

NORTH SLOPE BOROUGH SCHOOL DISTRICT



ANNUAL FINANCIAL REPORT

July 1, 2020 – June 30, 2021

LEARNING IN OUR SCHOOLS IS ROOTED IN THE
VALUES, HISTORY AND LANGUAGE OF THE IÑUPIAT.

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

Basic Financial Statements, and Schedules
and Compliance Reports

June 30, 2021

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet - Governmental Funds	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Fiduciary Net Position - Custodial Fund	10
Statement of Changes in Fiduciary Net Position - Custodial Fund	11
Notes to Financial Statements	12-40
Required Supplementary Information (unaudited):	
Schedule of Revenues, Expenditures and Changes in Fund Balances- Original and Final Budget and Actual - General (School Operating) Fund (RSI-1)	41
Alaska Public Employees' Retirement System:	
Schedule of District's Proportionate Share of the Net Pension Liability (RSI-2)	42
Schedule of District's Pension Contributions (RSI-3)	43
Schedule of District's Proportionate Share of the Net OPEB Liability (asset) (RSI-4)	44
Schedule of District's OPEB Contributions (RSI-5)	45
Alaska Teachers' Retirement System:	
Schedule of District's Proportionate Share of the Net Pension Liability (RSI-6)	46
Schedule of District's Pension Contributions (RSI-7)	47
Schedule of District's Proportionate Share of the Net OPEB Liability (asset) (RSI-8)	48
Schedule of District's OPEB Contributions (RSI-9)	49

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Table of Contents, Continued

	<u>Page</u>
Combining and Individual Fund Financial Statements and Schedules:	
Major Governmental Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual: School Operating Fund	50-53
Nonmajor Governmental Funds:	
Combining Balance Sheet	54-59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	60-65
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Special Revenue Funds:	
Student Transportation	66
School Bag	67
Community Education	68
COVID Relief	69
Charter School	70
Suicide Awareness and Prevention	71
Food Service	72
Title III-A English Language Acquisition	73
Fruit and Vegetable	74
Title I-A Basic	75
Migrant Education	76
Title I-C	77
Title I-A School Improvement	78
Title II-A Teacher and Principal Training and Recruitment	79
Title VI-A	80
Governor's Emergency Relief	81
ESSER I	82
ESSER II	83
Special Education Title IV-B	84
Alternative School Kiita	85
Substance Misuse and Addiction Prevention	86
Carl Perkins Vocational Education	87
Special Education Section 619 Preschool Disabled	88
Johnson O'Malley	89
Indian Education	90
Alaska Native Education Association	91
Rural Utilities Services	92
Higher Pathways	93
ASRC Contribution	94
Residential Learning Center and CTE	95
Village Student Activities	96
Teacher Housing	97

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Table of Contents, Continued

	<u>Page</u>
Compliance Reports:	
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	98-99
Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance and Report on the Schedule of State Financial Assistance <i>as Required by the State of Alaska Audit Guide and Compliance Supplement for the State Single Audits</i>	100-101
Schedule of State Financial Assistance	102
Notes to Schedule of State Financial Assistance	103
State Schedule of Findings and Questioned Costs	104
Report on Statement of Compliance with AS 14.14.020 and Other State Requirements	105-106
Statement of Compliance - AS 14.17.505	107



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

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, 2021, 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, 2021, 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 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 November 15, 2021 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 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 District's internal control over financial reporting and compliance.

KPMG LLP

Anchorage, Alaska
November 15, 2021

BASIC FINANCIAL STATEMENTS

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Statement of Net Position

June 30, 2021

Assets and Deferred Outflows of Resources	Governmental activities
Assets:	
Cash and cash equivalents	\$ 22,443,335
Investments	5,398,219
Accounts receivable	204,616
Grants receivable	1,452,639
Inventories	250,326
Prepaid items	1,551,387
Net OPEB assets	4,924,551
Capital assets not being depreciated	134,956
Capital assets, net of accumulated depreciation	<u>463,031</u>
Total assets	36,823,060
Deferred outflows of resources:	
Pension and OPEB related	<u>6,659,970</u>
Total assets and deferred outflows of resources	<u>43,483,030</u>
Liabilities, Deferred Inflows of Resources and Net Position	
Liabilities:	
Accounts payable	2,140,066
Accrued payroll liabilities	3,417,307
Self-insurance liability	2,357,696
Unearned revenue	352,806
Due to student groups	573,852
Noncurrent liabilities:	
Net pension liability	<u>38,737,481</u>
Total liabilities	47,579,208
Deferred inflows of resources:	
Pension and OPEB related	<u>5,023,598</u>
Total liabilities and deferred inflows of resources	52,602,806
Net position:	
Net investment in capital assets	597,987
Restricted	1,215,819
Unrestricted	<u>(10,933,582)</u>
Total net position	<u><u>\$ (9,119,776)</u></u>

See accompanying notes to basic financial statements.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2021

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	\$ 20,033,818	-	706,875	(19,326,943)
Special education instruction	3,253,446	-	(40,946)	(3,294,392)
Special education support services - students	957,154	-	462,445	(494,709)
Support services - students	2,430,419	-	97,250	(2,333,169)
Support services - instruction	12,997,737	-	1,512,422	(11,485,315)
School administration	2,948,429	-	(2,269)	(2,950,698)
School administration support services	1,298,958	-	48,754	(1,250,204)
District administration	1,679,542	-	40,317	(1,639,225)
District administration support services	2,961,380	-	197,425	(2,763,955)
Operations and maintenance of plant	16,763,224	1,662,534	789,940	(14,310,750)
Student activities	1,190,998	-	(30,935)	(1,221,933)
Student transportation	2,538,783	-	2,497,629	(41,154)
Community services	77,707	-	7	(77,700)
Food service	4,309,680	12,401	1,924,631	(2,372,648)
Total governmental activities	<u>\$ 73,441,275</u>	<u>1,674,935</u>	<u>8,203,545</u>	<u>(63,562,795)</u>
General revenues:				
Borough appropriation				42,292,818
State grants and entitlements not restricted				18,065,624
Federal grants and entitlements not restricted				5,076,241
Unrestricted investment earnings				399,547
E-Rate				4,765,437
Other				68,719
Total general revenues				<u>70,668,386</u>
Change in net position				7,105,591
Net position, beginning of year				<u>(16,225,367)</u>
Net position, end of year				<u>\$ (9,119,776)</u>

See accompanying notes to basic financial statements.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2021

	General (school operating) fund	Nonmajor governmental funds	Total governmental funds
Assets			
Cash and cash equivalents	\$ 22,443,335	-	22,443,335
Investments	5,398,219	-	5,398,219
Accounts receivable	1,538	203,078	204,616
Grants receivable	-	1,452,639	1,452,639
Inventory	-	250,326	250,326
Prepaid items	440,592	1,110,795	1,551,387
Due from other funds	1,462,157	6,436,675	7,898,832
	<u>29,745,841</u>	<u>9,453,513</u>	<u>39,199,354</u>
Total assets	\$ 29,745,841	9,453,513	39,199,354
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,359,804	289,609	1,649,413
Accrued payroll liabilities	3,417,307	-	3,417,307
Self-insurance liability	2,357,696	-	2,357,696
Unearned revenue	-	352,806	352,806
Due to:			
Due to other funds	6,436,675	1,462,157	7,898,832
Student activities	573,852	-	573,852
	<u>14,145,334</u>	<u>2,104,572</u>	<u>16,249,906</u>
Total liabilities	14,145,334	2,104,572	16,249,906
Fund balances:			
Nonspendable:			
Inventory	-	250,326	250,326
Prepaid items	440,592	1,110,795	1,551,387
Restricted:			
Pupil transportation	-	1,212,794	1,212,794
Committed:			
Residential Learning Center and CTE	-	533,386	533,386
Charter School	-	1,589,674	1,589,674
Assigned:			
Educational purposes	5,817,754	-	5,817,754
Food Service	-	2,594,867	2,594,867
Teacher Housing	-	57,099	57,099
Unassigned	9,342,161	-	9,342,161
	<u>15,600,507</u>	<u>7,348,941</u>	<u>22,949,448</u>
Total fund balances	15,600,507	7,348,941	22,949,448
Total liabilities and fund balances	\$ 29,745,841	9,453,513	39,199,354

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, 2021

Amount reported as fund balance on the governmental funds balance sheet	\$ 22,949,448
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.	597,987
Other long-term assets that are not available to pay for current period expenditures, and therefore, are either deferred or not reported in the funds.	
Net OPEB assets	4,924,551
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	4,169,577
OPEB related	2,490,393
	<u>6,659,970</u>
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds:	
Accrued Internal Revenue Service penalties	(490,653)
Net pension liabilities	(38,737,481)
	<u>(39,228,134)</u>
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	(2,196,758)
OPEB related	(2,826,840)
	<u>(5,023,598)</u>
Net position of governmental activities	<u>\$ (9,119,776)</u>

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, 2021

	General (school operating) fund	Nonmajor governmental funds	Total governmental funds
Revenues:			
Local sources:			
Borough appropriation	\$ 42,292,818	-	42,292,818
Earnings on investments	399,547	-	399,547
Charges for services	31,359	1,643,931	1,675,290
E-rate	4,765,437	-	4,765,437
Other	68,367	354,474	422,841
State of Alaska sources	22,120,271	2,793,908	24,914,179
Federal sources	5,076,241	4,541,601	9,617,842
Total revenues	<u>74,754,040</u>	<u>9,333,914</u>	<u>84,087,954</u>
Expenditures:			
Current:			
Instruction	22,801,378	1,743,607	24,544,985
Special education instruction	3,942,782	-	3,942,782
Special education support services - students	557,917	464,448	1,022,365
Support services - students	2,854,277	86,591	2,940,868
Support services - instruction	11,069,639	2,469,250	13,538,889
School administration	3,743,401	22,830	3,766,231
School administration support services	1,494,818	-	1,494,818
District administration	1,842,881	-	1,842,881
District administration support services	2,599,765	138,626	2,738,391
Operations and maintenance of plant	14,643,234	3,160,648	17,803,882
Student activities	811,570	449,440	1,261,010
Student transportation	118,958	2,666,938	2,785,896
Community services	(264)	84,143	83,879
Food service	68,707	4,456,267	4,524,974
Total expenditures	<u>66,549,063</u>	<u>15,742,788</u>	<u>82,291,851</u>
Excess (deficiency) of revenues over expenditures	<u>8,204,977</u>	<u>(6,408,874)</u>	<u>1,796,103</u>
Other financing sources (uses):			
Transfers in	-	12,249,470	12,249,470
Transfers out	(12,249,470)	-	(12,249,470)
Insurance recoveries	150,492	-	150,492
Net other financing sources (uses)	<u>(12,098,978)</u>	<u>12,249,470</u>	<u>150,492</u>
Net change in fund balances	(3,894,001)	5,840,596	1,946,595
Fund balances, beginning of year	<u>19,494,508</u>	<u>1,508,345</u>	<u>21,002,853</u>
Fund balances, end of year	<u>\$ 15,600,507</u>	<u>7,348,941</u>	<u>22,949,448</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, 2021

Net change in fund balances - total governmental funds	\$ 1,946,595
--	--------------

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	70,559
Depreciation expense	(447,100)
	<u>(376,541)</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	(814,898)
OPEB related	(1,269,990)
	<u>(2,084,888)</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:

Accrued Internal Revenue Service penalties	(490,653)
Change in net pension liability	4,136,768
Change in net OPEB asset	3,974,310
	<u>7,620,425</u>
Change in net position of governmental activities	<u>\$ 7,105,591</u>

See accompanying notes to basic financial statements.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Statement of Fiduciary Net Position

Custodial Fund

June 30, 2021

Assets

Due from School Operating Fund	\$ 573,852
--------------------------------	------------

Liabilities and Net Position

Accounts Payable	\$ 668
Net position restricted for student activities	573,184
	<u>\$ 573,852</u>

See accompanying notes to basic financial statements.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position

Custodial Fund

Year Ended June 30, 2021

Additions

Contributions and fundraising activities	\$	170,817
--	----	---------

Deductions

Payments for student activities		<u>178,406</u>
---------------------------------	--	----------------

Net decrease in fiduciary net position		(7,589)
--	--	---------

Net position, beginning of year		<u>580,773</u>
---------------------------------	--	----------------

Net position, end of year	\$	<u><u>573,184</u></u>
---------------------------	----	-----------------------

See accompanying notes to basic financial statements.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

(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 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 BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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 Custodial Fund* is a fiduciary fund and accounted for on the accrual basis of accounting. This fund is custodial in nature. The custodial 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, 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 been met, and the amount is received during the period or within the availability period for this

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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, 2021 were:

Support services-instruction	\$ (1,142,540)
Operations and maintenance of plant	(1,764,501)
Student transportation	(5,365)

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

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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

i. Cash and Investments

Cash consists of demand deposits associated with the central treasury and does not include cash deposits that are a component of the investment portfolio.

