

NORTH SLOPE BOROUGH SCHOOL DISTRICT FY2021 Audit Results and Financial Outlook



Prepared by North Slope Borough School District



Presentation Overview

- FY2021 Audit Results
- FY2021 Financial Highlights
- Current FY2022 Financial Position and Budget Overview
- School District Financial Priorities



FY2021 Audit Results

- Unmodified Audit Opinion
- Threshold used to distinguish State Programs \$500,000
- 3 Major Programs
 - State of Alaska Department of Education Foundation
 - Student Transportation
 - PERS/TERS On-behalf subsidies
- Total Grant Award \$24,993,740
- Total Eligible Expenditures \$24,911,779
- Indirect Cost Rate for FY21 5.18% for FY22 4.48%
- See Audit Report for additional details.



FY2021 Financial Highlights

Statement of Net Position

- The School District's total assets increased by \$6.9 million in FY21.
 - Increase is mainly attributed to the increase in OPEB assets, grants receivable, and prepaid items.
- Total liabilities overall decreased by \$2.3 million in FY21.
 - Decrease is due to reduction in noncurrent liabilities surrounding the net pension liability.
- Net position overall increased by \$7.1 million to \$(9,119,776).
 - Net increase is as a result of increased general revenues while net expenditures for governmental activities remained fairly comparable to PY.



FY2021 Financial Highlights

Statement of Activities

- The School District's total governmental activities expenditures increased by \$6.6 million in FY21.
 - Net increase is mainly attributed to increase in instruction, support services-instruction, and operations and maintenance of plant.
- Operating grants and contributions increased by \$6.1 million. The increase is mainly attributed to the rollover of grant funds including CARES Act funding.
- General revenues increased by \$3.6 million in FY21. The increase is due to the in-kind support and Borough appropriation.



FY2021 Financial Highlights

Governmental Funds-Balance Sheet

General (School Operating) Fund

- The General (School Operating) Fund total assets increased by \$2.6 million in FY21, largely due to increase in investments and due from nonmajor governmental funds.
- The General (School Operating) Fund total liabilities increased by \$6.5 million in FY21. The primary increase is due to accounts payable, accrued payroll liabilities and due to nonmajor governmental funds.
- The General (School Operating) Fund balance decreased by \$3.9 million in FY21. This is largely due to the increased obligations of the School Operating fund to the nonmajor governmental funds.



FY2021 Financial Highlights

Governmental Funds-Balance Sheet

Nonmajor governmental funds

- The nonmajor governmental funds total assets increased by \$6.9 million in FY21, largely due to increase in grants receivable, prepaid items, and due from other funds.
- The nonmajor governmental funds total liabilities increased by \$1 million in FY21. The primary increase is due to accounts payable and due to the general fund.
- The nonmajor governmental fund balance increased by \$5.8 million in FY21. This is largely due to the increase in other financing sources-operating transfers in from the general fund.



FY2021 Financial Highlights

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

General (School Operating) Fund

- The General (School Operating) Fund total revenues increased by \$3.9 million in FY21, largely due to increase in the local contribution (Borough appropriation), which also includes the in-kind support for the fuel and insurance.
- The General (School Operating) Fund total expenditures increased by \$1.1 million in FY21.
- The General (School Operating) other financing uses increased by \$7.4 million in FY21. This is primarily as a result of the operating transfers out to the nonmajor governmental funds.



FY2021 Financial Highlights

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

Nonmajor governmental funds

- The nonmajor governmental funds total revenues increased by \$1.9 million in FY21, largely due to increase in federal resources (CARES Act Funding) to support School Districts through the global Covid-19 pandemic.
- The nonmajor governmental funds total expenditures increased by \$3.7 million in FY21.
- The nonmajor governmental funds other financing sources increased by \$7.6 million in FY21. This is primarily as a result of the operating transfers in from the School Operating fund.



FY2021 Financial Highlights

Notes to the Financial Statements-Summary

- Footnote 1- Summary of Significant Accounting Policies
 - Footnote 2- Deposits and Investments
 - Footnote 3- Receivables
 - Footnote 4- Capital Assets
 - Footnote 5- Interfund Receivables, Payables, and Transfers
 - Footnote 6- Long-Term Obligations
 - Footnote 7- Retirement Commitments
 - Footnote 8- Risk Management
 - Footnote 9- Operating Leases
 - Footnote 10- Contingencies
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- See pages 12-40 of the Audit Report for footnote disclosures.



