u>	<u>241,097</u>
Support services - instruction:			
Professional and technical services	-	(1,059)	1,059
Staff travel	10,000	-	10,000
Supplies, materials, and media	-	82,215	(82,215)
Total support services - instruction	<u>10,000</u>	<u>81,156</u>	<u>(71,156)</u>
Total expenditures	<u>500,000</u>	<u>330,059</u>	<u>169,941</u>
Excess (deficiency) of revenues over expenditures	(500,000)	(330,059)	169,941
Other financing sources:			
Transfers in - School Operating Fund	<u>-</u>	<u>330,059</u>	<u>330,059</u>
Net change in fund balance	<u><u>\$ (500,000)</u></u>	<u>-</u>	<u><u>500,000</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u><u>\$ -</u></u>	

See accompanying independent auditors' report.



**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, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Local sources:			
Other	\$ -	98,808	98,808
Total revenues	<u>-</u>	<u>98,808</u>	<u>98,808</u>
Expenditures:			
Operations and maintenance of plant:			
Professional and technical services	-	5,636	(5,636)
Equipment	-	93,172	(93,172)
Total operations and maintenance of plant	<u>-</u>	<u>98,808</u>	<u>(98,808)</u>
Total expenditures	<u>-</u>	<u>98,808</u>	<u>(98,808)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

See accompanying independent auditors' report.

**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, 2020

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Local sources:			
Charges for services	\$ 1,698,880	1,581,239	(117,641)
Total revenues	<u>1,698,880</u>	<u>1,581,239</u>	<u>(117,641)</u>
Expenditures:			
Operations and maintenance of plant:			
Non-certified salaries	421,490	450,994	(29,504)
Employee benefits	201,126	195,293	5,833
Professional and technical services	5,000	13,691	(8,691)
Staff travel	900	-	900
Utility services	205,500	318,740	(113,240)
Energy	494,170	472,508	21,662
Other purchased services	1,013,828	999,317	14,511
Supplies, materials, and media	237,154	323,207	(86,053)
Other	100	-	100
Equipment	5,000	-	5,000
Total expenditures	<u>2,584,268</u>	<u>2,773,750</u>	<u>(189,482)</u>
Excess (deficiency) of revenues over expenditures	(885,388)	(1,192,511)	(307,123)
Other financing sources:			
Transfers in - School Operating Fund	<u>885,388</u>	<u>1,192,511</u>	<u>307,123</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>5,000</u>	
Fund balance, end of year		<u>\$ 5,000</u>	

See accompanying independent auditors' report.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Student Activity Agency Fund

Schedule of Changes in Assets and Liabilities

Year Ended June 30, 2020

<u>Assets</u>	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Due from School Operating Fund	\$ 440,364	140,409	-	580,773
 <u>Liabilities</u>				
Accounts payable	\$ -	-	-	-
Due to student groups	440,364	140,409	-	580,773
Total liabilities	\$ 440,364	140,409	-	580,773

See accompanying independent auditors' report.



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Anchorage, AK 99501

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

Members of the School Board  
North Slope Borough School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the North Slope Borough School District (the District), which comprise the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Anchorage, Alaska  
December 19, 2020



KPMG LLP  
Suite 600  
701 West Eighth Avenue  
Anchorage, AK 99501

## **Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Members of the School Board  
North Slope Borough School District:

### **Report on Compliance for Each Major Federal Program**

We have audited the North Slope Borough School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

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

#### *Auditors' Responsibility*

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

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

#### *Opinion on Each Major Federal Program*

In our opinion, the 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, 2020.

### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that



could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the District as of and for the year ended June 30, 2020, and have issued our report thereon dated December 19, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*KPMG LLP*

