



## Presentation of Financial Statements

June 30, 2023

# Independent Auditor's Report - excerpt

## ***Report on the Audit of the Financial Statements***

### **Opinions**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northwest Arctic Borough School District (District), a component unit of the Northwest Arctic Borough, Alaska, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial accompanying position of the governmental activities, each major fund, and the aggregate remaining fund information of the Northwest Arctic Borough School District as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

# Independent Auditor's Report – excerpt continued.

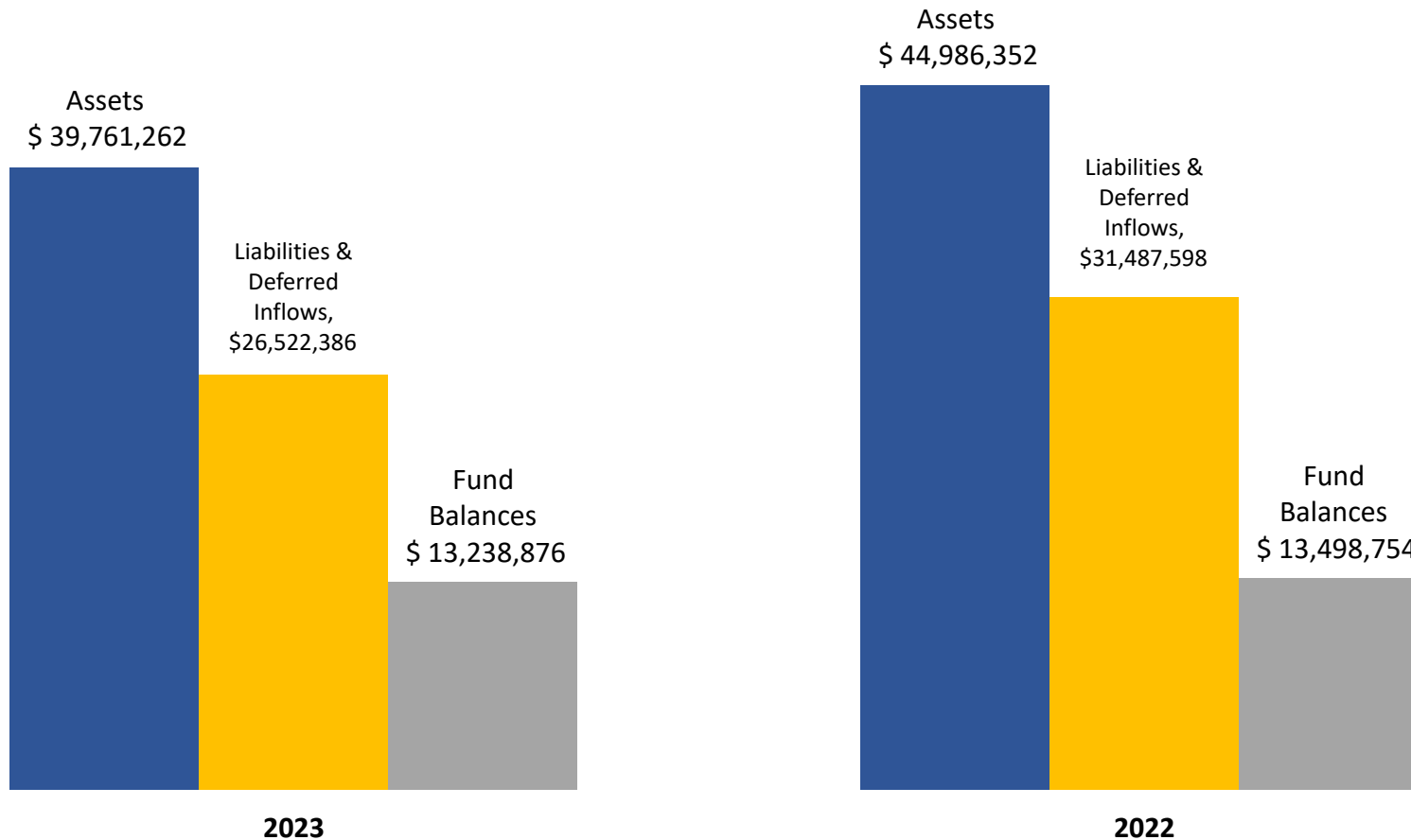
## **Responsibilities of Management for the Financial Statements**