Investments consist of interest-bearing deposits with banks and exchange traded mutual funds. The exchange traded funds are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

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 Deferred 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 qualifies 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 BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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 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 BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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 the anticipated year-end fund balance or deficit. The Board takes appropriate action to commit or assign, or otherwise, allocate prior year fund balances as a part of the budget planning process.

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 BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

(i) **Recently Issued Accounting Pronouncements**

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 statements of fiduciary net position and changes in fiduciary net position. The District adopted GASB 84 on July 1, 2020 which resulted in the District presenting student activities as a custodial fund.

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. 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 or amounts due to/from other funds.

The District's bank accounts associated with the central treasury are insured by the Federal Depository Insurance Corporation (FDIC) to a maximum of \$250,000 per financial institution. Any amount in excess of \$250,000 is collateralized with securities held by the District's agent in the District's name. The District's bank accounts associated with the investment portfolio are insured by the FDIC to a maximum of \$500,000. Any amount in excess of \$500,000 is insured by a private insurer for an additional \$1.5 million.

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, 2021 allows for short-term investment in the following:

- United States government obligations.
- Direct obligations of an agency or instrumentality of the United States of America, and obligations on which the timely payment of principal and interest is fully guaranteed by any such agency or instrumentality.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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

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

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

The District's long-term investment policy as of June 30, 2021 allows for investment in the following:

- Low cost, efficient investment vehicles (index mutual funds and/or exchange-traded funds (ETFs)) for all equity exposure. For the fixed-income portion of the portfolio, the investment manager may use both mutual funds/ETFs or individual US dollar denominated investment grade fixed income securities. The Fund will achieve its objective via long-only, unlevered investments. The District is prohibited from engaging in short sales and margin transactions.
- Derivatives may be utilized within investment products as a portfolio management tool. Derivative use and short exposure within a product are permissible when utilized for the purpose of creating or enhancing exposure to an asset class or implementation strategy. Due to the inherent characteristics of derivatives, embedded leverage is permissible when fully collateralized. Direct leverage or borrowing for the purpose of magnifying returns is prohibited. Exposure must be net long at all times.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

<u>Asset Class</u>	<u>Class target</u>	<u>Class minimum</u>	<u>Class maximum</u>
Equities:	35%		
U.S. large-cap equity	22%	12%	32%
U.S. mid-cap equity	2%	0%	5%
U.S. small-cap equity	1%	0%	5%
International	8%	0%	15%
Emerging markets	2%	0%	5%
Alternatives:	5%		
Real estate	2%	0%	5%
Infrastructure	3%	0%	6%
Fixed income:	60%		
U.S. fixed income	35%	25%	45%
Treasury inflation protected securities	10%	5%	15%
International bonds	5%	0%	10%
Cash	10%	5%	15%

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. All ETFs totaling \$4,819,068 are categorized as Level 1 (quoted prices for identical investments in active markets) within the fair value hierarchy. Investments also consist of interest-bearing deposits of \$579,151.

Interest Rate Risk: The District's investment policy limits investment maturities to five years for any single security or the weighted average of the portfolio to 2.5 years as a means of managing its exposure to fair value losses arising from increasing interest rates. The weighted average maturity of the bond focused ETF's are as follows:

<u>Investment</u>	<u>Average maturities</u>
Vanguard Total Bond Market ETF	8.7 years
Vanguard Total International Bond ETF	9.8 years
Vanguard Short-Term Inflation-Protected Securities ETF	2.7 years

Credit Risk: The equity focused ETF's of the District are not rated for credit quality. The bond focused ETF's of the District are rated as follows:

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

<u>Investment</u>	<u>Rating</u>
Vanguard Total Bond Market ETF	A+
Vanguard Total International Bond ETF	A+
Vanguard Short-Term Inflation-Protected Securities ETF	AAA

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one ETF. Concentration limits have been established for other issuers as described above. The District does have four investments that exceed 5% of its total investment balance as follows:

<u>Investment</u>	<u>Amount</u>
Vanguard Total Bond Market ETF	\$ 1,740,733
SPDR® S&P 500 ETF Trust	1,175,881
Vanguard Short-Term Inflation-Protected Securities ETF	538,880
iShares Core MSCI EAFE ETF	452,604

(3) Receivables

Receivable as of June 30, 2021 for the District's individual major funds and other governmental funds are as follows:

	General	Nonmajor	
	(School Operating)	Governmental	
	<u>Fund</u>	<u>Funds</u>	<u>Total</u>
Grants	\$ -	1,452,639	1,452,639
Borough	-	203,078	203,078
Other-stoploss receivable	1,538	-	1,538
Total	\$ <u>1,538</u>	<u>1,655,717</u>	<u>1,657,255</u>

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

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

(4) Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Balance June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>
Governmental activities:				
Capital assets not being depreciated - artwork	\$ 134,956	-	-	134,956
Capital assets, being depreciated:				
Equipment and vehicles	9,470,502	70,559	(91,975)	9,449,086
Accumulated depreciation	(8,630,930)	(447,100)	91,975	(8,986,055)
Total capital assets being depreciated	<u>839,572</u>	<u>(376,541)</u>	<u>-</u>	<u>463,031</u>
Net governmental capital assets	<u>\$ 974,528</u>	<u>(376,541)</u>	<u>-</u>	<u>597,987</u>

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

Instruction	\$ 98,267
Special education support services	2,018
Support services – instruction	109,725
Operations and maintenance of plant	107,294
Student activities	6,973
Student transportation	111,374
Food service	11,449
Total depreciation expense	<u>\$ 447,100</u>

(5) Interfund Receivables, Payables, and Transfers

(a) Interfund Receivables and Payables

A summary of individual interfund receivables and payables at June 30, 2021 is as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Other Governmental Funds	General (School Operating) Fund	\$ 6,436,675
General (School Operating) Fund	Other Governmental Funds	1,462,157
		<u>\$ 7,898,832</u>

(b) Transfers

A summary of interfund transfers for the year ended June 30, 2021 is as follows:

<u>Transfers out</u>	<u>Transfers in Nonmajor Governmental Funds</u>
General (School Operating) Fund	\$ 12,249,470

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Transfers (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, 2021 was as follows:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Due within one year
Governmental activities:					
Net pension liability - PERS	\$ 25,558,317	1,224,719	(2,449,772)	24,333,264	-
Net pension liability - TRS	17,315,932	1,156,322	(4,068,037)	14,404,217	-
Net OPEB liability (asset) - PERS	726,514	134,711	(2,824,785)	(1,963,560)	-
Net OPEB liability (asset) - TRS	(1,676,755)	252,379	(1,536,615)	(2,960,991)	-
Total governmental activities	\$ 41,924,008	2,768,131	(10,879,209)	33,812,930	-

(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/drb/pers/employee/resources/cafr.html or www.doa.alaska.gov/drb/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.
2. Tier II employee: entered system between July 1, 1986 and June 30, 1996 – 5 years credited service for pension and OPEB benefits.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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	20.66%	20.66%
Alaska Healthcare Retirement Trust	4.27	4.27
Occupational Death and Disability	0.31	0.70
Retiree Medical Plan	1.27	1.27
Defined contribution – Pension	5.92	5.92

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 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.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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, 2021, 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	\$ 24,333,264
State's proportionate share of the net pension liability associated with the District	<u>10,070,566</u>
Total	<u>\$ 34,403,830</u>

The June 30, 2021 net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020, the District's proportion was .41%, which was a decrease of 0.06% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized a pension expense of \$145,251 and revenue of \$1,301,408 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	\$ 990,366	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	(750,845)
Difference between actual and expected experience	77,191	-
District contributions subsequent to the measurement date	<u>1,593,057</u>	<u>-</u>
Total	<u>\$ 2,660,614</u>	<u>(750,845)</u>

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

The District reported \$1,593,057 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, 2022. 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:	
2022	\$ (656,150)
2023	348,283
2024	368,124
2025	256,455
	<u>\$ 316,712</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 (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. 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 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.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the District reported a liability for its proportionate share of the net OPEB liability (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 liability (asset), the related State support, and the total portion of the net OPEB (asset) that was associated with the District were as follows:

District's proportionate share of the net OPEB liability (asset)	\$ (1,963,560)
State's proportionate share of the net OPEB liability (asset) associated with the District (ARHCT)	<u>(774,023)</u>
Total	<u><u>\$ (2,737,583)</u></u>

The net OPEB (assets) were measured as of June 30, 2020, and the total OPEB (asset) used to calculate the net OPEB (asset) was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the ARHCT net OPEB (assets) 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, 2020, the District's proportion was .41% (ARHCT), .66% (RMP), and .53% (ODD) which was a decrease of .06%, .06%, and .04% respectively from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized an OPEB benefit of \$979,633 and revenue of \$(498,103), related to reductions in the District's proportionate share of the net OPEB (assets) and the State's proportionate share attributable to the District. At June 30, 2021, 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	\$ 774,556	-
Changes in proportion and difference between District contributions and proportionate share of contributions	47,223	(17,390)
Change in assumptions	65,259	(1,423,175)
Difference between actual and expected experience	242	(207,922)
District contributions subsequent to the measurement date	408,108	-
Total	<u><u>\$ 1,295,388</u></u>	<u><u>\$ (1,648,487)</u></u>

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

The District reported \$408,108 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, 2022. 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:	
2022	\$ (1,446,068)
2023	260,451
2024	280,052
2025	193,998
2026	(14,370)
Thereafter	(35,270)
	<u>\$ (761,207)</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 (assets) were determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

	<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	7.0 grading down to 4.5
Post 65 medical	N/A	5.4 grading down to 4.5
Prescription drugs	N/A	8.0 grading down to 4.5
Participation rates	N/A	100% of system paid members and spouses and 10% of non-system paid members and spouses

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 (assets) are measured as of June 30, 2020. Liabilities (assets) are based on the results of the actuarial calculations performed as of June 30, 2019 and were rolled forward to June 30, 2020 using standard update procedures. The actuarial

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

assumptions used in the June 30, 2020 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	26.00%	6.24%
Global equity	18.00	6.67
Fixed income	24.00	(0.16)
Opportunistic	8.00	3.01
Real assets	13.00	3.82
Absolute return	-	3.96
Private equity	11.00	10.00
Cash equivalents	-	(1.09)
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension and total OPEB liabilities (assets) 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 plans' 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 (assets). In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefit payments not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 2.66% as of June 30, 2020.