FY2021 Financial Highlights

Required Supplementary Information (RSI)

- RSI 1- General (School Operating) Fund Budget to Actual Schedule
- RSI 2-9- Alaska Public Employees' Retirement System and Alaska Teachers' Retirement System Schedules



FY2021 Financial Highlights

Combining and Individual Fund Financial Statements and Schedules

- General (School Operating) Fund Detailed Budget to Actual Schedule
- Nonmajor Governmental Funds- Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 - Student Transportation
 - Charter School
 - Food Service
 - Title Grants
 - Residential Learning Center and CTE
 - Village Student Activities
 - Teacher Housing
- Nonmajor Governmental Funds- Individual Funds Budget to Actual Schedules



FY2021 Financial Highlights

Compliance Reports-Schedule of State Financial Assistance

NORTH SLOPE BOROUGH SCHOOL DISTRICT Schedule of State Financial Assistance Year Ended June 30, 2021

<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	FY 2021	18,037,296	18,037,296	*
Foundation - Disparity Test	FY 2020	—	(80,927)	**
Foundation - Quality Schools	FY 2021	97,908	97,908	*
HB 39	None	11,347	11,347	
School Broadband Accessibility	SBG-21-036-17	321,600	321,600	
Charter Schools - Qargi Academy	CS 21.NSSD.01	9,000	8,948	
Suicide Awareness, Prevention and Postvention	SP 21.NSSD.01	27,000	26,518	
Student Transportation	None	2,402,192	2,402,192	*
Alternative Schools	BH 21.NSSD.01	25,750	25,278	
Substance Missuse and Addiction Prevention	AP 20.NSSD.01	7,000	6,972	
Total Department of Education and Early Development		<u>20,939,093</u>	<u>20,857,132</u>	
State of Alaska, Department of Administration:				
On-behalf PERS	None	1,080,388	1,080,388	*
On-behalf TRS	None	<u>2,974,259</u>	<u>2,974,259</u>	*
Total Department of Administration		<u>4,054,647</u>	<u>4,054,647</u>	
Total state financial assistance		<u>\$ 24,993,740</u>	<u>\$ 24,911,779</u>	

* Denotes major program

** Tested as part of the Foundation Program

See accompanying notes to schedule.



FY2021 Financial Highlights

Statement of Compliance – AS 14.17.505

NORTH SLOPE BOROUGH SCHOOL DISTRICT
Statement of Compliance - AS 14.17.505
June 30, 2021

	School operating fund		
	Reserved fund balance	Unreserved fund balance	Total
Reserved:			
Prepaid items	\$ 440,592	-	440,592
Statutory Impact Aid	5,076,241	-	5,076,241
Encumbrances and Assigned Fund Balance	5,817,754	-	5,817,754
Unreserved:			
Undesignated	-	4,265,920	4,265,920
	<u>\$ 11,334,587</u>	<u>4,265,920</u>	<u>15,600,507</u>

Unreserved fund balance as a percentage of current year expenditures:

$$\frac{\text{Unreserved fund balance}}{\text{Current year expenditures}} = \frac{\$ 4,265,920}{\$ 66,549,063} = 6.41\%$$

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.



Current FY2022 Financial Position

Operating Revenues- General (School Operating) Fund

North Slope Borough School District
General School Operating Fund - Summary of Revenues
As of September 30, 2021

	Approved Budget	Amended Approved Budget	Year to Date	Variance	% of Budget
Revenues:					
Borough Appropriation	36,828,052 **	36,828,052	12,178,489	(24,649,563)	33%
Other Borough Revenue	-	-	-	-	
In-Kind Fuel	2,600,000	2,600,000	-	(2,600,000)	0%
Interest Income	175,000	175,000	-	(175,000)	0%
Other Local Revenue	191,400	191,400	81,744	(109,656)	43%
E-Rate Program Revenue	4,393,440	4,393,440	458,055	(3,935,385)	10%
Foundation Program	19,160,684	19,160,684	4,533,801	(14,626,883)	24%
Other State Revenue	-	-	-	-	
TRS On-Behalf	3,555,105	3,555,105	601,936	(2,953,169)	17%
PERS On-Behalf	1,104,203	1,104,203	206,013	(898,190)	19%
Impact Aid	6,974,479	6,974,479	-	(6,974,479)	0%
Operating Revenues	74,982,363	74,982,363	18,060,038	(56,922,325)	24%
Total Revenues	74,982,363	74,982,363	18,060,038	(56,922,325)	24%

