

MEMORANDUM

TO: NWABSD Board of Education
Members

DATE: August 25, 2025

FR: Office of the Superintendent

SUBJECT: Administrative
Services Report

Natalie Dickey, Director of Administrative Services, reports on the following:

The 2025/2026 fiscal and school year has begun. The Business Office staff has some new faces to begin the year, our accounting technician and payroll officer. This summer was spent finalizing FY25 payments, reconciling accounts, setting up new budgets, and ensuring effective methods in-house. Payroll is processing documents for the new hires of the district and reviewing current employees to ensure everyone is paid completely and correctly. The Business Office held district trainings during the Principals' and New Teachers' Inservices at the beginning of August to welcome new staff to the district, introduce them to the duties and expectations of the department, and how to access relevant information. Additionally, our staff held a Payroll Roundtable, Food Service Mandatory Training, and Secretary refresh during the inservice weeks. The ultimate goal is to have the resources in the hands of those who need it in the schools to make sure that they have what they need for the start of the year and how to troubleshoot timekeeping/payroll or accounting issues that arise.

The District's FY25 Final Audit was completed the week of August 11-August 15, 2025. The Auditors reviewed the District's FY25 financial records as well as the processes that are in place to confirm that the District is following Board Policy and Generally Accepted Accounting Principles (GAAP). It is anticipated that the Board will receive a report on any findings from the District's FY25 Audit during the October Retreat. The auditors need approximately 6 weeks to finalize the audit documents.

Attachments

The final monthly financial narrative report is included in your packet for the period ending June 30, 2025. The auditors have assisted with reconciling outstanding encumbrances and preparing accurate balances and transfers for FY26. The financial narrative report was discussed during the Budget Committee meeting.

Also included for your review, the audit services engagement letter and the FY26 insurance coverages summary.

**Northwest Arctic Borough School District
Financial Narrative
For Month Ending June 30, 2025**

Included in the attached report are the FY25 reports for General Fund Revenue & Expenditures, Board Expenditures, and the Investment Account balance for month ending 6/30/2025. The Board last received a report June 2, 2025 with expenditures and revenue through April 30, 2025.

For the purposes of this report, we are approximately 100% through the fiscal year and have expended 89% of our general operating budget, as well as received 100% of our budgeted general fund revenue. 91% of our General Fund budget is expended and encumbered.

Northwest Arctic Borough School District
General Fund Revenue
For Month Ending June 30, 2025

		<u>Approved</u>				
		<u>Budgeted</u>	<u>Year to Date Exp</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>% of Budget</u>
Revenues By Object:						
011	Other Borough Revenue	8,068,263	8,068,263	-	-	100%
012	In-Kind Contribution	-	-	-	-	NA
030	Interest Income	770,000	754,278	-	15,722	98%
040	Other Local Revenue	2,100,000	1,227,872	-	872,128	58%
047	E-Rate Program Revenue	19,452,945	19,526,602	-	(73,657)	100%
051	Foundation Program	36,379,653	36,638,662	-	(259,009)	101%
090	Other State Funding	105,925	105,910	-	15	100%
056	TRS On-Behalf	2,505,160	2,351,999	-	153,161	94%
057	PERS On-Behalf	447,788	441,422	-	6,366	99%
111	Impact Aid	3,441,882	4,121,701	-	(679,819)	120%
250	Transfers In	1,500,000	1,500,000	-	-	100%
Revenue Totals		74,771,616	74,736,709	-	34,907	100%
			100% % Received to date			

Percentage of All Funds Total Budget Expended:	89.11%
Percentage of Year Passed:	100.00%
General Checking Account Ending Balance	\$9,449,148.01
Wells Fargo IILD Account	\$15,953,399.57
JNES Scholarship Account	\$4,186.77
Month End Cash In Bank Account	<u><u>\$25,406,734</u></u>

Northwest Arctic Borough School District
General Fund Expenditures by Object & Function
For Month Ending June 30, 2025