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

The following presents the District's proportionate share of the net pension 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:

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

	1% decrease (6.38)%	Discount rate (7.38)%	1% increase (8.38)%
Plan:			
Pension	\$ 31,638,386	24,333,264	18,206,301
ARHCT	1,947,474	(1,866,327)	(5,025,283)
ODD	(135,032)	(143,699)	(150,625)
RMP	287,873	46,466	(136,265)

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 plan's 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:

	1% decrease	Current trend rate	1% increase
Plan:			
ARHCT	\$ (5,395,665)	(1,866,327)	2,407,497
ODD	N/A	(143,699)	N/A
RMP	(163,047)	46,466	331,452

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 (HRA) 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:

	Others Tier IV	Police/fire Tier IV
Individual account	5.92%	5.92%
HRA*	3.00	3.00
	<u>8.92%</u>	<u>8.92%</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

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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, 2021 was \$744,531.

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	20.94%
Alaska Healthcare Retirement Trust	3.40
Occupational Death and Disability	0.08
Retiree Medical Plan	0.93
Defined contribution – Pension	6.13

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 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

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

(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.

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

At June 30, 2021, 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	\$ 14,404,217
State's proportionate share of the net pension liability associated with the District	25,005,246
Total	<u>\$ 39,409,463</u>

The June 30, 2021 net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020, the District's proportion was .71%, which was a decrease of 0.22% from its proportion measured as of June 30, 2019.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

For the year ended June 30, 2021, the District recognized a pension benefit of \$1,558,992 and revenue of \$2,221,115 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	\$ 992,571	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	(1,445,913)
Difference between actual and expected experience	16,406	-
District contributions subsequent to the measurement date	499,986	-
Total	<u>\$ 1,508,963</u>	<u>(1,445,913)</u>

The District reported \$499,986 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, 2022. 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:	
2022	\$ (1,418,333)
2023	350,619
2024	373,104
2025	257,674
	<u>\$ (436,936)</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.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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 (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the District reported an asset for its proportionate share of the net OPEB liability (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 liability (asset), the related State support, and the total portion of the net OPEB (asset) that was associated with the District were as follows:

District's proportionate share of the net OPEB liability (asset)	\$ (2,960,991)
State's proportionate share of the net OPEB liability (asset) associated with the District (ARHCT)	<u>(4,407,007)</u>
Total	<u>\$ (7,367,998)</u>

The net OPEB (assets) were measured as of June 30, 2020, and the total OPEB (asset) used to calculate the net OPEB (asset) was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the ARHCT net OPEB (assets) 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, 2020, the District's proportion was .71% (ARHCT), 3.06% (RMP), and 3.05% (ODD) which was a decrease of .22%, .29%, and .32% respectively from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized an OPEB benefit of \$929,968 and revenue of \$(2,661,361), related to reductions in the District's proportionate share of the net OPEB (assets) and the State's proportionate share attributable to the District. At June 30, 2021, the District reported collective deferred outflows of resources and collective deferred inflows of resources related to OPEB plans from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 526,584	-
Changes in proportion and difference between Borough contributions and proportionate share of contributions	131,862	(15,810)
Change in assumptions	47,237	(1,057,233)
Difference between actual and expected experience	64,249	(105,310)
District contributions subsequent to the measurement date	<u>425,073</u>	<u>-</u>
Total	<u>\$ 1,195,005</u>	<u>(1,178,353)</u>

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

The District reported \$425,073 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, 2022. 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:	
2022	\$ (774,202)
2023	162,863
2024	174,894
2025	117,196
2026	(22,905)
Thereafter	(66,267)
	<u>\$ (408,421)</u>

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 (assets) were determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

	<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	7.0 grading down to 4.5
Post 65 medical	N/A	5.4 grading down to 4.5
Prescription drugs	N/A	8.0 grading down to 4.5
Participation rates	N/A	100% of system paid members and spouses and 10% of non-system paid members and spouses

Pre-termination mortality rates were based upon the 2013-2017 actual mortality 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 mortality 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 net pension and OPEB liabilities (assets) are measured as of June 30, 2020. Liabilities (assets) are based on the results of the actuarial calculations performed as of June 30, 2019 and were rolled forward to June 30, 2020 using standard update procedures. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017.

NORTH SLOPE BUROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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:	Target allocation	Long – term expected real rate of return
Broad domestic equity	26.00%	6.24%
Global equity	18.00	6.67
Fixed income	24.00	(0.16)
Opportunistic	8.00	3.01
Real assets	13.00	3.82
Absolute return	-	3.96
Private equity	11.00	10.00
Cash equivalents	-	(1.09)
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension and total OPEB liabilities (assets) 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 plans' 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 (assets). In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefit payments not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 2.66% as of June 30, 2020.

Sensitivity of the District's proportionate share of the net pension liability (asset) 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:

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

	1% decrease (6.38)%	Discount rate (7.38)%	1% increase (8.38)%
Plan:			
Pension	\$ 20,213,618	14,404,217	9,518,516
ARHCT	(139,325)	(2,527,255)	(4,496,766)
ODD	(131,679)	(131,466)	(131,405)
RMP	16,301	(302,270)	(540,501)

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 plan's 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:

	1% decrease	Current trend rate	1% increase
Plan:			
ARHCT	\$ (4,715,947)	(2,527,255)	134,938
ODD	N/A	(131,466)	N/A
RMP	(573,409)	(302,270)	70,811

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 HRA 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	6.13%
HRA*	3.00
	<u>9.13%</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.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

Employees are immediately and fully vested in their own contributions and related earnings (losses). Employees vest in employer contributions and related earnings (losses), after five years of service. Employees are partially vested in the employer contributions and the related earnings (losses), in the ratio of (a) 25% with two years of service; (b) 50% with three years of service; (c) 75% with four years of service; and (d) 100% with five years of service. The District's contribution to TRS, including the HRA contribution, for the year ended June 30, 2021 was \$1,314,079.

(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 \$9,997,090 for the year ended June 30, 2021, and consisted of paid claims incurred, stop-loss premiums, and administrative fees.

As of June 30, 2021, an estimated liability for claims payable incurred but unreported claims of approximately \$2,357,696 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, 2021 and 2020 are as follows:

	2021	2020
Unpaid claims, beginning of year	\$ 2,577,495	2,187,267
Incurred claims	8,421,389	8,840,974
Claims payments	(8,641,188)	(8,450,746)
Unpaid claims, end of year	<u>\$ 2,357,696</u>	<u>2,577,495</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, 2021 are:

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

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

(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) *Internal Revenue Service Assessment*

The District has been assessed penalties of \$490,653 by the Internal Revenue Service (IRS) for failure to file and provide information related to its 2018 1095 informational returns. The District is in the process of correcting this filing deficiency and expects the penalties to be waived or significantly reduced when correction is complete. The District has accrued these penalties in the government-wide financial statements.

(d) *North Slope Borough Claim*

Alaska Statute 14.17.505 (AS), Alaska Administrative Code 4 AAC 09.160 (AAC), and the Borough Municipal Code Section 3.07 (Code) contain laws and regulations that limits the District's accumulation of unreserved fund balance (under pre-GASB 54 standards) to no more than 10 percent of current year general (school operating) fund expenditures. On April 9, 2021, the Governor issued COVID-19 Disaster Order of Suspension No. 3 (the Order) which suspended the AS and AAC laws related to the accumulation of unreserved fund balance. The Order has the power of law and supersedes all conflicting laws during the period of suspension. Additionally, on April 30, 2021, the Governor signed House Bill 76 extending the suspension of the AS and AAC through June 30, 2025.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

The Borough has asserted a claim for the excess unreserved fund balance under its Municipal Code and withheld that amount from the District's fiscal year 2022 appropriation. Management and legal counsel for the District are of the opinion that the Borough's claim is without merit and that the suspension order issued by Alaska's Governor supersedes the Borough Code. Management is also of the opinion that the intent of the Borough Code is to protect the District and the Borough from the State of Alaska claiming any excess unreserved fund balance and not to penalize the District. Accordingly, the District has not recognized a liability for the Borough claim.

(e) Insurance Settlement

During fiscal year 2020, the Kaktovik School was destroyed by fire. While the Borough owns the physical structure and has related insurance claims, the District has a pending insurance claim for the electronic data processing equipment, teacher housing contents and general contents. The District expects to have a resolution of this claim in fiscal year 2022.

(f) COVID-19

The COVID-19 pandemic has negatively affected national, state, and local economies along with global financial markets and the local government landscape in general. While the future impact of the COVID-19 pandemic cannot be quantified at this time, the District continues to monitor its course and, if necessary, is prepared to take additional measures to protect the health and welfare of the District.

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)

Year Ended June 30, 2021

	Budgeted amounts		Actual	Variance with
	Original	Final	amounts	final budget -
				positive
				(negative)
Revenues:				
Local sources:				
Borough appropriation	\$ 41,266,371	\$ 41,266,371	\$ 42,292,818	\$ 1,026,447
Earnings on investments	175,000	175,000	399,547	224,547
Charges for services	83,000	83,000	31,359	(51,641)
E-rate	4,393,440	4,393,440	4,765,437	371,997
Other	108,400	108,400	68,367	(40,033)
State of Alaska sources	22,061,100	23,063,557	22,120,271	(943,286)
Federal sources	8,070,542	8,070,542	5,076,241	(2,994,301)
Total revenues	<u>76,157,853</u>	<u>77,160,310</u>	<u>74,754,040</u>	<u>(2,406,270)</u>
Expenditures:				
Current:				
Instruction	24,000,046	24,144,378	22,801,378	1,343,000
Special education instruction	4,743,241	4,776,753	3,942,782	833,971
Special education support services - students	651,041	639,236	557,917	81,319
Support services - students	3,098,856	3,117,178	2,854,277	262,901
Support services - instruction	9,944,341	9,927,099	11,069,639	(1,142,540)
School administration	3,934,319	3,837,587	3,743,401	94,186
School administration support services	1,689,719	1,710,004	1,494,818	215,186
District administration	1,890,391	2,003,363	1,842,881	160,482
District administration support services	3,086,610	3,755,160	2,599,765	1,155,395
Operations and maintenance of plant	12,751,400	12,878,733	14,643,234	(1,764,501)
Student activities	1,926,277	1,849,942	811,570	1,038,372
Student transportation	86,915	113,593	118,958	(5,365)
Community services	2,057	2,750	(264)	3,014
Food service	72,640	95,010	68,707	26,303
Total expenditures	<u>67,877,853</u>	<u>68,850,786</u>	<u>66,549,063</u>	<u>2,301,723</u>
Excess of revenues over expenditures	<u>8,280,000</u>	<u>8,309,524</u>	<u>8,204,977</u>	<u>(104,547)</u>
Other financing uses:				
Transfers out	(8,280,000)	(8,397,546)	(12,249,470)	(3,851,924)
Insurance recoveries	-	-	150,492	150,492
Net change in fund balance	<u>\$ -</u>	<u>\$ (88,022)</u>	<u>(3,894,001)</u>	<u>\$ (3,805,979)</u>
Fund balance, beginning of year			<u>19,494,508</u>	
Fund balance, end of year			<u>\$ 15,600,507</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>2021</u>	<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>
District's proportion of the net pension liability	0.41%	0.47%	0.49%	0.44%	0.49%	0.42%	0.27%	*	*	*
District's proportionate share of the net pension liability	\$ 24,333,264	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	<u>10,070,566</u>	<u>10,149,508</u>	<u>7,053,609</u>	<u>8,463,298</u>	<u>3,427,838</u>	<u>5,488,680</u>	<u>10,669,598</u>	<u>*</u>	<u>*</u>	<u>*</u>
Total	<u>\$ 34,403,830</u>	<u>35,709,845</u>	<u>31,420,449</u>	<u>31,180,375</u>	<u>30,611,778</u>	<u>25,983,575</u>	<u>-</u>	<u>*</u>	<u>*</u>	<u>*</u>
District's covered payroll	\$ 4,008,868	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	606.99%	511.02%	414.36%	379.09%	428.57%	314.72%	185.50%	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	61.61%	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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contributions	\$ 1,593,057	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>(1,593,057)</u>	<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>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>			
District's covered payroll	3,630,989	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	43.87%	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 (Asset) (RSI-4) (Unaudited)