** NSB withheld approx. \$6.2 million from FY2022 Approved Appropriation. Budget Deficit of \$6.2 million



Current FY2022 Financial Position

Operating Expenditures-General (School Operating) Fund

North Slope Borough School District
General School Operating Fund - Summary of Expenditures by Function
As of September 30, 2021

	Original Approved Budget	Amended Approved Budget	Year to Date	Variance	% of Budget
Expenditures					
100 Regular Instruction	25,424,259	25,424,159	3,500,314	21,923,845	14%
200 Special Education	4,798,794	4,798,794	604,292	4,194,501	13%
220 Special Education Support Services	605,725	605,725	107,330	498,395	18%
300 Student Support Services	3,233,056	3,233,056	462,942	2,770,114	14%
350 Instructional Support	10,599,485	10,594,485	1,505,799	9,088,687	14%
400 School Administration	3,647,065	3,647,165	864,654	2,782,510	24%
450 School Admin Support Staff	1,524,091	1,524,091	261,837	1,262,255	17%
510 District Administration	1,647,086	1,647,086	315,683	1,331,404	19%
550 District Admin Support	3,453,795	3,453,795	564,607	2,889,188	16%
600 Maintenance & Operations	12,416,300	12,421,300	2,035,839	10,385,460	16%
700 Pupil Activity	2,493,951	2,493,951	90,954	2,402,996	4%
Total Operating Expenditures	69,843,606	69,843,606	10,314,252	59,529,354	15%
900 Transfer to Other Funds	5,138,757	5,138,757	-	5,138,757	0%
Total Expenditures	74,982,363	74,982,363	10,314,252	64,668,111	14%
Excess of Revenue Over Expenditures	0	0	7,745,786		

*Expenditures do not include encumbrance activity.