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

# Governmental Funds – Fund Financials

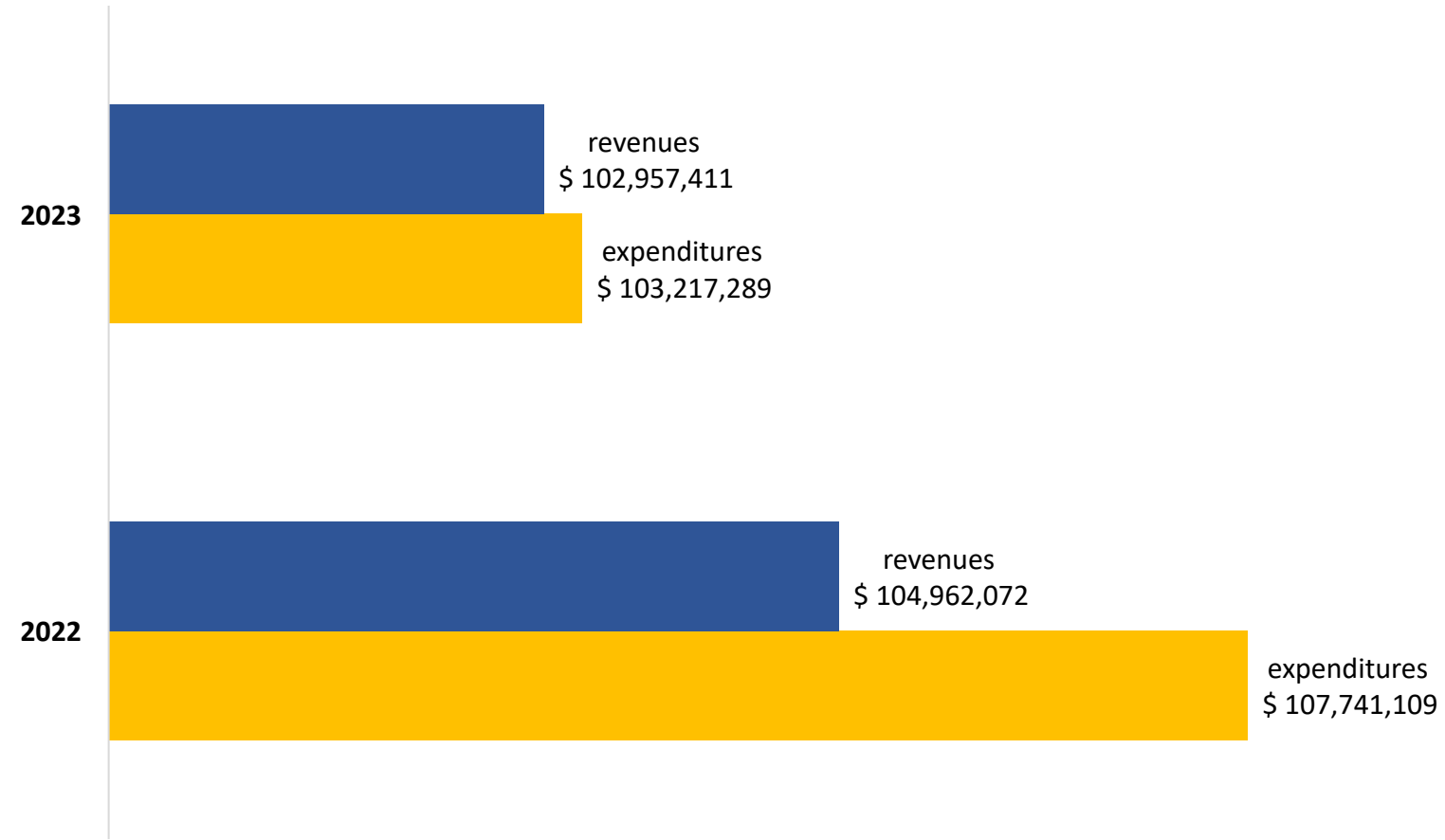


Assets  
 Overall decrease \$(5,225,090)  
 -Total cash decreased \$(1.1) million  
 -Net AR decreased \$(1) million  
 -Due from decreased \$(3)million  
 -Prepaid items decreased \$900 thousand

