

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

Basic Financial Statements, Required Supplementary
Information, Additional Supplementary
Information and Compliance Reports

Year Ended June 30, 2017

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

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Information, Additional Supplementary
Information and Compliance Reports

Year Ended June 30, 2017

NORTH SLOPE BOROUGH SCHOOL DISTRICT

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Independent Auditor's Report

Members of the School Board
North Slope Borough School District
Barrow, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Slope Borough School District (District), a component unit of the North Slope Borough, Alaska, as of and for the year ended June 30, 2017, 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 accounting principles generally accepted in the United States of America; 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.

Auditor's 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 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 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, each major fund, and the aggregate remaining fund information of the North Slope Borough School District, as of June 30, 2017, and the respective changes in financial position thereof, and the respective budgetary comparison for the School Operating Fund and Major Maintenance Special Revenue Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of district's proportionate share of net position liability and contributions for the public employees' retirement system and the teachers' retirement system on pages 39-42 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 the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America 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 Government 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 the missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Slope Borough School District's basic financial statements. The information listed in the table of contents as "Additional Supplementary Information," which includes major governmental fund schedule of revenues, expenditures and changes in fund balance – budget to actual, other governmental funds combining balance sheet, combining statement of revenues, expenditures and change in fund balances, schedule of revenues, expenditures and changes in fund balance – budget to actual, schedule of revenues, expenditures and changes in fund balance – capital projects funds and the fiduciary fund schedule of changes in assets and liabilities, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of *Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of State Financial Assistance, as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

The additional supplementary information listed above 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 additional supplementary information is 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 October 17, 2017 on our consideration of the North Slope Borough School 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 North Slope Borough School 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 North Slope Borough School District's internal control over financial reporting and compliance.



Anchorage, Alaska
October 17, 2017

BASIC FINANCIAL STATEMENTS

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Statement of Net Position

Year Ended June 30, 2017

<u>Assets and Deferred Outflows of Resources</u>	<u>Governmental Activities</u>
Current:	
Cash and cash equivalents	\$ 15,258,643
Accounts receivable	3,642,643
Grants receivable	411,514
Inventories	319,492
Prepaid items	1,079,827
Total current assets	<u>20,712,119</u>
Long-term:	
Capital assets	8,403,746
Accumulated depreciation	<u>(7,144,403)</u>
Total non-current assets	<u>1,259,343</u>
Deferred outflows of resources -	
Pension deferrals	<u>11,395,948</u>
Total assets and deferred outflows of resources	<u>\$ 33,367,410</u>
 <u>Liabilities and Deferred Inflows of Resources</u> 	
Current:	
Accounts payable	396,650
Accrued payroll liabilities	1,352,102
Self-insurance liability	2,365,501
Unearned revenue	656,595
Due to student groups	149,314
Total current	<u>4,920,162</u>
Long-term:	
Net pension liability	<u>47,857,817</u>
Deferred inflows of resources -	
Pension deferrals	<u>569,552</u>
Total liabilities and deferred inflows of resources	<u>53,347,531</u>
 <u>Net Position</u> 	
Net investment in capital assets	1,259,343
Unrestricted	<u>(21,239,464)</u>
Total net position	<u>\$ (19,980,121)</u>

The notes to the financial statements are an integral part of this statement.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		NSB Maintenance and Contributions
				Total Governmental Activities	
Governmental activities:					
Instruction	\$ 26,203,942	-	2,999,339	2,038	(23,202,565)
Special education instruction	3,839,054	-	251,604	-	(3,587,450)
Special education support services - students	1,217,809	-	457,190	-	(760,619)
Support services - students	4,276,591	-	474,201	-	(3,802,390)
Support services - instruction	10,131,775	-	949,773	37,483	(9,144,519)
School administration	3,420,192	-	354,924	-	(3,065,268)
School administration support services	1,685,154	-	38,708	-	(1,646,446)
District administration	1,852,442	55,579	56,815	-	(1,740,048)
District administration support services	4,181,573	-	174,141	-	(4,007,432)
Operations and maintenance of plant	19,984,832	1,691,913	223,523	340,094	(17,729,302)
Student activities	2,801,443	-	152,001	-	(2,649,442)
Student transportation	2,148,184	-	2,144,737	410,211	406,764
Community services	455,979	-	-	-	(455,979)
Food service	3,516,763	49,801	1,167,111	-	(2,299,851)
Total governmental activities	\$ 85,715,733	1,797,293	9,444,067	789,826	(73,684,547)
General revenues:					
Borough appropriation				\$ 38,225,652	
State grants and entitlements not restricted to specific programs				18,227,895	
Federal grants and entitlements not restricted to specific programs				8,414,695	
Unrestricted investment earnings				4,686	
E-Rate				3,456,229	
Other				58,126	
Total general revenues				68,387,283	
Change in net position				(5,297,264)	
Net position - beginning of year				(14,682,857)	
Net position - ending				\$ (19,980,121)	