		Approved				
		<u>Budget</u>	<u>Year to Date Exp</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>% of Budget</u>
Expenditures By Object:						
310	Certificated Salaries	15,374,864	15,037,504	-	337,360	98%
320	Non-Certificated Salaries	8,579,196	7,706,940	-	872,256	90%
331	Leave Pay Out	339,109	295,446	-	43,663	87%
333	Stipends	119,750	106,750	-	13,000	89%
360	Employee Benefits	12,621,888	10,304,682	-	2,317,206	82%
367	TRS On-behalf	2,505,160	2,351,999	-	153,161	94%
368	PERS On-behalf	447,788	441,422	-	6,366	99%
	SUBTOTAL: Personnel	39,987,756	36,244,744	-	3,743,012	91%
410	Professional & Technical Services	4,910,547	3,959,146	10,486	940,915	81%
420	Staff Travel	435,000	268,895	-	166,105	62%
420	Board Travel	83,852	54,840	-	29,012	65%
425	Student Travel	1,253,775	1,248,027	-	5,748	100%
430	Utility Services	21,696,384	20,650,109	1,951,811	(905,536)	95%
435	Energy-includes electricity & fuel	5,141,043	4,996,279	-	144,765	97%
440	Other Purchased Services	4,522,041	4,438,481	-	83,560	98%
445	Property & Liability Insurance	1,397,452	1,397,451	-	1	100%
450	Supplies, Materials & Media	1,756,735	1,797,098	1,145	(41,508)	102%
480	Tuition	40,000	28,739	-	11,261	72%
490	Dues & Fees	79,280	149,386	5,714	(75,820)	188%
510	Inventoried Equipment	55,000	39,899	-	55,000	73%
495	Indirect Cost Recovery	(250,000)	(320,670)	-	(248,211)	128%
	SUBTOTAL: Non-Personnel	41,121,108	38,707,680	1,969,156	165,290	94%
550	Transfer Out	3,005,214	-	-	3,005,214	0%
Expense Totals		84,114,078	74,952,423	1,969,156	6,913,516	91%
89% Expended to date						
		<u>Budgeted</u>	<u>Year to Date Exp</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>% of Budget</u>
Expenditures by Function						
100	Regular Instruction	18,091,625	16,500,375	-	1,591,250	91%
200	Special Education	7,550,357	6,708,758	-	841,599	89%
220	Special Education Support Services	1,358,601	1,127,880	-	230,722	83%
300	Student Support Services	303,348	89,077	-	214,271	29%
350	Instructional Support	23,621,738	22,432,324	1,951,496	(762,083)	95%
400	School Administration	3,511,061	3,514,013	-	(2,951)	100%
450	School Admin Support Staff	1,295,197	1,115,691	-	179,507	86%
510	District Administration	1,203,936	1,096,670	7,129	100,137	91%
511	Board of Education	643,201	556,780	-	86,420	87%
550	District Admin Support	3,228,836	2,962,993	9,071	256,771	92%
600	Maintenance & Operations	18,241,898	17,061,283	1,460	1,179,155	94%
700	Student Activity	1,939,066	1,882,659	-	56,407	97%
900	Transfer Out	3,005,214	-	-	3,005,214	0%
Total Expenditures		83,994,078	75,048,503	1,969,156	6,976,419	92%

May 30, 2025

Natalie Dickey
Northwest Arctic Borough School District
P.O. Box 51
Kotzebue, Alaska 99752

Dear Ms. Dickey:

Enclosed is the engagement letter to provide audit services for the year ending June 30, 2025. The engagement letter is addressed to the Audit Committee or Chairman of the School Board; however, they may authorize anyone to sign this contract.

Please feel free to contact me with any questions at (907) 274-2992 or email at steve@altrogco.com with your preferences for fieldwork dates.

Sincerely,

ALTMAN, ROGERS & CO.



Steve E. Wadleigh, CPA
Principal

Enclosures

May 30, 2025

Audit Committee or Chairman of the Board
Northwest Arctic Borough School District
P.O. Box 51
Kotzebue, Alaska 99752

Dear Audit Committee or Chairman of the Board:

We are pleased to confirm our understanding of the services we are to provide for Northwest Arctic Borough School District for the year ended June 30, 2025.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the disclosures, which collectively comprise the basic financial statements, of Northwest Arctic Borough School District as of and for the year ended June 30, 2025. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), to supplement Northwest Arctic Borough School District's 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. As part of our engagement, we will apply certain limited procedures to Northwest Arctic Borough School District's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding 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 will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Budgetary comparison schedules.
- 2) Schedules of proportionate share of the net pension and the OPEB liabilities (asset) and contributions.

We have also been engaged to report on supplementary information other than RSI that accompanies Northwest Arctic Borough School District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our 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 GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a separate written report accompanying our auditor's report on the financial statements or in a report combined with our auditor's report on the financial statements.

- 1) Schedule of expenditures of federal awards and related notes.
- 2) Schedule of state financial assistance and related notes.
- 3) Additional supplementary information.