Liabilities & Deferred Inflows  
 Overall decrease \$(4,965,212)  
 -Accounts payable decreased \$(2)million  
 -Unearned revenue increased \$50 thousand  
 -Due to decreased \$(3) million

Fund Balances  
 Overall decrease of \$(259,878)  
 -Unassigned increased \$1.8 million- this is your spendable monies.  
 Assigned down \$(2.2) million  
 -Nonspendable decreased \$(900) thousand

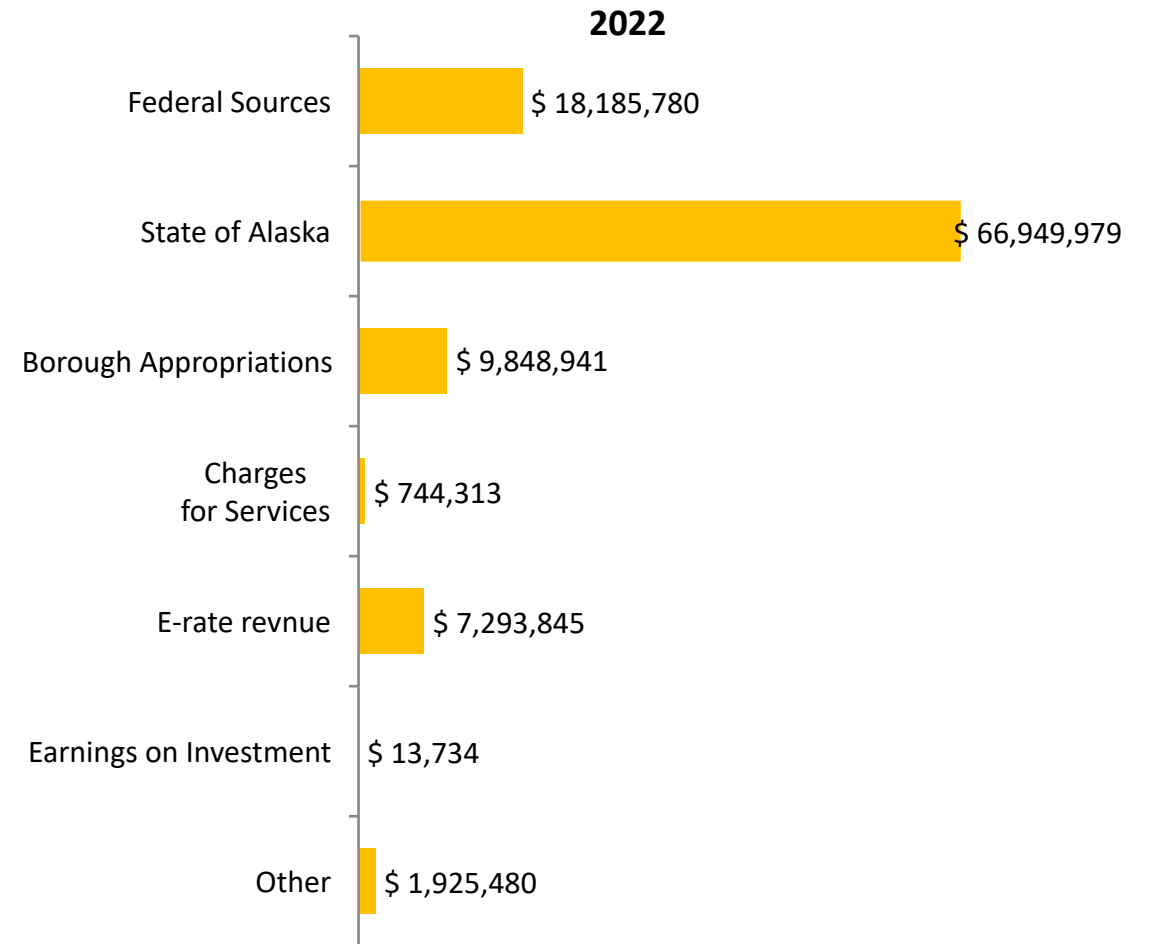
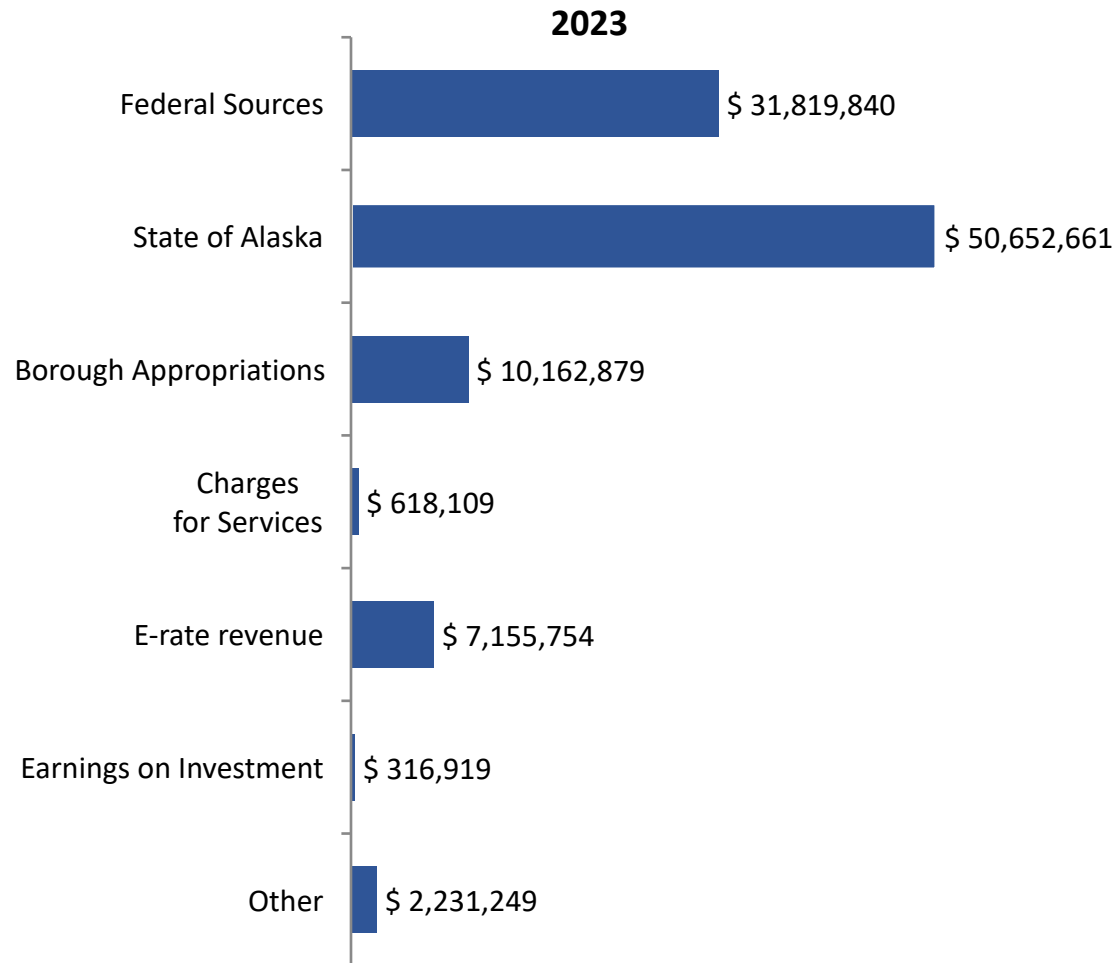
# Revenues & Expenditures – Fund Financials