Last Ten Fiscal Years

	ARHCT				ODD				RMP			
	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018
District's proportion of the net OPEB liability/asset	0.41%	0.47%	0.49%	0.44%	0.53%	0.57%	0.72%	0.70%	0.66%	0.72%	0.72%	0.70%
District's proportionate share of the net OPEB liability (asset)	\$ (1,866,327)	692,764	5,031,481	3,712,280	(143,699)	(139,047)	(14,078)	(99,788)	46,466	172,797	92,240	36,676
State's proportionate share of the net OPEB liability (asset)	(774,023)	275,453	1,459,957	217,422	—	—	—	—	—	—	—	—
Total	<u>\$ (2,640,350)</u>	<u>692,764</u>	<u>5,031,481</u>	<u>3,712,280</u>	<u>(143,699)</u>	<u>(139,047)</u>	<u>(14,078)</u>	<u>(99,788)</u>	<u>46,466</u>	<u>172,797</u>	<u>92,240</u>	<u>36,676</u>
District's covered payroll	\$ 4,008,868	5,001,401	5,880,048	5,991,957	8,900,878	9,164,709	8,204,413	7,318,628	8,900,878	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	(46.55)%	13.85%	85.57%	61.95%	(1.61)%	(1.52)%	(0.17)%	(1.36)%	0.52%	1.89%	1.12%	0.50%
Plan fiduciary net position as a percentage of the total OPEB liability	106.15%	98.13%	88.12%	89.68%	283.80%	297.43%	270.62%	212.97%	95.23%	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.

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Alaska Public Employees' Retirement System

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

Last Ten Fiscal Years

	ARHCT				ODD				RMP			
	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018
Contractually required contributions	\$ 269,749	559,721	595,625	509,336	27,228	23,137	23,809	13,127	111,131	117,538	86,183	84,602
Contributions in relation to the												
contractually required contributions	(269,749)	(559,721)	(595,625)	(509,336)	(27,228)	(23,137)	(23,809)	(13,127)	(111,131)	(117,538)	(86,183)	(84,602)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 3,630,989	4,008,868	5,001,401	5,880,048	8,756,936	8,900,878	9,164,709	8,204,413	8,756,936	8,900,878	9,164,709	8,204,413
Contributions as a percentage of												
covered payroll	7.43%	13.96%	11.91%	8.66%	0.31%	0.26%	0.26%	0.16%	1.27%	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>2021</u>	<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>
District's proportion of the net pension liability	0.71%	0.93%	0.77%	0.66%	0.91%	0.01%	0.03%	*	*	*
District's proportionate share of the net pension liability	\$ 14,404,217	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>25,005,246</u>	<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>	<u>*</u>	<u>*</u>	<u>*</u>
Total	\$ <u>39,409,463</u>	<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>	<u>*</u>	<u>*</u>	<u>*</u>
District's covered payroll	\$ 4,086,959	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	352.44%	414.49%	296.69%	214.75%	296.93%	179.02%	93.37%	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	72.81%	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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contributions	\$ 499,986	483,629	538,013	585,302	588,274	538,092	591,114	*	*	*
Contributions in relation to the contractually required contributions	(499,986)	(483,629)	(538,013)	(585,302)	(588,274)	(538,092)	(591,114)	*	*	*
Contributions deficiency (excess)	\$ -	-	-	-	-	-	-			
District's covered payroll	4,104,919	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	12.18%	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 (Asset) (RSI-8) (Unaudited)

June 30, 2021

	ARHCT				ODD				RMP			
	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018
District's proportion of the net OPEB liability/asset	0.71%	0.93%	0.77%	0.65%	3.05%	3.37%	3.35%	3.03%	3.06%	3.35%	3.35%	3.03%
District's proportionate share of the net OPEB liability (asset)	\$ (2,527,255)	(1,412,949)	2,396,367	1,203,383	(131,466)	(135,459)	(117,383)	(99,168)	(302,270)	(128,347)	(107,071)	(143,836)
State's proportionate share of the net OPEB liability (asset)	(4,407,007)	(2,103,108)	3,574,845	2,110,057	—	—	—	—	—	—	—	—
Total	\$ (6,934,262)	(1,412,949)	2,396,367	1,203,383	(131,466)	(135,459)	(117,383)	(99,168)	(302,270)	(128,347)	(107,071)	(143,836)
District's covered payroll	\$ 4,086,959	4,177,653	4,982,771	6,191,797	13,343,586	13,037,843	12,034,621	10,181,445	13,343,586	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	(61.84)%	(33.82)%	48.09%	19.44%	(0.99)%	(1.04)%	(0.98)%	(0.97)%	(2.27)%	(0.98)%	(0.89)%	(1.41)%
Plan fiduciary net position as a percentage of the total OPEB liability	113.78%	105.50%	90.23%	93.75%	1,409.77%	1,409.77%	1,304.81%	1,342.59%	125.59%	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.

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Alaska Teachers Retirement System

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

Last Ten Fiscal Years

	ARHCT				ODD				RMP			
	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018
Contractually required contributions	\$ 286,399	428,033	595,625	509,336	10,963	10,674	23,809	13,127	127,711	145,626	86,183	84,602
Contributions in relation to the contractually required contributions	(286,399)	(428,033)	(595,625)	(509,336)	(10,963)	(10,674)	(23,809)	(13,127)	(127,711)	(145,626)	(86,183)	(84,602)
Contribution deficiency (excess)	\$ —	—	—	—	—	—	—	—	—	—	—	—
District's covered payroll	\$ 4,104,919	4,086,959	4,177,653	4,982,771	13,702,849	13,343,586	13,037,843	12,034,621	13,702,849	13,343,586	13,037,843	12,034,621
Contributions as a percentage of covered payroll	6.98%	10.47%	14.26%	10.22%	0.08%	0.08%	0.18%	0.11%	0.93%	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, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental:			
Borough appropriation	\$ 38,766,371	38,766,371	-
Borough in-kind contribution	2,500,000	3,526,447	1,026,447
Local sources:			
Earnings on investments	175,000	399,547	224,547
Charges for services	83,000	31,359	(51,641)
E-rate revenue	4,393,440	4,765,437	371,997
Other	108,400	68,367	(40,033)
Total local sources	<u>46,026,211</u>	<u>47,557,528</u>	<u>1,531,317</u>
Intergovernmental:			
State of Alaska:			
Foundation program	18,678,264	18,054,277	(623,987)
TRS on-behalf	3,212,465	2,974,259	(238,206)
PERS on-behalf	1,172,828	1,080,388	(92,440)
SB142	-	11,347	11,347
Total State of Alaska	<u>23,063,557</u>	<u>22,120,271</u>	<u>(943,286)</u>
Federal sources:			
Direct sources - Impact Aid	<u>8,070,542</u>	<u>5,076,241</u>	<u>(2,994,301)</u>
Total revenues	<u>77,160,310</u>	<u>74,754,040</u>	<u>(2,406,270)</u>
Expenditures:			
Instruction:			
Certified salaries	12,817,735	12,423,842	393,893
Non-certified salaries	1,587,423	1,550,542	36,881
Employee benefits	9,036,452	8,327,333	709,119
Professional and technical services	92,611	22,250	70,361
Staff travel	36,780	75	36,705
Student travel	30,000	-	30,000
Utility services	4,000	1,191	2,809
Other purchased services	2,400	-	2,400
Supplies, materials, and media	532,377	475,771	56,606
Tuition and stipends	750	-	750
Other	3,850	374	3,476
Total Instruction	<u>24,144,378</u>	<u>22,801,378</u>	<u>1,343,000</u>
Special education instruction:			
Certified salaries	1,881,898	1,672,447	209,451
Non-certified salaries	1,041,316	752,669	288,647
Employee benefits	1,830,989	1,510,370	320,619
Student travel	15,000	3,159	11,841
Utility services	120	120	-
Supplies, materials, and media	7,430	4,017	3,413
Total special education instruction	<u>4,776,753</u>	<u>3,942,782</u>	<u>833,971</u>
Special education support services - students:			
Certified salaries	141,414	145,731	(4,317)
Non-certified salaries	56,589	36,284	20,305
Employee benefits	133,983	106,503	27,480
Professional and technical services	275,000	257,575	17,425
Staff travel	-	-	-
Utility services	1,300	1,224	76
Other purchased services	5,000	2,551	2,449
Supplies, materials, and media	25,250	7,642	17,608
Other	700	407	293
Total special education support services - students	<u>639,236</u>	<u>557,917</u>	<u>81,319</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, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Expenditures, continued:			
Support services - students:			
Certified salaries	895,122	872,116	23,006
Non-certified salaries	929,446	812,183	117,263
Employee benefits	1,276,490	1,168,571	107,919
Professional and technical services	4,000	1,327	2,673
Staff travel	3,000	-	3,000
Utility services	500	-	500
Supplies, materials, and media	8,620	80	8,540
Total support services - students	<u>3,117,178</u>	<u>2,854,277</u>	<u>262,901</u>
Support services - instruction:			
Certified salaries	370,633	567,601	(196,968)
Non-certified salaries	861,004	1,011,716	(150,712)
Employee benefits	950,699	1,054,308	(103,609)
Professional and technical services	224,532	191,259	33,273
Staff travel	94,780	57,263	37,517
Utility services	5,776,800	6,505,063	(728,263)
Other purchased services	213,444	187,729	25,715
Supplies, materials, and media	1,280,043	1,481,031	(200,988)
Other	44,067	4,850	39,217
Equipment	111,097	8,819	102,278
Total support services - instruction	<u>9,927,099</u>	<u>11,069,639</u>	<u>(1,142,540)</u>
School administration:			
Certified salaries	2,206,879	2,288,590	(81,711)
Employee benefits	1,305,208	1,189,180	116,028
Staff travel	15,000	2,276	12,724
Utility services	138,034	100,892	37,142
Other purchased services	142,700	107,160	35,540
Supplies, materials, and media	27,568	54,826	(27,258)
Other	2,198	477	1,721
Total school administration	<u>3,837,587</u>	<u>3,743,401</u>	<u>94,186</u>
School administration support services:			
Non-certified salaries	957,605	806,713	150,892
Employee benefits	752,399	688,105	64,294
Total school administration support services	<u>1,710,004</u>	<u>1,494,818</u>	<u>215,186</u>
District administration:			
Certified salaries	358,719	333,205	25,514
Non-certified salaries	490,351	506,456	(16,105)
Employee benefits	514,587	485,976	28,611
Professional and technical services	435,646	423,197	12,449
Staff travel	111,000	32,226	78,774
Utility services	12,000	2,821	9,179
Other purchased services	6,500	3,667	2,833
Supplies, materials, and media	35,860	12,555	23,305
Other	38,700	42,778	(4,078)
Total district administration	<u>2,003,363</u>	<u>1,842,881</u>	<u>160,482</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, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Expenditures, continued:			
District administration support services:			
Non-certified salaries	1,389,953	1,224,393	165,560
Employee benefits	1,078,876	794,967	283,909
Professional and technical service	1,106,391	562,164	544,227
Staff travel	63,000	28,675	34,325
Staff Travel	-	1,177	(1,177)
Utility services	28,000	8,233	19,767
Other purchased services	60,000	37,535	22,465
Supplies, materials, and media	66,390	50,832	15,558
Other	57,550	25,012	32,538
District support_Indirect cost	(95,000)	(133,223)	38,223
Total district administration support services	3,755,160	2,599,765	1,155,395
Operations and maintenance of plant:			
Non-certified salaries	4,583,292	4,639,065	(55,773)
Employee benefits	3,297,738	3,248,722	49,016
Professional and technical services	195,500	140,543	54,957
Staff travel	105,000	83,048	21,952
Utility services	433,519	274,118	159,401
Energy	2,409,047	2,415,473	(6,426)
Other purchased services	34,900	24,394	10,506
Insurance and bond premiums	1,040,186	2,999,858	(1,959,672)
Supplies, materials, and media	708,451	756,273	(47,822)
Other	600	-	600
Equipment	70,500	61,740	8,760
Total operations and maintenance of plant	12,878,733	14,643,234	(1,764,501)
Student activities:			
Certified salaries	244,773	225,198	19,575
Non-certified salaries	64,510	69,448	(4,938)
Employee benefits	59,374	28,134	31,240
Student travel	1,434,800	447,196	987,604
Professional and technical services	6,500	2,249	4,251
Staff travel	4,540	2,187	2,353
Utility services	2,000	157	1,843
Supplies, materials, and media	15,860	24,731	(8,871)
Other	17,585	12,270	5,315
Total student activities	1,849,942	811,570	1,038,372
Student transportation:			
Employee benefits	113,593	118,958	(5,365)
Total student transportation	113,593	118,958	(5,365)
Community services:			
Employee benefits	2,750	(264)	3,014
Total community services	2,750	(264)	3,014
Food Service:			
Employee benefits	95,010	68,707	26,303
Total food service	95,010	68,707	26,303
Total expenditures	68,850,786	66,549,063	2,301,723