Anchorage, Alaska  
December 19, 2020

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

<u>Grant or Program Title</u>	<u>Grant Number</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Total Grant Award</u>	<u>Federal Share of Expenditures</u>
U.S. Department of Education:				
Direct:				
Impact Aid	S041B-2019-0166	84.041	\$ 673,788	673,788
Impact Aid	S041B-2020-016	84.041	6,300,691	6,300,691
Total CFDA 84.041			<u>6,974,479</u>	<u>6,974,479</u>
Indian Education_Grants to Local Educational Agencies	S060A160651	84.060A	369,166	369,166
Total direct programs			<u>7,343,645</u>	<u>7,343,645</u>
Passed through Arctic Slope Native Association-Alaska Native Educational Programs	S356A180018-19	84.356A	533,319	267,373
Passed through the State of Alaska,				
Department of Education and Early Development:				
Title I Grants to Local Educational Agencies	IP 19.NSSD.01	84.010	479,372	412,292
Title I Grants to Local Educational Agencies (School Improvement)	SI 19.NSSD.01	84.010	123,700	46,905
Total CFDA 84.010			<u>603,072</u>	<u>459,197</u>
Migrant Education_State Grant Program	SO11A190002	84.011	1,078	1,078
Migrant Education_State Grant Program (Title I-C)	IP 20.NSSD.01	84.011	23,821	15,170
Total CFDA 84.011			<u>24,899</u>	<u>16,248</u>
Special Education Cluster:				
Special Education_Grants to State (Title VI-B)	SE 19.NSSD.01	84.027	481,395	466,636
Special Education_Preschool Grants	SE 19.NSSD.01	84.173	12,357	12,357
Total Special Education Cluster			<u>493,752</u>	<u>478,993</u>
Career and Technical Education Basic Grants to States (Carl Perkins)	EK 19.NSSD.01	84.048	55,888	47,283
Student Support and Academic Enrichment Program	IP 20.NSSD.01	84.424a	51,901	32,089
English Language Acquisition State Grants	IP 19.NSSD.01	84.365	45,056	36,718
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	IP 19.NSSD.01	84.367	171,140	105,810
Total passed through State of Alaska, Department of Education and Early Development			<u>1,445,708</u>	<u>1,176,338</u>
Total passed through programs			<u>1,979,027</u>	<u>1,443,711</u>
Total Department of Education			<u>9,322,672</u>	<u>8,787,356</u>
U.S. Department of Health and Human Services				
Passed through North Slope Borough:				
Special Program for the Aging_Title VI, Part A, Grants to Indian Tribes_Part B, Grants to Native Hawaiians	2018-192	93.047	189,704	42,944
U.S. Department of Agriculture:				
Passed through the State of Alaska				
Department of Education and Early Development:				
Child Nutrition Cluster:				
School Breakfast Program	None	10.553	260,000	164,593
National School Lunch Program	None	10.555	624,000	439,108
National School Lunch Program	None	10.555	112,000	79,894
Total Child Nutrition Cluster			<u>996,000</u>	<u>683,595</u>
Fresh Fruit & Vegetable Program	FF 20.AGSD.01	10.582	12,000	11,980
Fresh Fruit & Vegetable Program	FF 20.NSSD.02	10.582	80,933	61,284
Total CFDA 10.582			<u>92,933</u>	<u>73,264</u>
State Administrative Expense for Child Nutrition	FD 20.NSSD.01	10.560	4,050	4,050
Total Department of Agriculture			<u>1,092,983</u>	<u>760,909</u>
U.S. Department of the Interior:				
Direct:				
Indian Education_Assistance to School (Johnson O'Malley)	A19AV00523	15.130	157,095	7,196
Total Expenditures of Federal Awards			<u>\$ 10,762,454</u>	<u>\$ 9,598,405</u>

See accompanying notes to schedule.



**NORTH SLOPE BOROUGH SCHOOL DISTRICT**  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

**(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, 2020. 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.

**(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.

**(3) Subrecipients**

During the year ended June 30, 2020, the District did not pass through any federal award amounts to subrecipients.

**(4) Indirect Costs**

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**(5) Noncash Awards**

The District received \$79,894 in federal noncash awards during the year ended June 30, 2020 under the USDA Commodities program. Noncash awards are recorded at acquisition value.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**  
Federal Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020

**(1) Summary of Auditors' Results**

- (a) Type of report the auditor issued on whether the financial statements were prepared in accordance with U.S. generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
  - Material weakness identified: **No**
  - Significant deficiency identified: **None reported**
- (c) Noncompliance material to the financial statements: **No**
- (d) Internal control deficiencies over major programs disclosed by the audit:
  - Material weakness identified: **No**
  - Significant deficiency identified: **None reported**
- (e) Type of report issued on compliance for major programs: **Unmodified**
- (f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **No**
- (g) Major programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
84.041	Impact Aid

- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**
- (i) Auditee qualified as low-risk auditee: **Yes**

**(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards***

No matters are reportable.

**(3) Findings and Questioned Costs Relating to Federal Awards**

No matters are reportable.



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

Members of the School Board  
North Slope Borough School District:

**Report on Compliance for Each Major State Program**

We have audited the North Slope Borough School District's (the District) compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2020. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of state financial assistance.

*Management's Responsibility*

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

*Auditors' Responsibility*

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

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

*Opinion on Each Major State Program*

In our opinion, the 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, 2020.

**Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that



could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

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

We have audited the financial statements of the District as of and for the year ended June 30, 2020, and have issued our report thereon dated December 19, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole

**KPMG LLP**

Anchorage, Alaska  
December 19, 2020

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Schedule of State Financial Assistance

Year Ended June 30, 2020

<u>Grant or Program Title</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Eligible Expenditures</u>	
State of Alaska, Department of Education and Early Development:				
Foundation	FY2020	\$ 17,826,867	17,826,867	*
Foundation-Disparity Test	FY2019	N/A	135,290	**
Quality Schools	None	96,976	96,976	
Quality Schools - Special Project	None	7,000	7,000	
HB 39	None	11,404	11,404	
HB 287	None	700,779	700,779	*
Suicide Awareness, Prevention and Postvention	SP20.NSSD.01	27,500	26,925	
Student Transportation	None	2,415,737	2,415,737	*
Alternative Schools	BH 19.NSSD.01	23,000	16,431	
Substance Misuse and Addiction Prevention	AP 20.NSSD.01	7,000	6,481	
Total Department of Education and Early Development		<u>21,116,263</u>	<u>21,243,890</u>	
State of Alaska, Alaska State Council of the Arts:				
New Visions	FY 19-NV003	<u>5,000</u>	<u>561</u>	
Total Alaska State Council of the Arts		<u>5,000</u>	<u>561</u>	
State of Alaska, Department of Administration:				
On-behalf PERS	None	881,004	881,004	*
On-behalf TRS	None	2,958,736	2,958,736	*
Total Department of Administration		<u>3,839,740</u>	<u>3,839,740</u>	
Total state financial assistance		<u>\$ 24,961,003</u>	<u>25,084,191</u>	

\* Denotes major program

\*\* Tested as part of the Foundation Program

See accompanying notes to schedule.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Notes to Schedule of State Financial Assistance

Year Ended June 30, 2020

**(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, 2020. 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.

**(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 North Slope Borough School District's basic financial statements.

**(3) Subrecipients**

During the year ended June 30, 2020, the District did not pass through any state award amounts to subrecipients.

**(4) Compliance with AS 14.17.505 and 4 AAC 09.160**

In April 2020, the Governor of Alaska issued COVID-19 Disaster Order of Suspension No. 3 which temporarily suspended the requirement that school districts limit their unreserved fund balance to 10 percent of their current year expenditures.

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

State Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

**(1) Summary of Auditor's Results**

- (a) Type of report the auditor issued on whether the financial statements were prepared in accordance with U.S. generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
  - Material weakness identified: **No**
  - Significant deficiency identified: **None reported**
- (c) Noncompliance material to the financial statements: **No**
- (d) Internal control deficiencies over major programs disclosed by the audit:
  - Material weakness identified: **No**
  - Significant deficiency identified: **None reported**
- (e) Type of report issued on compliance for major programs: **Unmodified**
- (f) Dollar threshold used to distinguish a state major programs: **\$500,000**

**(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards***

No matters are reportable.

**(3) Findings and Questioned Costs Relating to State Awards**

No matters are reportable.



KPMG LLP  
Suite 600  
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Anchorage, AK 99501

## Report on Statement of Compliance with AS 14.14.020 and Other State Requirements

### Independent Auditors' Report

Members of the School Board  
North Slope Borough School District

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 (District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 19, 2020.

#### *Report on Statement of Compliance with AS 14.14.020 and Other State Requirements*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and reasonableness of significant estimates made by management, as well as evaluating overall presentation of the financial statement.

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

- (a) The statements of revenues and expenditures of the Special Revenue Funds do not present fairly the allowable funds expended within the limits of the project budgets.
- (b) North Slope Borough School District has not complied with the *Uniform Chart of Accounts* for school districts as required by the State of Alaska, Department of Education and Early Development.
- (c) North Slope Borough School District has not complied with the bonding requirements of AS 14.14.020.
- (d) North Slope Borough School District's financial statements do not reflect the minimum accounting and reporting requirements of the Department of Education and Early Development.

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





*Purpose of this Report*

This report is intended solely to describe the scope of our testing of compliance with AS 14.14.020 and other State requirements and the results of that testing, and not to provide an opinion on compliance with AS 14.14.020 and other State requirements. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Anchorage, Alaska  
December 19, 2020

**NORTH SLOPE BOROUGH SCHOOL DISTRICT**

Statement of Compliance - AS 14.17.505

June 30, 2020

	<b>School operating fund</b>		
	<b>Reserved fund balance</b>	<b>Unreserved fund balance</b>	<b>Total</b>
Reserved:			
Prepaid items	\$ 58,204	-	58,204
Statutory Impact Aid	6,974,479	-	6,974,479
Encumbrances	247,494	-	247,494
Unreserved:			
Undesignated	-	12,781,127	12,781,127
	<u>\$ 7,280,177</u>	<u>12,781,127</u>	<u>20,061,304</u>

Unreserved fund balance as a percentage of current year expenditures:

$$\frac{\text{Unreserved fund balance}}{\text{Current year expenditures}} = \frac{\$ 12,781,127}{\$ 65,455,904} = 19.53\%$$

The Statement of Compliance is prepared in accordance with the regulations specified in AS 14.17.505 which is another basis of accounting other than generally accepted accounting principles.