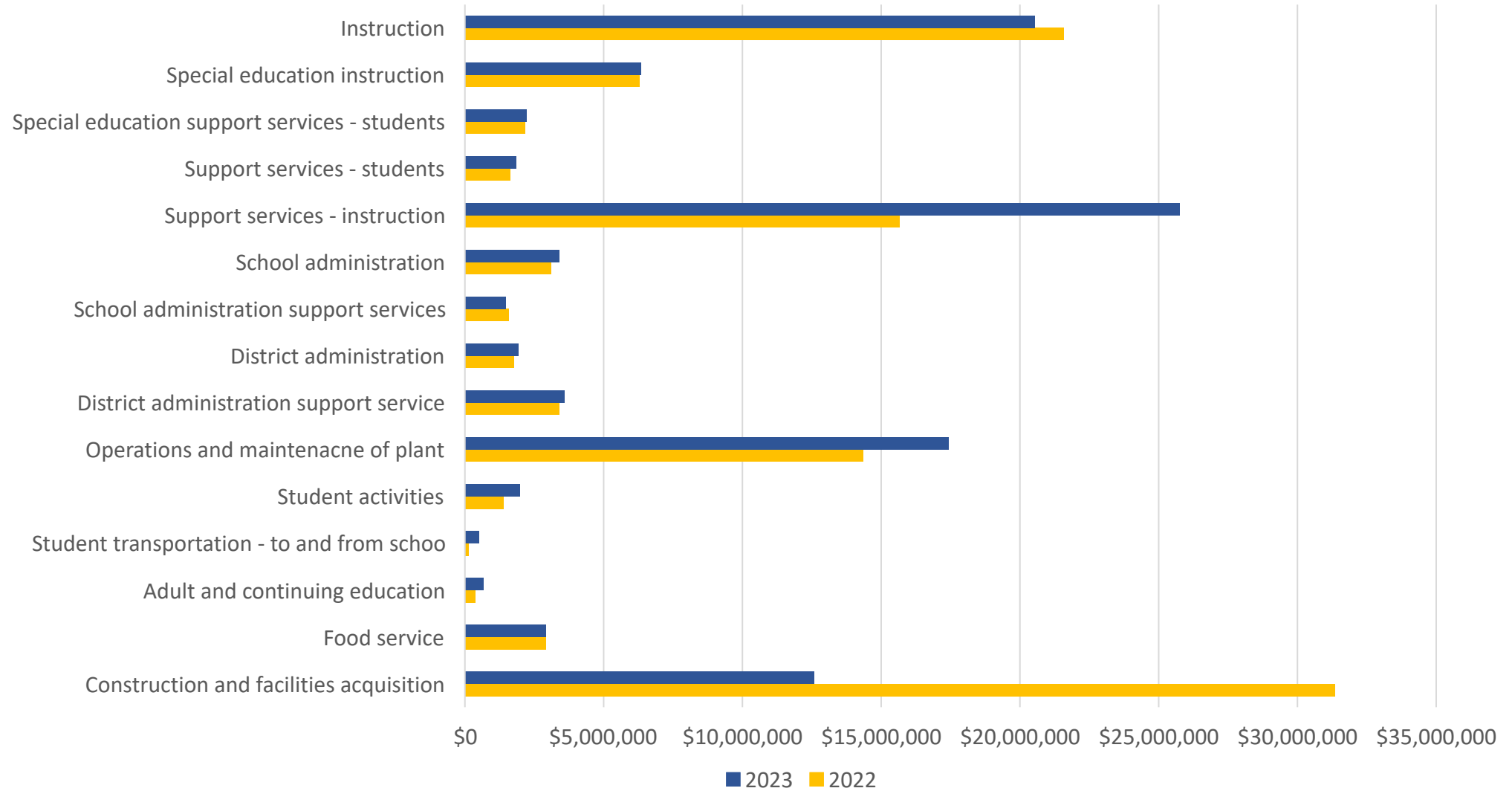
Revenues  
Revenues decreased \$2,004,661

Expenses  
Expenses decreased by \$4,523,820

# Revenue Detail – Fund Financial



# Expenditures Detail – Fund Financial



**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 - excerpt**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northwest Arctic Borough School District a component unit of Northwest Arctic Borough, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Northwest Arctic Borough School District's basic financial statements, and have issued our report thereon dated **Month XX, 2023**.