(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, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Excess of revenues over expenditures	<u>\$ 8,309,524</u>	<u>8,204,977</u>	<u>(104,547)</u>
Other financing (uses):			
Transfers out:			
Special Revenue Funds:			
Pupil Transportation	-	(264,745)	(264,745)
Community Education	(400,000)	(83,269)	316,731
Food Service	(3,269,604)	(5,131,865)	(1,862,261)
Residential Learning	(1,117,546)	(1,444,120)	(326,574)
Charter School	(3,000,000)	(3,000,000)	-
Teacher Housing	(610,396)	(2,325,471)	(1,715,075)
Insurance recoveries	<u>-</u>	<u>150,492</u>	<u>150,492</u>
Net other financing (uses)	<u>(8,397,546)</u>	<u>(12,098,978)</u>	<u>(3,701,432)</u>
Net change in fund balance	<u>\$ (88,022)</u>	<u>(3,894,001)</u>	<u>(3,805,979)</u>
Fund balance, beginning of year		<u>19,494,508</u>	
Fund balance, end of year		<u>\$ 15,600,507</u>	

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2021

	Special revenue funds					
	Student Transportation	School Bag	Community Education	Covid Relief	Charter School	Suicide Awareness and Prevention
Assets						
Accounts receivable	\$ -	-	-	-	-	-
Grants receivable	-	-	-	-	3,771	13,808
Inventory	-	-	-	-	-	-
Prepaid items	3,025	-	-	-	-	-
Due from other funds	1,215,540	-	-	-	1,589,674	-
Total assets	<u>\$ 1,218,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,593,445</u>	<u>13,808</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	2,746	-	-	-	-	10,087
Unearned revenue	-	-	-	-	-	-
Due to other funds	-	-	-	-	3,771	3,721
Total liabilities	<u>2,746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,771</u>	<u>13,808</u>
Fund balances:						
Nonspendable:						
Inventory	-	-	-	-	-	-
Prepaid items	3,025	-	-	-	-	-
Restricted:						
Pupil transportation	1,212,794	-	-	-	-	-
Committed:						
Residential Learning Center and CTE	-	-	-	-	-	-
Charter School	-	-	-	-	1,589,674	-
Assigned:						
Food Service	-	-	-	-	-	-
Teacher Housing	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>1,215,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,589,674</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,218,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,593,445</u>	<u>13,808</u>

(continued)

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Nonmajor Governmental Funds

Combining Balance Sheet, Continued

June 30, 2021

		Special revenue funds				
		Title III-A English Language Acquisition	Fruit and Vegetable	Title I-A Basic	Migrant Education	Title I-C
Assets						
Accounts receivable	\$	95,384	-	-	-	-
Grants receivable		-	8,567	-	185,847	806
Inventory		250,326	-	-	-	25,173
Prepaid items		-	-	-	-	-
Due from other funds		2,667,496	-	-	-	-
Total assets	\$	3,013,206	8,567	-	185,847	806
Liabilities and Fund Balances						
Liabilities:						
Accounts payable		168,013	-	17,260	-	4,860
Unearned revenue		-	-	-	-	-
Due to other funds		-	8,567	168,587	806	20,313
Total liabilities		168,013	8,567	-	185,847	806
Fund balances:						
Nonspendable:						
Inventory		250,326	-	-	-	-
Prepaid items		-	-	-	-	-
Restricted:						
Pupil transportation		-	-	-	-	-
Committed:						
Residential Learning Center and CTE		-	-	-	-	-
Charter School		-	-	-	-	-
Assigned:						
Food Service		2,594,867	-	-	-	-
Teacher Housing		-	-	-	-	-
Unassigned		-	-	-	-	-
Total fund balances		2,845,193	-	-	-	-
Total liabilities and fund balances	\$	3,013,206	8,567	-	185,847	806

(continued)

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Nonmajor Governmental Funds

Combining Balance Sheet, Continued

June 30, 2021

Special revenue funds						
	Title I-A School Improvement	Title II-A Teacher and Principal Training and Recruitment	Title VI-A	Governor's Emergency Relief	ESSER I	ESSER II
Assets						
Accounts receivable	\$ -	-	-	-	-	-
Grants receivable	236,145	57,105	36,008	14,820	62,688	129,131
Inventory	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 236,145</u>	<u>57,105</u>	<u>36,008</u>	<u>14,820</u>	<u>62,688</u>	<u>129,131</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	50,521	-	7,946	-	-	-
Unearned revenue	-	-	-	-	-	-
Due to other funds	185,624	57,105	28,062	14,820	62,688	129,131
Total liabilities	<u>236,145</u>	<u>57,105</u>	<u>36,008</u>	<u>14,820</u>	<u>62,688</u>	<u>129,131</u>
Fund balances:						
Nonspendable:						
Inventory	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Restricted:						
Pupil transportation	-	-	-	-	-	-
Committed:						
Residential Learning Center and CTE	-	-	-	-	-	-
Charter School	-	-	-	-	-	-
Assigned:						
Food Service	-	-	-	-	-	-
Teacher Housing	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 236,145</u>	<u>57,105</u>	<u>36,008</u>	<u>14,820</u>	<u>62,688</u>	<u>129,131</u>

(continued)

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Nonmajor Governmental Funds

Combining Balance Sheet, Continued

June 30, 2021

	Special revenue funds					
	Special Education Title VI-B	Alternative School Kiita	Substance Misuse and Addiction Prevention	Carl Perkins Vocational Education	Special Education Section 619 Preschool Disabled	Artists in Schools
Assets						
Accounts receivable	\$ -	-	-	-	-	-
Grants receivable	198,999	9,490	6,972	31,144	-	-
Inventory	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	5,000
Total assets	\$ 198,999	9,490	6,972	31,144	-	5,000
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	289	153	-	-	-	-
Unearned revenue	-	-	-	-	-	5,000
Due to other funds	198,710	9,337	6,972	31,144	-	-
Total liabilities	198,999	9,490	6,972	31,144	-	5,000
Fund balances:						
Nonspendable:						
Inventory	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Restricted:						
Pupil transportation	-	-	-	-	-	-
Committed:						
Residential Learning Center and CTE	-	-	-	-	-	-
Charter School	-	-	-	-	-	-
Assigned:						
Food Service	-	-	-	-	-	-
Teacher Housing	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	-	-	-	-	-	-
Total liabilities and fund balances	\$ 198,999	9,490	6,972	31,144	-	5,000

(continued)

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Nonmajor Governmental Funds

Combining Balance Sheet, Continued

June 30, 2021

	Special revenue funds					
	Alaska State Council of the Arts New Visions	Johnson O'Malley	Indian Education	Alaska Native Education Association	Higher Pathways	ASRC Contribution
Assets						
Accounts receivable	\$ -	-	-	-	-	-
Grants receivable	-	-	84,083	348,082	-	-
Inventory	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	13,188	168,985	-	-	19,472	106,217
Total assets	\$ 13,188	168,985	84,083	348,082	19,472	106,217
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	-	-	-	7,060	2,800	-
Unearned revenue	13,188	168,985	-	-	16,672	106,217
Due to other funds	-	-	84,083	341,022	-	-
Total liabilities	13,188	168,985	84,083	348,082	19,472	106,217
Fund balances:						
Nonspendable:						
Inventory	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Restricted:						
Pupil transportation	-	-	-	-	-	-
Committed:						
Residential Learning Center and CTE	-	-	-	-	-	-
Charter School	-	-	-	-	-	-
Assigned:						
Food Service	-	-	-	-	-	-
Teacher Housing	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	-	-	-	-	-	-
Total liabilities and fund balances	\$ 13,188	168,985	84,083	348,082	19,472	106,217

(continued)

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Nonmajor Governmental Funds

Combining Balance Sheet, Continued

June 30, 2021

	Special revenue funds					
	Residential Learning Center and CTE	Exxon/Mobil Kaktovik General Operations Support	Village Student Activities	Major Maintenance	Teacher Housing	Total
Assets						
Accounts receivable	\$ -	-	-	107,694	-	203,078
Grants receivable	-	-	-	-	-	1,452,639
Inventory	-	-	-	-	-	250,326
Prepaid items	-	-	-	-	1,107,770	1,110,795
Due from other funds	533,386	42,744	16,280	-	58,693	6,436,675
Total assets	\$ 533,386	42,744	16,280	107,694	1,166,463	9,453,513
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	-	-	16,280	-	1,594	289,609
Unearned revenue	-	42,744	-	-	-	352,806
Due to other funds	-	-	-	107,694	-	1,462,157
Total liabilities	-	42,744	16,280	107,694	1,594	2,104,572
Fund balances:						
Nonspendable:						
Inventory	-	-	-	-	-	250,326
Prepaid items	-	-	-	-	1,107,770	1,110,795
Restricted:						
Pupil transportation	-	-	-	-	-	1,212,794
Committed:						
Residential Learning Center and CTE	533,386	-	-	-	-	533,386
Charter School	-	-	-	-	-	1,589,674
Assigned:						
Food Service	-	-	-	-	-	2,594,867
Teacher Housing	-	-	-	-	57,099	57,099
Unassigned	-	-	-	-	-	-
Total fund balances	533,386	-	-	-	1,164,869	7,348,941
Total liabilities and fund balances	\$ 533,386	42,744	16,280	107,694	1,166,463	9,453,513

See accompanying independent auditor's report.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2021