FY2022 Budget Overview-Revenues

North Slope Borough School District
FY2021-FY2022

General School Operating Fund - Summary of Revenues

	Budget	Actual Year	Difference	Budget	Actual Year	Difference	Budget	Actual Year	Difference	Budget	6 month	Budget	Budget
Revenues By Type	2017-2018	2017-2018	Over (Under)	2018-2019	2018-2019	(Under)	2019-2020	2019-2020	(Under)	2020-2021	Actuals 2020-2021	2021-2022	Variance
Intergovernmental Revenues													
Local Sources:												**	
Borough Appropriation	36,535,626	36,535,626	-	35,375,626	35,375,626	-	31,838,063	31,838,063	-	38,766,371	29,074,778	36,828,052	(1,938,319)
Borough "In-Kind"	2,500,000	2,227,841	(272,159)	2,500,000	2,559,980	59,980	2,500,000	2,664,060	164,060	2,500,000	-	2,600,000	100,000
Other Borough Revenue	-	2,078,803	2,078,803	-	2,649,008	2,649,008	-	1,725,234	1,725,234	-	-	-	-
State of Alaska:													
Foundation Program Funding	16,587,792	16,699,119	111,327	17,308,925	18,430,352	1,121,427	19,885,272	18,066,133	(1,819,139)	18,678,264	7,468,270	19,160,684	482,420
PERS On-Behalf	623,315	459,114	(164,201)	694,706	830,046	135,340	924,689	881,004	(43,685)	1,172,828	534,073	1,104,203	(68,625)
TRS On-Behalf	2,842,318	2,518,735	(323,583)	2,836,969	2,825,321	(11,648)	2,799,095	2,958,736	159,641	3,212,465	1,387,878	3,555,105	342,640
Other State Revenue	-	-	-	-	461,951	461,951	-	712,183	712,183	-	-	-	-
Federal Sources:													
Impact Aid	8,195,332	6,860,419	(1,334,913)	7,900,000	8,936,511	1,036,511	6,860,420	6,974,479	114,059	8,070,542	-	6,974,479	(1,096,063)
Earnings on Investments	5,000	9,739	4,739	5,000	12,850	7,850	5,000	6,675	1,675	175,000	-	175,000	-
Other Revenue	173,540	279,233	105,693	341,400	404,307	62,907	341,400	238,559	(102,841)	191,400	194,628	191,400	-
E-Rate Program Revenue	3,798,480	3,602,296	(196,184)	4,363,200	4,444,666	81,466	4,881,600	4,825,200	(56,400)	4,393,440	2,378,100	4,393,440	-
Operating Revenues	71,261,403	71,270,925	9,522	71,325,826	76,930,618	5,604,792	70,035,539	70,890,326	854,787	77,160,310	41,037,728	74,982,363	(2,177,947)
Total Revenues	71,261,403	71,270,925	9,522	71,325,826	76,930,618	5,604,792	70,035,539	70,890,326	854,787	77,160,310	41,037,728	74,982,363	(2,177,947)
Total Revenues Per Above	71,261,403	71,270,925	9,522	71,325,826	76,930,618	5,604,792	70,035,539	70,890,326	854,787	77,160,310	41,037,728	74,982,363	(2,177,947)
Fund Balance Impact*	1,835,497	44,825	(1,790,672)	1,184,957	(4,383,690)	(5,568,647)	907,000	(770,688)	(1,677,688)	-	-	-	-
Total	73,096,900	71,315,750	(1,781,150)	72,510,783	72,546,928	36,145	70,942,539	70,119,638	(822,901)	77,160,310	41,037,728	74,982,363	(2,177,947)
Total Expenses Per Expenditure Summary	73,096,900	71,315,750	(1,781,150)	72,510,783	72,546,928	36,145	70,942,539	70,119,638	(822,901)	77,160,310	28,441,489	74,982,363	(2,177,947)
Check	-	-	-	-	-	-	0	-	0	0	(12,596,238)	(0)	(0)

** The \$36,828,052 does not include the \$6.2 million withholding.



FY2022 Budget Overview-Expenditures

North Slope Borough School District
FY2021-2022