**Report on Internal Control over Financial Reporting**

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

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

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



**Section I - Summary of Auditor's Results**

Financial Statements

Type of report the auditor issued on whether the financial statement audited were prepared in accordance with GAAP: Unmodified

Is a going concern emphasis-of-matter paragraph included in the audit report  Yes  No

Internal control over financial reporting:  
 Material weakness(es) identified?  Yes  No  
 Significant deficiency(ies) identified?  Yes  None noted

Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major programs:  
 Material weakness(es) identified (2 CFR 200.516 (a) (1))?  Yes  No  
 Significant deficiency(ies) identified (2 CFR 200.516 (a) (1))?  Yes  None noted

Any material noncompliance with provisions of laws, regulations, contracts, or grant agreements related to a major program (2 CFR 200.516 (a) (2))?  Yes  No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, 2 CFR 200.516 (a) (3) or (4)?  Yes  No

Identification of major programs:

<u>ALN Number(s)</u>	<u>Name of Federal Program</u>
84.041	Impact Aid
84.060	Indian Education Grant to Local Educational Agencies
84.425	Education Stabilization Fund (ESF)

Dollar threshold used to distinguish between Type A and Type B programs: \$ 954,543

Auditee qualified as low-risk auditee?  Yes  No

**Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance as Required by the *Uniform Guidance*– excerpt,**

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

**Opinion on Each Major Federal Program**

We have audited Northwest Arctic Borough School District’s compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northwest Arctic Borough School District’s major federal programs for the year ended June 30, 2023. Northwest Arctic Borough School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying Federal Schedule of Findings and Questioned costs.

In our opinion, Northwest Arctic Borough School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

**Basis for Opinion on Each Major Federal Program**

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

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

**Responsibilities of Management for Compliance**

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

NORTHWEST ARCTIC BOROUGH SCHOOL DISTRICT

State Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

**Section I – Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified?  Yes  No

Significant deficiency identified?  Yes  None reported

Noncompliance material to the financial statements noted?  Yes  No

State Financial Assistance

Internal control over major programs:

Material weakness identified?  Yes  No

Significant deficiency identified?  Yes  None reported

Type of auditor's report issued on compliance  
for major programs: Unmodified

Dollar threshold used to distinguish between  
Type A and Type B programs: \$1,460,781

Auditee qualified as low-risk auditee?  Yes  No

**Section II – Financial Statement Findings**

Northwest Arctic Borough School District did not have any findings that related to the financial statements.

**Section III – State Award Findings and Questioned Costs**

Northwest Arctic Borough School District did not have any findings related to State awards.

**Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance as Required by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits - excerpt**

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

**Opinion on Each Major State Program**

We have audited Northwest Arctic Borough School District's compliance with the types of compliance requirements identified as subject to audit in the State of Alaska Audit Guide and Compliance Supplements that could have a direct and material effect on each of Northwest Arctic Borough School District's major state programs for the year ended June 30, 2023. Northwest Arctic Borough School District's major state programs are identified on the Schedule of State Financial Assistance.

In our opinion, Northwest Arctic Borough School District complied, in all material respects, with the 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, 2023.

**Basis for Opinion on Each Major State Program**

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

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

**Responsibilities of Management for Compliance**

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

NORTHWEST ARCTIC BOROUGH SCHOOL DISTRICT  
(A Component Unit of the Northwest Arctic Borough)

Schedule of Compliance AS 14.17.505

Year Ended June 30, 2023

Total fund balance - School Operating Fund	\$	<u>9,915,223</u>
Less exemptions per 4 AAC 09.160(a):		
Inventory		1,520,272
Prepaid items		203,419
Federal impact aid received		<u>6,079,159</u>
		<u>7,802,850</u>
Fund balance subject to 10% limitation	\$	<u>2,112,373</u>

Unreserved fund balance as a percentage of  
current year expenditures:

$$\frac{\text{Fund balance subject to limitation}}{\text{Current year expenditures}} = \frac{2,112,373}{60,349,445} = \underline{\underline{3.50\%}}$$