	Special revenue funds					
	Student Transportation	School Bag	Community Education	Covid Relief	Charter School	Suicide Awareness and Prevention
Revenues:						
Local sources:						
Charges for services	\$ -	-	-	-	-	-
Other	-	-	-	-	-	-
Intergovernmental:						
State of Alaska	2,402,192	321,600	-	2,400	8,948	26,518
Federal sources	-	-	-	-	-	-
Total revenues	<u>2,402,192</u>	<u>321,600</u>	<u>-</u>	<u>2,400</u>	<u>8,948</u>	<u>26,518</u>
Expenditures:						
Current:						
Instruction	-	-	-	-	390,587	-
Special education support services - students	-	-	-	-	-	-
Support services - students	-	-	-	-	-	25,217
Support services - instruction	-	321,600	-	-	1,028,247	-
School administration	-	-	-	-	-	-
District administration support services	-	-	-	2,400	440	1,301
Operations and maintenance of plant	-	-	-	-	-	-
Student activities	-	-	-	-	-	-
Student transportation	2,666,938	-	-	-	-	-
Community services	-	-	83,269	-	-	-
Food service	-	-	-	-	-	-
Total expenditures	<u>2,666,938</u>	<u>321,600</u>	<u>83,269</u>	<u>2,400</u>	<u>1,419,274</u>	<u>26,518</u>
Excess (deficiency) of revenues over expenditures	(264,746)	-	(83,269)	-	(1,410,326)	-
Other financing sources:						
Transfers in	264,746	-	83,269	-	3,000,000	-
Net change in fund balance	-	-	-	-	1,589,674	-
Fund balance, beginning of year	1,215,819	-	-	-	-	-
Fund balance, end of year	<u>\$ 1,215,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,589,674</u>	<u>-</u>

(continued)

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2021

	Special revenue funds					
	Food Service	Title III-A English Language Acquisition	Fruit and Vegetable	Title I-A Basic	Migrant Education	Title I-C
Revenues:						
Local sources:						
Charges for services	\$ 12,401	-	-	-	-	-
Other	335,042	-	-	-	-	-
Intergovernmental:						
State of Alaska	-	-	-	-	-	-
Federal sources	1,500,578	29,761	34,049	448,925	806	27,115
Total revenues	1,848,021	29,761	34,049	448,925	806	27,115
Expenditures:						
Current:						
Instruction	-	-	-	389,743	-	-
Special education support services - students	-	-	-	-	-	-
Support services - students	-	-	-	-	-	-
Support services - instruction	-	28,301	-	37,157	806	25,785
School administration	-	-	-	-	-	-
District administration support services	-	1,460	-	22,025	-	1,330
Operations and maintenance of plant	-	-	-	-	-	-
Student activities	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Food service	4,422,218	-	34,049	-	-	-
Total expenditures	4,422,218	29,761	34,049	448,925	806	27,115
Excess (deficiency) of revenues over expenditures	(2,574,197)	-	-	-	-	-
Other financing sources:						
Transfers in	5,131,864	-	-	-	-	-
Net change in fund balance	2,557,667	-	-	-	-	-
Fund balance, beginning of year	287,526	-	-	-	-	-
Fund balance, end of year	\$ 2,845,193	-	-	-	-	-

(continued)

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2021

	Special revenue funds					
	Title I-A School Improvement	Title II-A Teacher and Principal Training and Recruitment	Title VI-A	Governor's Emergency Relief	ESSER I	ESSER II
Revenues:						
Local sources:						
Charges for services	\$ -	-	-	-	-	-
Other	-	-	-	-	-	-
Intergovernmental:						
State of Alaska	-	-	-	-	-	-
Federal sources	409,995	172,051	45,297	321,218	338,122	129,131
Total revenues	409,995	172,051	45,297	321,218	338,122	129,131
Expenditures:						
Current:						
Instruction	271,915	11,910	8,826	-	-	90,545
Special education support services - students	38,085	-	-	7,923	-	-
Support services - students	21,769	-	13,148	-	-	-
Support services - instruction	26,021	151,698	21,101	294,528	-	-
School administration	22,830	-	-	-	-	-
District administration support services	19,640	8,443	2,222	18,767	16,591	6,336
Operations and maintenance of plant	9,735	-	-	-	321,531	32,250
Student activities	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Food service	-	-	-	-	-	-
Total expenditures	409,995	172,051	45,297	321,218	338,122	129,131
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-
Other financing sources:						
Transfers in	-	-	-	-	-	-
Net change in fund balance	-	-	-	-	-	-
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, 2021

	Special revenue funds					
	Special Education Title VI-B	Alternative School Kiita	Substance Misuse and Addiction Prevention	Carl Perkins Vocational Education	Special Education Section 619 Preschool Disabled	Alaska State Council of the Arts New Visions
Revenues:						
Local sources:						
Charges for services	\$ -	-	-	-	-	-
Other	-	-	-	-	-	-
Intergovernmental:						
State of Alaska	-	25,278	6,972	-	-	-
Federal sources	427,561	-	-	33,611	12,470	-
Total revenues	<u>427,561</u>	<u>25,278</u>	<u>6,972</u>	<u>33,611</u>	<u>12,470</u>	<u>-</u>
Expenditures:						
Current:						
Instruction	-	14,537	-	32,011	-	-
Special education support services - students	406,582	-	-	-	11,858	-
Support services - students	-	9,500	6,629	-	-	-
Support services - instruction	-	-	-	-	-	-
School administration	-	-	-	-	-	-
District administration support services	20,979	1,241	343	1,600	612	-
Operations and maintenance of plant	-	-	-	-	-	-
Student activities	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Food service	-	-	-	-	-	-
Total expenditures	<u>427,561</u>	<u>25,278</u>	<u>6,972</u>	<u>33,611</u>	<u>12,470</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-
Other financing sources:						
Transfers in	-	-	-	-	-	-
Net change in fund balance	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2021

	Special revenue funds					
	Johnson O'Malley	Indian Education	Alaska Native Education Association	Higher Pathways	ASRC Contribution	Residential Learning Center and CTE
Revenues:						
Local sources:						
Charges for services	\$ -	-	-	-	-	-
Other	-	-	-	7,328	12,104	-
Intergovernmental:						
State of Alaska	-	-	-	-	-	-
Federal sources	-	262,829	348,082	-	-	-
Total revenues	-	262,829	348,082	7,328	12,104	-
Expenditures:						
Current:						
Instruction	-	35,128	25,881	-	5,910	466,614
Special education support services - students	-	-	-	-	-	-
Support services - students	-	-	3,000	7,328	-	-
Support services - instruction	-	214,805	319,201	-	-	-
School administration	-	-	-	-	-	-
District administration support services	-	12,896	-	-	-	-
Operations and maintenance of plant	-	-	-	-	-	-
Student activities	-	-	-	-	5,320	-
Student transportation	-	-	-	-	-	-
Community services	-	-	-	-	874	-
Food service	-	-	-	-	-	-
Total expenditures	-	262,829	348,082	7,328	12,104	466,614
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	(466,614)
Other financing sources:						
Transfers in	-	-	-	-	-	1,000,000
Net change in fund balance	-	-	-	-	-	533,386
Fund balance, beginning of year	-	-	-	-	-	-
Fund balance, end of year	\$ -	-	-	-	-	533,386

(continued)

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2021

	Special revenue funds			
	Village Student Activities	Major Maintenance	Teacher Housing	Total
Revenues:				
Local sources:				
Charges for services	\$ -	-	1,631,530	1,643,931
Other	-	-	-	354,474
Intergovernmental:				
State of Alaska	-	-	-	2,793,908
Federal sources	-	-	-	4,541,601
Total revenues	<u>-</u>	<u>-</u>	<u>1,631,530</u>	<u>9,333,914</u>
Expenditures:				
Current:				
Instruction	-	-	-	1,743,607
Special education support services - students	-	-	-	464,448
Support services - students	-	-	-	86,591
Support services - instruction	-	-	-	2,469,250
School administration	-	-	-	22,830
District administration support services	-	-	-	138,626
Operations and maintenance of plant	-	-	2,797,132	3,160,648
Student activities	444,120	-	-	449,440
Student transportation	-	-	-	2,666,938
Community services	-	-	-	84,143
Food service	-	-	-	4,456,267
Total expenditures	<u>444,120</u>	<u>-</u>	<u>2,797,132</u>	<u>15,742,788</u>
Excess (deficiency) of revenues over expenditures	(444,120)	-	(1,165,602)	(6,408,874)
Other financing sources:				
Transfers in	<u>444,120</u>	<u>-</u>	<u>2,325,471</u>	<u>12,249,470</u>
Net change in fund balance	-	-	1,159,869	5,840,596
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>1,508,345</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>1,164,869</u></u>	<u><u>7,348,941</u></u>

See accompanying independent auditors' report.

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, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental:			
State of Alaska	\$ 2,527,817	2,402,192	(125,625)
Total revenues	<u>2,527,817</u>	<u>2,402,192</u>	<u>(125,625)</u>
Expenditures:			
Student transportation:			
Non-certified salaries	1,453,910	1,565,338	(111,428)
Employee benefits	922,963	901,849	21,114
Professional and technical services	4,350	640	3,710
Staff travel	26,500	26,150	350
Utility services	8,600	59,186	(50,586)
Energy	10,500	12,498	(1,998)
Other purchased services	17,000	13,895	3,105
Supplies, materials, and media	122,700	85,984	36,716
Other	<u>3,300</u>	<u>1,398</u>	<u>1,902</u>
Total expenditures	<u>2,569,823</u>	<u>2,666,938</u>	<u>(97,115)</u>
Excess (deficiency) of revenues over expenditures	(42,006)	(264,746)	(222,740)
Other financing sources:			
Transfers in - School Operating Fund	-	264,746	264,746
Net change in fund balance	<u>\$ (42,006)</u>	<u>-</u>	<u>42,006</u>
Fund balance, beginning of year		<u>1,215,819</u>	
Fund balance, end of year		<u>\$ 1,215,819</u>	

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

School Bag Special Revenue Fund

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

Year ended June 30, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental:			
State of Alaska	\$ 321,600	321,600	-
Total revenues	321,600	321,600	-
Expenditures:			
Support instruction:			
Supplies, materials, and media	321,600	321,600	-
Total expenditures	321,600	321,600	-
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

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, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Total revenues	\$ -	-	-
Expenditures:			
Community services:			
Non-certified salaries	\$ 264,200	56,323	207,877
Employee benefits	115,990	6,611	109,379
Professional and technical services	42,000	20,335	21,665
Supplies, materials, and media	2,809	-	2,809
Total expenditures	424,999	83,269	341,730
Excess (deficiency) of revenues over expenditures	(424,999)	(83,269)	341,730
Other financing sources:			
Transfers in - School Operating Fund	400,000	83,269	(316,731)
Net change in fund balance	<u>\$ (24,999)</u>	-	<u>24,999</u>
Fund balance, beginning of year		-	
Fund balance, end of year		<u>\$ -</u>	

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Covid Relief Special Revenue Fund

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

Year ended June 30, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental:			
State of Alaska	\$ 2,400	2,400	-
Total revenues	2,400	2,400	-
Expenditures:			
District support:			
Staff travel	2,400	2,400	-
Total expenditures	2,400	2,400	-
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Charter School Special Revenue Fund

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

Year ended June 30, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental:			
State of Alaska	\$ 409,000	8,948	(400,052)
Total revenues	<u>409,000</u>	<u>8,948</u>	<u>(400,052)</u>
Expenditures:			
Instruction:			
Certified salaries	543,480	289,327	254,153
Employee benefits	208,747	101,260	107,487
Tuition and stipends	120,000	-	120,000
Total instruction	<u>872,227</u>	<u>390,587</u>	<u>481,640</u>
Support services - instruction:			
Certified salaries	203,016	220,824	(17,808)
Non-certified salaries	120,074	12,473	107,601
Employee benefits	122,387	79,862	42,525
Professional and technical services	459,025	1,397	457,628
Staff travel	134,400	7,304	127,096
Student travel	130,500	-	130,500
Utility services	174,300	473	173,827
Other purchased services	569,250	568,250	1,000
Supplies, materials, and media	284,558	137,664	146,894
Tuition and stipends	108,600	-	108,600
Other	230,221	-	230,221
Total support instruction	<u>2,536,331</u>	<u>1,028,247</u>	<u>1,508,084</u>
District administration support services:			
Indirect cost	442	440	2
Total district administration support services	<u>442</u>	<u>440</u>	<u>2</u>
Total expenditures	<u>3,409,000</u>	<u>1,419,274</u>	<u>1,989,726</u>
Excess (deficiency) of revenues over expenditures	(3,000,000)	(1,410,326)	1,589,674
Other financing sources:			
Transfers in - School Operating Fund	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,589,674</u>	<u>1,589,674</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ 1,589,674</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, 2021