The objectives of our audit 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 issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. 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. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We have identified the following significant risk(s) of material misstatement as part of our audit planning:

- 1) Improper revenue recognition.
- 2) Management override of internal controls.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. 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, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal and state award programs. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Northwest Arctic Borough School District's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal and state statutes, regulations, and the terms and conditions of federal and state awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of Northwest Arctic Borough School District's major programs. For federal and state programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on Northwest Arctic Borough School District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal and state awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, schedule of state financial assistance, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal and state statutes), rules, and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, schedule of expenditures of federal awards, schedule of state financial assistance, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal awards; schedule of state financial assistance, federal and state award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, it is management's responsibility to evaluate and monitor noncompliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review at the start of the audit.

You are responsible for identifying all federal and state awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards, schedule of state financial assistance, (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. You agree to include our report on the schedule of expenditures of federal awards, and the schedule of state financial assistance, in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal awards and schedule of state financial assistance. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards, and schedule of state financial assistance, that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards, schedule of state financial assistance, in accordance with the Uniform Guidance and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*; (2) you believe the schedule of expenditures of federal awards and schedule of state financial assistance, including its form and content, is stated fairly in accordance with the Uniform Guidance and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards and schedule of state financial assistance,.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Other Services

We will also assist in preparing the Federal Data Collection Form, financial statements, schedule of expenditures of federal awards, and related notes, schedule of state financial assistance, and related notes, of Northwest Arctic Borough School District in conformity with accounting principles generally accepted in the United States of America and the Uniform Guidance and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes, schedule of state financial assistance, and related notes, services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statements, schedule of expenditures of federal awards, and related notes, schedule of state financial assistance, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, the schedule of expenditures of federal awards, and related notes, schedule of state financial assistance, and related notes, and that you have reviewed and approved the financial statements, the schedule of expenditures of federal awards, and related notes, schedule of state financial assistance, and related notes, prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Federal Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, schedule of state financial assistance, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Federal Data Collection Form to the Federal Audit Clearinghouse. We will coordinate with you the electronic submission and certification. The Federal Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to Northwest Arctic Borough School District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Altman, Rogers & Co. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Cognizant Agency, Oversight Agency for Audit, or Pass-through Entity, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Altman, Rogers & Co. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Cognizant Agency, Oversight Agency for Audit, or Pass-through Entity. If we are aware that a federal or state awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Steve Wadleigh is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, confirmation service provider fees, etc.). We estimate the fees to be \$75,000. Preparation of the Federal Data Collection Form for the Federal Audit Clearinghouse and any special reports for the Alaska Department of Education and Early Development will be billed separately. All out-of-pocket costs will be billed at actual. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly.

Reporting

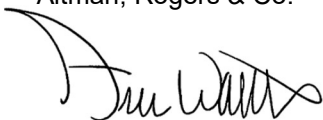
We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the governing board of Northwest Arctic Borough School District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Both reports will state that the report is not suitable for any other purpose.

We appreciate the opportunity to be of service to Northwest Arctic Borough School District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Sincerely,

Altman, Rogers & Co.

A handwritten signature in black ink, appearing to read "Steve Wadleigh", with a stylized flourish at the end.

Steve Wadleigh, CPA
Principal

Premium Summary:

Net Premium	2024/25	2025/26	Change	2025 At 10%
APRA Program				
Property	\$960,495.45	\$981,472.74	2.2%	\$1,065,675.84
Mobile Equip	\$1,091.14	\$1,001.58	-8.2%	\$1,200.25
Liability	\$321,837.55	\$283,174.08	-12.0%	\$281,920.82
Auto	\$24,319.68	\$22,693.58	-6.7%	\$26,751.65
Workers Compensation	\$238,515.89	\$202,287.48	-15.2%	\$208,933.35
Crime	\$3,772.45	\$0.00	-100.0%	\$4,149.70
Broker Services Credit		(\$50,000.00)	100.0%	
Total APRA Program	\$1,550,032.16	\$1,440,629.46	-7.1%	\$1,588,631.61
Ancillary Coverages	2024/25	2025/26	Change	
Cyber Liability	\$22,184.00	\$0.00	-100.0%	
Travel Accident	\$2,295.00	\$0.00	-100.0%	
Broker Fee	\$60,000.00	\$61,800.00	3.0%	
TOTAL NET PREMIUM	\$1,634,511.16	\$1,502,429.46	-8.1%	

* APRA advised 2025/26 overall program rates would not be increased by more than 10%. The above column for '2025 at 10%' provides premium generated using a 10% rate increase.

Renewal Instructions:

In order to renew coverage, please provide the following:

1. APRA Cooperative Participation Agreement – with the new creation of the new pool, a new agreement is needed. Please review and sign as indicated. Let us know of any questions.
2. Authorization to Bind – please provide your authorization to bind per below.