Operating Budget Expenditure Summary-All Functions

Expenditure By Function	Budget	Actual Year	Difference	Budget	Actual Year	Difference	Budget	Actual Year	Difference	Budget	6 month	Budget	Budget	% Change
	2017-2018	2017-2018	Over (Under)	2018-2019	2018-2019	Over (Under)	2019-2020	2019-2020	Over (Under)	2020-2021	Actuals 2020-2021	2021-2022	Variance	
100 Regular Instruction	25,054,436	22,094,576	(2,959,860)	23,209,299	22,483,965	(725,334)	23,475,716	21,381,581	(2,094,135)	24,032,514	9,578,414	25,424,259	1,391,745	5.79%
200 Special Education Instruction	4,163,683	3,658,447	(505,236)	3,629,618	3,812,333	182,715	4,499,179	4,159,607	(339,572)	4,762,050	1,692,353	4,798,794	36,744	0.77%
220 Special Education Support Services	748,045	676,753	(71,292)	919,227	761,351	(157,876)	532,026	566,864	34,838	653,935	235,381	605,725	(48,210)	-7.37%
300 Support Services-Students	3,393,864	2,863,862	(530,002)	2,948,198	2,788,721	(159,477)	3,015,321	2,855,901	(159,420)	3,117,178	1,220,830	3,233,056	115,878	3.72%
350 Support Services -Instruction	9,076,107	9,882,479	806,372	11,365,949	11,629,523	263,574	10,578,880	10,296,879	(282,001)	9,960,094	4,852,346	10,599,485	639,391	6.42%
400 School Administration	3,086,510	3,005,176	(81,334)	2,944,808	3,329,462	384,654	3,391,286	3,608,096	216,810	3,934,318	1,787,273	3,647,065	(287,254)	-7.30%
450 School Admin Support Services	1,629,744	1,537,427	(92,317)	1,508,337	1,544,256	35,919	1,726,090	1,431,575	(294,515)	1,710,004	686,104	1,524,091	(185,913)	-10.87%
510 District Administration	1,651,100	1,793,832	142,732	1,882,779	1,986,899	104,120	1,773,442	2,015,268	241,826	1,892,716	879,729	1,647,086	(245,629)	-12.98%
550 District Admin Support	3,367,420	3,181,798	(185,622)	3,144,331	2,927,943	(216,388)	2,752,647	2,396,947	(355,700)	3,851,350	1,206,169	3,453,795	(397,555)	-10.32%
600 Maintenance & Operations	14,043,647	13,853,024	(190,623)	13,709,290	13,886,419	177,129	13,598,935	13,628,896	29,961	12,827,856	6,074,107	12,416,300	(411,557)	-3.21%
700 Student Activities	2,002,134	3,334,553	1,332,419	2,107,618	3,297,280	1,189,662	1,943,107	2,939,140	996,033	2,138,295	228,783	2,493,951	355,656	16.63%
Transportation	-	-	-	-	-	-	83,713	94,783	11,070	-	-	-	-	0.00%
Community Services	-	-	-	-	-	-	2,018	20,698	18,680	-	-	-	-	0.00%
Food Service	-	6,337	6,337	-	-	-	78,301	59,667	(18,634)	-	-	-	-	0.00%
Total Operating Expenditure	68,216,690	65,888,264	(2,328,426)	67,369,454	68,448,152	1,078,698	67,450,661	65,455,904	(1,994,757)	68,880,310	28,441,489	69,843,606	963,295	1.40%
FTE Vacancies														
Operating Transfers														
900 Transfer to Other Funds	4,880,210	5,427,486	547,276	5,141,329	4,098,776	(1,042,553)	3,491,878	4,663,734	1,171,856	8,280,000	-	5,138,757	(3,141,243)	-37.94%
Total Operating Transfers	4,880,210	5,427,486	547,276	5,141,329	4,098,776	(1,042,553)	3,491,878	4,663,734	1,171,856	8,280,000	-	5,138,757	(3,141,243)	-37.94%
Grand Total	73,096,900	71,315,750	(1,781,150)	72,510,783	72,546,928	36,145	70,942,539	70,119,638	(822,901)	77,160,310	28,441,489	74,982,363	(2,177,937)	-2.82%