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Intergovernmental:			
State of Alaska	\$ 27,000	26,518	(482)
Total revenues	<u>27,000</u>	<u>26,518</u>	<u>(482)</u>
Expenditures:			
Support services - students:			
Supplies, materials, and media	25,675	25,217	458
Total support services - students	<u>25,675</u>	<u>25,217</u>	<u>458</u>
District administration support services:			
Indirect cost	1,325	1,301	24
Total district administration support services	<u>1,325</u>	<u>1,301</u>	<u>24</u>
Total expenditures	<u>27,000</u>	<u>26,518</u>	<u>482</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

Food Service Special Revenue Fund

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

Year ended June 30, 2021

	<u>Final budgeted amounts</u>	<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues:			
Local sources:			
Charges for services	\$ -	12,401	12,401
Other	1,115,000	335,042	(779,958)
Intergovernmental-federal sources passed through the State of Alaska:			
Type A reimbursement	891,823	1,424,685	532,862
Fresh fruit and vegetable program	35,000	75,893	40,893
Direct federal sources	112,000	-	(112,000)
Total revenues	<u>2,153,823</u>	<u>1,848,021</u>	<u>(305,802)</u>
Expenditures:			
Food services:			
Non-certified salaries	1,172,511	916,562	255,949
Employee benefits	911,940	888,995	22,945
Professional and technical services	30,000	1,923	28,077
Staff travel	18,000	629	17,371
Supplies, materials, and media	3,267,477	2,613,966	653,511
Other	500	143	357
Total expenditures	<u>5,400,428</u>	<u>4,422,218</u>	<u>978,210</u>
Excess (deficiency) of revenues over expenditures	(3,246,605)	(2,574,197)	672,408
Other financing sources:			
Transfers in - School Operating Fund	<u>3,269,604</u>	<u>5,131,864</u>	<u>1,862,260</u>
Net change in fund balance	<u>\$ 22,999</u>	<u>2,557,667</u>	<u>2,534,668</u>
Fund balance, beginning of year		<u>287,526</u>	
Fund balance, end of year		<u>\$ 2,845,193</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, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 35,761	29,761	(6,000)
Total revenues	35,761	29,761	(6,000)
Expenditures:			
Support services - instruction:			
Certified salaries	18,690	20,322	(1,632)
Employee benefits	11,774	7,979	3,795
Supplies, materials, and media	3,542	-	3,542
Total support services - instruction	34,006	28,301	5,705
District administration support services:			
Indirect cost	1,755	1,460	295
Total district administration support services	1,755	1,460	295
Total expenditures	35,761	29,761	6,000
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Fruit and Vegetable Special Revenue Fund

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

Year ended June 30, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	<u>\$ 34,049</u>	<u>34,049</u>	<u>-</u>
Total revenues	<u>34,049</u>	<u>34,049</u>	<u>-</u>
Expenditures:			
Food:			
Supplies, materials, and media	<u>34,049</u>	<u>34,049</u>	<u>-</u>
Total expenditures	<u>34,049</u>	<u>34,049</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-A Basic Special Revenue Fund

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

Year ended June 30, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 537,608	448,925	(88,683)
Total revenues	537,608	448,925	(88,683)
Expenditures:			
Instruction:			
Certified salaries	251,081	255,911	(4,830)
Non-certified salaries	16,000	8,000	8,000
Employee benefits	138,961	98,964	39,997
Professional and technical services	5,000	-	5,000
Supplies, materials, and media	43,000	26,868	16,132
Total instruction	454,042	389,743	64,299
Support services - students:			
Supplies, materials, and media	4,634	-	4,634
Total support services - students	4,634	-	4,634
Support services - instruction:			
Certified salaries	9,660	11,335	(1,675)
Employee benefits	3,837	6,503	(2,666)
Staff travel	1,343	-	1,343
Supplies, materials, and media	37,713	19,319	18,394
Total support services - instruction	52,553	37,157	15,396
District administration support services:			
Indirect cost	26,379	22,025	4,354
Total district administration support services	26,379	22,025	4,354
Total expenditures	537,608	448,925	88,683
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH SCHOOL DISTRICT**Migrant Education Special Revenue Fund****Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual**

Year ended June 30, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 1,200	806	(394)
Total revenues	1,200	806	(394)
Expenditures:			
Support Services-Instruction: Supplies, materials, and media	1,200	806	394
Total expenditures	1,200	806	394
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Title I-C Special Revenue Fund

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

Year ended June 30, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 30,235	27,115	(3,120)
Total revenues	30,235	27,115	(3,120)
Expenditures:			
Support Services - Instruction			
Certified salaries	2,000	2,000	-
Non-certified salaries	12,000	12,000	-
Employee benefits	4,879	3,100	1,779
Supplies, materials, and media	9,872	8,685	1,187
Total Support Services-Instruction	28,751	25,785	2,966
District administration support services:			
Indirect cost	1,484	1,330	154
Total district administration support services	1,484	1,330	154
Total expenditures	30,235	27,115	3,120
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Title I-A School Improvement Special Revenue Fund

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

Year ended June 30, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 467,400	409,995	(57,405)
Total revenues	467,400	409,995	(57,405)
Expenditures:			
Instruction:			
Certified salaries	7,437	4,130	3,307
Non-certified salaries	4,000	4,000	-
Employee benefits	2,953	589	2,364
Other purchased services	5,205	3,705	1,500
Supplies, materials, and media	278,810	259,491	19,319
Total instruction	298,405	271,915	26,490
Special education support services - students:			
Professional and technical services	2,448	2,448	-
Supplies, materials, and media	50,999	35,637	15,362
Total special education support services - students	53,447	38,085	15,362
Support services - students:			
Professional and technical services	335	-	335
Supplies, materials, and media	27,673	21,769	5,904
Total support services - students	28,008	21,769	6,239
Support services - instruction:			
Certified salaries	9,499	7,649	1,850
Employee benefits	3,309	1,359	1,950
Professional and technical services	12,693	12,717	(24)
Supplies, materials, and media	6,570	4,146	2,424
Other	180	150	30
Total support services - instruction	32,251	26,021	6,230
School administration:			
Supplies, materials, and media	23,141	22,830	311
Total school administration	23,141	22,830	311
District administration support services:			
Indirect cost	22,457	19,640	2,817
Total district administration support services	22,457	19,640	2,817
Operations and maintenance of plant:			
Equipment	9,691	9,735	(44)
Total operations and maintenance of plant	9,691	9,735	(44)
Total expenditures	467,400	409,995	57,405
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

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, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 208,628	172,051	(36,577)
Total revenues	208,628	172,051	(36,577)
Expenditures:			
Instruction:			
Non-certified salaries	20,000	10,000	10,000
Employee benefits	6,970	1,910	5,060
Total instruction	26,970	11,910	15,060
Support services - instruction:			
Certified salaries	70,020	77,021	(7,001)
Employee benefits	39,929	37,183	2,746
Professional and technical services	60,000	37,494	22,506
Supplies, materials, and media	1,472	-	1,472
Total support services - instruction	171,421	151,698	19,723
District administration support services:			
Indirect cost	10,237	8,443	1,794
Total district administration support services	10,237	8,443	1,794
Total expenditures	208,628	172,051	36,577
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Title VI-A Special Revenue Fund

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

Year ended June 30, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 74,143	45,297	(28,846)
Total revenues	74,143	45,297	(28,846)
Expenditures:			
Instruction:			
Non-certified salaries	8,000	8,000	-
Employee benefits	900	826	74
Professional and technical services	7,000	-	7,000
Total instruction	15,900	8,826	7,074
Support services - students:			
Professional and technical services	1,000	1,000	-
Supplies, materials, and media	32,390	12,148	20,242
Total Support services - students	33,390	13,148	20,242
Support services - instruction:			
Professional and technical services	11,950	11,950	-
Supplies, materials, and media	9,265	9,151	114
Total support services - instruction	21,215	21,101	114
District administration support services:			
Indirect cost	3,638	2,222	1,416
Total district administration support services	3,638	2,222	1,416
Total expenditures	74,143	45,297	28,846
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Governor's Emergency Relief Special Revenue Fund

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

Year ended June 30, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 387,281	321,218	(66,063)
Total revenues	387,281	321,218	(66,063)
Expenditures:			
Support services - students:			
Supplies, materials, and media	10,500	7,923	2,577
Total support services - students	10,500	7,923	2,577
Support services - instruction:			
Supplies, materials, and media	319,772	294,528	25,244
Total support services - instruction	319,772	294,528	25,244
District administration support services:			
Staff travel	3,006	3,006	-
Indirect cost	19,003	15,761	3,242
Total district administration support services	22,009	18,767	3,242
Operations and maintenance of plant:			
Non-certified salaries	21,500	-	21,500
Employee benefits	13,500	-	13,500
Total operations and maintenance of plant	35,000	-	35,000
Total expenditures	387,281	321,218	66,063
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

ESSER I Special Revenue Fund

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

Year ended June 30, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 338,759	338,122	(637)
Total revenues	338,759	338,122	(637)
Expenditures:			
District administration support services:			
Indirect cost	16,622	16,591	31
Total district administration support services	16,622	16,591	31
Operations and maintenance of plant:			
Non-certified salaries	84,188	84,188	-
Employee benefits	11,812	11,206	606
Supplies, materials, and media	226,137	226,137	-
Total operations and maintenance of plant	322,137	321,531	606
Total expenditures	338,759	338,122	637
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

ESSER II Special Revenue Fund

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

Year ended June 30, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 1,527,317	129,131	(1,398,186)
Total revenues	1,527,317	129,131	(1,398,186)
Expenditures:			
Instruction:			
Certified salaries	150,000	70,790	79,210
Non-certified salaries	125,000	6,221	118,779
Employee benefits	173,250	13,534	159,716
Supplies, materials, and media	200,000	-	200,000
Total instruction	648,250	90,545	557,705
Support services - students:			
Professional and technical services	18,000	-	18,000
Supplies, materials, and media	100,000	-	100,000
Total support services - students	118,000	-	118,000
Support services - instruction:			
Supplies, materials, and media	354,124	-	354,124
Total support services - instruction	354,124	-	354,124
District administration support services:			
Indirect cost	74,943	6,336	68,607
Total district administration support services	74,943	6,336	68,607
Operations and maintenance of plant:			
Non-certified salaries	32,000	26,195	5,805
Supplies, materials, and media	300,000	6,055	293,945
Total operations and maintenance of plant	332,000	32,250	299,750
Total expenditures	1,527,317	129,131	1,398,186
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

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, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 582,863	427,561	(155,302)
Total revenues	582,863	427,561	(155,302)
Expenditures:			
Special education support services - students:			
Non-certified salaries	86,060	36,732	49,328
Employee benefits	47,720	28,207	19,513
Professional and technical services	386,285	337,059	49,226
Supplies, materials, and media	34,198	4,584	29,614
Total special education support services - students	554,263	406,582	147,681
District administration support services:			
Indirect cost	28,600	20,979	7,621
Total district administration support services	28,600	20,979	7,621
Total expenditures	582,863	427,561	155,302
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

