



North Slope Borough School District Discussion with the School Board

Audit results for the year ending June 30, 2021

December 3, 2021



Executive summary



Summary: Audit results required communications and other matters

Audit results	Response
	Outstanding matters
	2021 Federal Single Audit
	Significant unusual transactions
	No significant unusual transactions identified during the audit.
	Uncorrected audit misstatements
	See slide 5.
	Corrected audit misstatements
	No corrected misstatements identified during the audit.
	Financial presentation and disclosure omissions
	No matters to communicate.
	Material weaknesses and significant deficiencies in internal control
	No matters to report.
	Auditors' report
	See slide 6.
	Changes to our risk assessment and planned audit strategy
	No matters to report.
	Significant accounting policies and practices
	See slide 4.
	State Single Audit
	See slides 7.
	Going concern
	No matters to report.
	GAS Report
	In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Summary: Audit results required communications and other matters

		Response
Audit results	Subsequent events	No matters to report.
	Illegal acts or fraud	No actual or suspected fraud involving management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements were identified during the audit.
	Noncompliance with laws and regulations	No matters to report.
	Significant difficulties encountered during the audit	No matters to report.
	Significant findings or issues discussed, or the subject of correspondence, with management	No matters to report.
	Management's consultation with other accountants	No matters to report.
	Difficult or contentious matters for which the auditor consulted	No matters to report.
	Disagreements with management	No matters to report.
	Other significant matters	No matters to report.
Independence	Written communications	Engagement letter, management representation letter(s), including summary of uncorrected misstatement, internal control deficiency letter, and minutes representation letter to be distributed under separate covers.
		See slide 8.

Significant accounting policies and practices

Description of significant accounting policies and practices	Audit findings
<ul style="list-style-type: none">— Revenue— Pension and Other Post-Employment Benefits	Accounting policies were determined to be materially in accordance with generally accepted accounting principles

Uncorrected audit misstatements

	\$(thousands)
Description of misstatement	
Nonmajor Governmental Funds	
FY20 Child Nutrition Revenue Recorded in FY21	\$ (153)
Total	\$ (153)
Net Change in Nonmajor Governmental Funds Balance	\$ 5,841
Percentage	2.6%

* Also impacts government-wide level

Auditors' report

Unmodified Opinion

Other matter paragraphs:

- Consistent with previous years, the financial statements do not include a section for management's discussion and analysis that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. The Governmental Accounting Standards Board 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.
- 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.

State single audit

General

- Required when state financial assistance is \$750,000 or more
- Requires testing of compliance with terms and conditions
- Reporting of findings, if any

Expenditures

State Expenditures	\$24,911,779
Total Major Program Expenditures	\$24,511,116

Major programs

- Foundation
- Student Transportation
- PERS/TRS Subsidies

Compliance requirements

- Types of service allowed or unallowed
- Eligibility
- Matching
- Reporting requirements
- Special tests and provisions – Inspected House Bill 76 in current year

Independence communications

The following are circumstances or relationships that, in our professional judgment, may reasonably be thought to bear on independence, and to which we gave significant consideration, in reaching the conclusion that independence has not been impaired.

Relationship	Description of relationship and relevant safeguards, if applicable
Contractor Relationship	A retired KPMG partner is an contractor for certain accounting services to the District. The former partner does not participate in firm activities nor have any financial relationships with the firm. The contract was approved by the School Board.

In connection with our audit of the District, KPMG and relevant KPMG professionals have complied with relevant ethical requirements regarding independence, as that term is defined by the professional standards.

Questions?

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For additional information and audit committee resources, including National Audit Committee Peer Exchange series, a Quarterly webcast, and suggested publications, visit the KPMG Audit Committee Institute (ACI) at www.kpmg.com/ACI

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