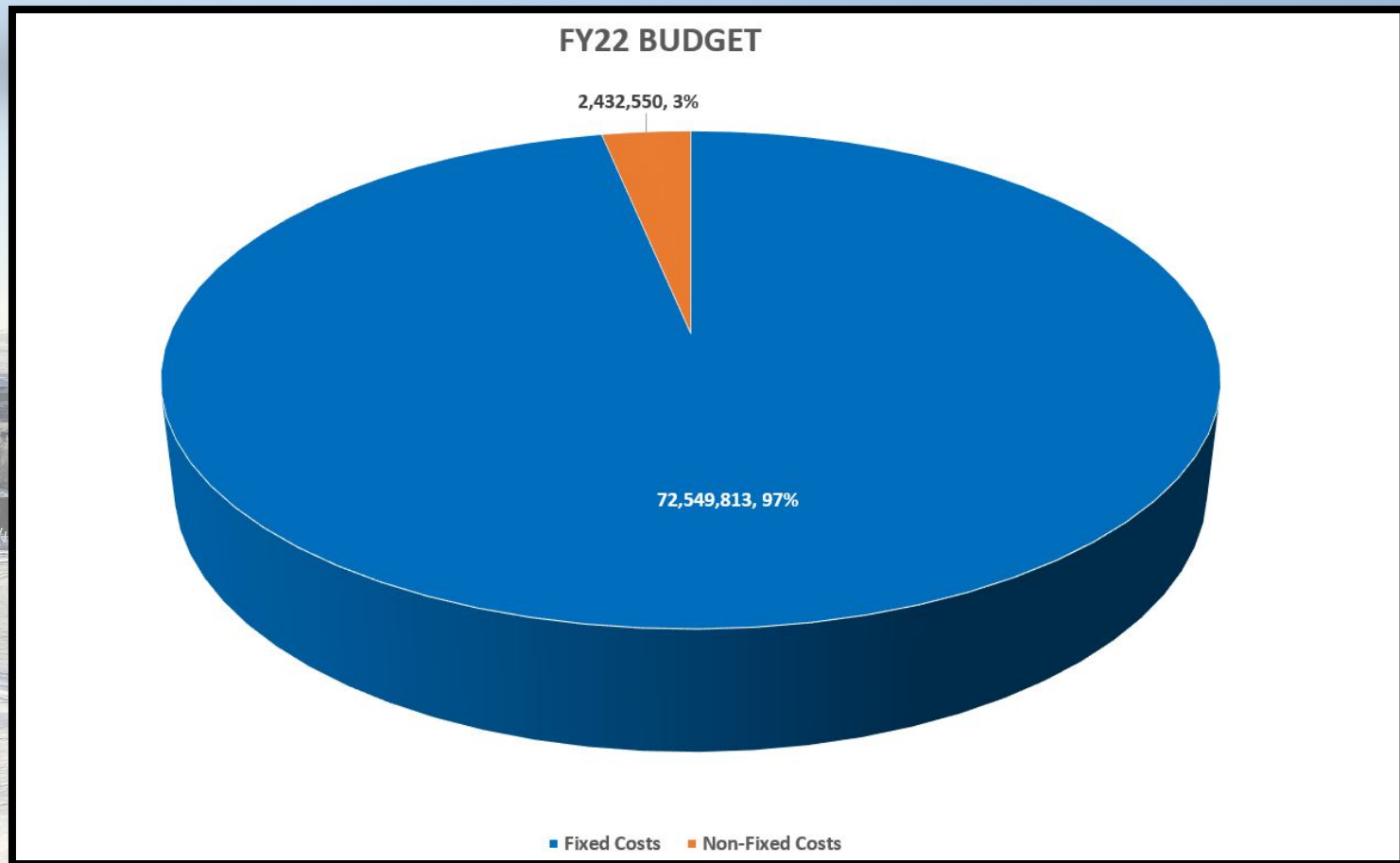


FY2022 Budget Overview-Expenditures

Budget Code	EXPENDITURES	FY19 BUDGET	FY20 BUDGET	FY21 BUDGET	FY22 BUDGET	% TOTAL	DIFF FY21 TO FY22
310-318	CERTIFIED SALARIES	17,774,176	17,231,133	19,036,074	19,777,520	26.4%	741,446
320-329	CLASSIFIED SALARIES	12,432,033	12,776,776	12,208,482	12,413,974	16.6%	205,492
360-366; 390-399	EMPLOYEE BENEFITS	18,850,971	18,731,832	20,445,109	20,249,043	27.0%	(196,066)
410, 412, 414	PROFESSIONAL AND TECHNICAL	1,388,800	1,195,020	2,022,093	1,901,380	2.5%	(120,713)
420-424	STAFF TRAVEL	601,320	435,775	519,650	519,650	0.7%	-
425-429	STUDENT TRAVEL	1,608,241	1,608,241	1,575,000	1,575,000	2.1%	-
431-436	UTILITIES	9,581,642	10,224,242	8,900,000	8,976,400	12.0%	76,400
440-445	OTHER PURCHASED SERVICES	1,629,195	1,539,195	1,722,086	1,598,600	2.1%	(123,486)
450-471	SUPPLIES	3,121,867	2,465,181	2,206,816	2,589,139	3.5%	382,323
477-494	OTHER	236,768	236,768	165,000	137,900	0.2%	(27,100)
495	INDIRECT COSTS/REVENUE	-138,000	-138,000	-95,000	-95,000	-0.1%	-
510	EQUIPMENT	237,500	237,500	175,000	200,000	0.3%	25,000
542-550	FUND TRANSFERS	4,001,313	3,491,876	8,280,000	5,138,757	6.9%	(3,141,243)
	Total	71,325,826	70,035,539	77,160,310	74,982,363	100.0%	(2,177,937)



FY2022 Budget Overview-Expenditures





School District Financial Priorities

- Maintenance and Operations
 - Aging infrastructure-requiring more operations funding to maintain.
 - Aging fleet and support equipment
 - Deferred maintenance (health, life and safety concerns)
- Increase in insurance premiums
- Increase in utility costs
- Increase in Broadband costs
- Contractual Obligations
 - North Slope Borough School District Negotiated Agreement with the North Slope Borough Education Association-Current Agreement matures at the end of the FY22.
 - North Slope Borough School District Negotiated Agreement with the North Slope Borough Administrators' Association-Current Agreement matured at the end of FY21.