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, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental:			
State of Alaska	\$ 25,750	25,278	(472)
Total revenues	25,750	25,278	(472)
Expenditures:			
Instruction:			
Supplies, materials, and media	14,987	14,537	450
Total instruction	14,987	14,537	450
Support services - student:			
Professional and technical services	9,500	9,500	-
Total support services - student	9,500	9,500	-
District administration support services:			
Indirect cost	1,263	1,241	22
Total district administration support services	1,263	1,241	22
Total expenditures	25,750	25,278	472
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Substance Misuse and Addiction Prevention Special Revenue Fund

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

Year ended June 30, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental:			
State of Alaska	\$ 7,000	6,972	(28)
Total revenues	<u>7,000</u>	<u>6,972</u>	<u>(28)</u>
Expenditures:			
Support services - student:			
Supplies, materials, and media	6,657	6,629	28
Total support services - student	<u>6,657</u>	<u>6,629</u>	<u>28</u>
District administration support services:			
Indirect cost	343	343	-
Total district administration support services	<u>343</u>	<u>343</u>	<u>-</u>
Total expenditures	<u>7,000</u>	<u>6,972</u>	<u>28</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, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 65,030	33,611	(31,419)
Total revenues	65,030	33,611	(31,419)
Expenditures:			
Instruction:			
Certified salaries	1,989	1,989	-
Employee benefits	1,253	361	892
Supplies, materials, and media	58,691	29,661	29,030
Total instruction	61,933	32,011	29,922
District administration support services:			
Indirect cost	3,097	1,600	1,497
Total district administration support services	3,097	1,600	1,497
Total expenditures	65,030	33,611	31,419
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

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, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental - federal sources passed through the State of Alaska	\$ 12,470	12,470	-
Total revenues	12,470	12,470	-
Expenditures:			
Special education support services - students:			
Professional and technical services	11,858	11,858	-
Total special education support services - students	11,858	11,858	-
District administration support services:			
Indirect cost	612	612	-
Total district administration support services	612	612	-
Total expenditures	12,470	12,470	-
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

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, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental:			
Direct federal sources	\$ 4,507	-	(4,507)
Total revenues	4,507	-	(4,507)
Expenditures:			
Activities:			
Certified salaries	1,181	-	1,181
Non-certified salaries	2,364	-	2,364
Employee benefits	962	-	962
Total activities	4,507	-	4,507
Total expenditures	4,507	-	4,507
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

Indian Education Special Revenue Fund

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

Year ended June 30, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental:			
Direct federal sources	\$ 461,934	262,829	(199,105)
Total revenues	<u>461,934</u>	<u>262,829</u>	<u>(199,105)</u>
Expenditures:			
Instruction:			
Certified salaries	19,426	15,894	3,532
Non-certified salaries	50,000	15,479	34,521
Employee benefits	8,953	3,755	5,198
Total instruction	<u>78,379</u>	<u>35,128</u>	<u>43,251</u>
Support services - students:			
Professional and technical services	42,515	-	42,515
Supplies, materials, and media	6,111	-	6,111
Total support services - students	<u>48,626</u>	<u>-</u>	<u>48,626</u>
Support services - instruction:			
Certified salaries	43,078	20,752	22,326
Non-certified salaries	113,899	116,325	(2,426)
Employee benefits	68,376	35,728	32,648
Professional and technical services	5,000	-	5,000
Supplies, materials, and media	47,495	42,000	5,495
Total support services - instruction	<u>277,848</u>	<u>214,805</u>	<u>63,043</u>
District administration support services:			
Indirect cost	22,666	12,896	9,770
Total district administration support services	<u>22,666</u>	<u>12,896</u>	<u>9,770</u>
Activities:			
Student travel	23,415	-	23,415
Supplies, materials, and media	11,000	-	11,000
Total activities	<u>34,415</u>	<u>-</u>	<u>34,415</u>
Total expenditures	<u>461,934</u>	<u>262,829</u>	<u>199,105</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

Alaska Native Education Association Special Revenue Fund

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

Year ended June 30, 2021

	<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	<u>\$ 854,101</u>	<u>348,082</u>	<u>(506,019)</u>
Total revenues	<u>854,101</u>	<u>348,082</u>	<u>(506,019)</u>
Expenditures:			
Instruction:			
Staff travel	35,000	-	35,000
Supplies, materials, and media	<u>115,000</u>	<u>25,881</u>	<u>89,119</u>
Total instruction	<u>150,000</u>	<u>25,881</u>	<u>124,119</u>
Support services - students:			
Professional and technical services	<u>56,908</u>	<u>3,000</u>	<u>53,908</u>
Total support services - students	<u>56,908</u>	<u>3,000</u>	<u>53,908</u>
Support services - instruction:			
Certified salaries	22,523	22,523	-
Employee benefits	7,602	7,276	326
Professional and technical services	500,110	261,045	239,065
Supplies, materials, and media	<u>101,958</u>	<u>28,357</u>	<u>73,601</u>
Total support services - instruction	<u>632,193</u>	<u>319,201</u>	<u>312,992</u>
Student activities:			
Student travel	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total student activities	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total expenditures	<u>854,101</u>	<u>348,082</u>	<u>506,019</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

Rural Utilities Services Special Revenue Fund

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

Year ended June 30, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Intergovernmental:			
Direct federal sources	\$ 734,217	-	(734,217)
Total revenues	<u>734,217</u>	<u>-</u>	<u>(734,217)</u>
Expenditures:			
Support services - instruction:			
Professional and technical services	91,880	-	91,880
Supplies, materials, and media	121,626	-	121,626
Equipment	<u>520,711</u>	<u>-</u>	<u>520,711</u>
Total expenditures	<u>734,217</u>	<u>-</u>	<u>734,217</u>
Excess (deficiency) of revenues over expenditures	-	-	-
Other financing sources:			
Transfers in - School Operating Fund	<u>117,546</u>	<u>-</u>	<u>(117,546)</u>
Net change in fund balance	<u>\$ 117,546</u>	<u>-</u>	<u>(117,546)</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

Higher Pathways Special Revenue Fund

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

Year ended June 30, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Local sources:			
Other	\$ 24,000	7,328	(16,672)
Total revenues	24,000	7,328	(16,672)
Expenditures:			
Support services - students:			
Other	24,000	7,328	16,672
Total expenditures	24,000	7,328	16,672
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

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, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Local sources:			
Other	\$ -	12,104	12,104
Total revenues	<u>-</u>	<u>12,104</u>	<u>12,104</u>
Expenditures:			
Instruction:			
Non-certified salaries	35,070	-	35,070
Supplies, materials, and media	26,975	5,910	21,065
Other	2,500	-	2,500
Total instruction	<u>64,545</u>	<u>5,910</u>	<u>58,635</u>
Support services - students:			
Supplies, materials, and media	445	-	445
Total support services - students	<u>445</u>	<u>-</u>	<u>445</u>
Student activities:			
Certified salaries	1,631	-	1,631
Non-certified salaries	724	-	724
Student travel	5,162	-	5,162
Supplies, materials, and media	25,019	5,320	19,699
Total student activities	<u>32,536</u>	<u>5,320</u>	<u>27,216</u>
Community services:			
Supplies, materials, and media	17,795	874	16,921
Total community services	<u>17,795</u>	<u>874</u>	<u>16,921</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>118,321</u>	<u>12,104</u>	<u>106,217</u>
Net change in fund balance	<u><u>\$ (118,321)</u></u>	<u>-</u>	<u><u>118,321</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

Residential Learning Center and CTE Special Revenue Fund

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

Year ended June 30, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Local sources:			
Other	\$ 1,400,000	-	(1,400,000)
Intergovernmental:			
State of Alaska	50,000	-	(50,000)
Total revenues	<u>1,450,000</u>	<u>-</u>	<u>(1,450,000)</u>
Expenditures:			
Instruction:			
Certified salaries	541,499	75,818	465,681
Non-certified salaries	318,056	140,584	177,472
Employee benefits	371,934	111,373	260,561
Professional and technical services	563,540	35,425	528,115
Staff travel	40,000	-	40,000
Student travel	268,947	272	268,675
Utility services	60,000	-	60,000
Energy	16,000	-	16,000
Other purchased services	10,000	6,400	3,600
Supplies, materials, and media	190,671	96,742	93,929
Tuition and stipends	60,000	-	60,000
Total instruction	<u>2,440,647</u>	<u>466,614</u>	<u>1,974,033</u>
Support instruction:			
Certified salaries	8,000	-	8,000
Employee benefits	1,353	-	1,353
Total support instruction	<u>9,353</u>	<u>-</u>	<u>9,353</u>
Total expenditures	<u>2,450,000</u>	<u>466,614</u>	<u>1,983,386</u>
Excess (deficiency) of revenues over expenditures	(1,000,000)	(466,614)	533,386
Other financing sources:			
Transfers in - School Operating Fund	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>533,386</u>	<u>533,386</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ 533,386</u>	

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Village Student Activities Special Revenue Fund

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

Year ended June 30, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Local sources:			
Other	\$ 1,000,000	-	(1,000,000)
Total revenues	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
Expenditures:			
Activities:			
Student travel	245,000	-	245,000
Supplies, materials, and media	<u>755,000</u>	<u>444,120</u>	<u>310,880</u>
Total expenditures	<u>1,000,000</u>	<u>444,120</u>	<u>555,880</u>
Excess (deficiency) of revenues over expenditures	-	(444,120)	(444,120)
Other financing sources:			
Transfers in - School Operating Fund	<u>-</u>	<u>444,120</u>	<u>444,120</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, 2021

	Final budgeted amounts	Actual amounts	Variance with final budget- positive (negative)
Revenues:			
Local sources:			
Charges for services	\$ 1,841,164	1,631,530	(209,634)
Total revenues	<u>1,841,164</u>	<u>1,631,530</u>	<u>(209,634)</u>
Expenditures:			
Operations and maintenance of plant:			
Non-certified salaries	412,974	467,541	(54,567)
Employee benefits	210,540	242,038	(31,498)
Utility services	206,900	327,800	(120,900)
Energy	351,500	485,333	(133,833)
Other purchased services	1,096,365	1,069,757	26,608
Supplies, materials, and media	<u>158,284</u>	<u>204,663</u>	<u>(46,379)</u>
Total expenditures	<u>2,436,563</u>	<u>2,797,132</u>	<u>(360,569)</u>
Excess (deficiency) of revenues over expenditures	(595,399)	(1,165,602)	(570,203)
Other financing sources:			
Transfers in - School Operating Fund	<u>610,396</u>	<u>2,325,471</u>	<u>1,715,075</u>
Net change in fund balance	<u>\$ 14,997</u>	<u>1,159,869</u>	<u>1,144,872</u>
Fund balance, beginning of year		<u>5,000</u>	
Fund balance, end of year		<u>\$ 1,164,869</u>	

See accompanying independent auditors' report.



KPMG LLP
Suite 600
701 West Eighth Avenue
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 statement of the governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2021, and for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2021.

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 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
November 15, 2021



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

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, 2021. The District's major state programs are identified in 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, 2021.

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, 2021, and have issued our report thereon dated November 15, 2021, 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
November 15, 2021

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	2,974,259	2,974,259	*
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.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Schedule of State Financial Assistance

Year Ended June 30, 2021

(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, 2021. 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) Subrecipients

During the year ended June 30, 2021, the District did not pass through any state award amounts to subrecipients.

(4) Compliance with AS 14.17.505 and 4 AAC 09.160

On April 30, 2021, the Governor of Alaska signed House Bill 76 which temporarily suspends the requirement that school districts limit their unreserved fund balance to 10 percent of their current year expenditures. The suspension is effective through June 30, 2025.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

State Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

(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
701 West Eighth Avenue
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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 15, 2021.

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 statements.

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
November 15, 2021

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:

<u>Unreserved fund balance</u>	=	<u>\$ 4,265,920</u>	=	
<u>Current year expenditures</u>		<u>\$ 66,549,063</u>		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.