The notes to the financial statements are an integral part of this statement.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Balance Sheet - Governmental Funds

Year Ended June 30, 2017

<u>Assets</u>	School Operating Fund	Major Maintenance Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 15,258,643	-	-	15,258,643
Accounts receivable	3,457,651	184,992	-	3,642,643
Grants receivable	-	-	411,514	411,514
Inventory	-	-	319,492	319,492
Prepaid items	1,066,827	-	13,000	1,079,827
Due from other funds	527,134	-	1,661,733	2,188,867
Total assets	<u>\$ 20,310,255</u>	<u>184,992</u>	<u>2,405,739</u>	<u>22,900,986</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	396,650	-	-	396,650
Accrued payroll liabilities	1,352,102	-	-	1,352,102
Self-insurance liability	2,365,501	-	-	2,365,501
Unearned revenue	-	-	656,595	656,595
Due to:				
Other funds	1,661,733	184,992	342,142	2,188,867
Student groups	149,314	-	-	149,314
Total liabilities	<u>5,925,300</u>	<u>184,992</u>	<u>998,737</u>	<u>7,109,029</u>
Fund Balances:				
Nonspendable:				
Inventory	-	-	319,492	319,492
Prepaid items	1,066,827	-	13,000	1,079,827
Committed:				
Pupil transportation	-	-	937,476	937,476
Assigned:				
Community education	-	-	58,380	58,380
Kiita childcare	-	-	13,602	13,602
Educational purposes	3,186,103	-	-	3,186,103
Food Service	-	-	65,052	65,052
Unassigned	10,132,025	-	-	10,132,025
Total fund balances	<u>14,384,955</u>	<u>-</u>	<u>1,407,002</u>	<u>15,791,957</u>
Total liabilities and fund equity	<u>\$ 20,310,255</u>	<u>184,992</u>	<u>2,405,739</u>	<u>22,900,986</u>

The notes to the financial statements are an integral part of this statement.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position

Year Ended June 30, 2017

Total fund balance - governmental funds		\$	15,791,957
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets in governmental activities are not financial resources and are not reported in the funds, net of accumulated depreciation of \$7,144,403.			1,259,343
Proportionate share of the collective net position liability:			
	PERS	(27,181,923)	
	TRS	<u>(20,675,894)</u>	(47,857,817)
Deferred inflow and outflow of resources are the results of timing differences in the actuarial report.			
Pension related assets in the current fiscal year are presented as deferred outflows of resources.			
	PERS	5,883,410	
	TRS	<u>5,512,538</u>	11,395,948
Pension related liabilities in the current fiscal year are presented as deferred inflows of resources.			
	PERS	(302,989)	
	TRS	<u>(266,563)</u>	<u>(569,552)</u>
Net position of governmental activities		\$	<u><u>(19,980,121)</u></u>

The notes to the financial statements are an integral part of this statement.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

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

Year Ended June 30, 2017

	General (School) Operating	Major Maintenance Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Local sources:				
Intergovernmental -				
Borough appropriation	\$ 38,225,652	789,826	171,666	39,187,144
Earnings on investments	4,686	-	-	4,686
Charges for services	55,579	-	1,741,714	1,797,293
E-rate	3,456,229	-	-	3,456,229
Other	58,126	-	167,420	225,546
Intergovernmental:				
State of Alaska	21,293,157	-	2,917,696	24,210,853
Federal sources	8,414,695	-	2,775,103	11,189,798
Total revenues	<u>71,508,124</u>	<u>789,826</u>	<u>7,773,599</u>	<u>80,071,549</u>
Expenditures:				
Current:				
Instruction	21,241,650	2,038	932,171	22,175,859
Special education instruction	3,219,058	-	-	3,219,058
Special education support services - students	692,475	-	420,838	1,113,313
Support services - students	2,634,095	-	255,952	2,890,047
Support services - instruction	8,730,490	37,483	764,341	9,532,314
School administration	2,844,972	-	36,282	2,881,254
School administration support services	1,364,888	-	14,279	1,379,167
District administration	1,664,143	-	-	1,664,143
District administration support services	3,485,329	-	116,597	3,601,926
Operations and maintenance of plant	14,130,174	340,094	3,396,373	17,866,641
Student activities	2,082,317	-	609,921	2,692,238
Student transportation	-	410,211	1,969,606	2,379,817
Community services	10,401	-	438,730	449,131
Food service	-	-	3,504,923	3,504,923
Total expenditures	<u>62,099,992</u>	<u>789,826</u>	<u>12,460,013</u>	<u>75,349,831</u>
Excess (deficiency) of revenues over expenditures	<u>9,408,132</u>	<u>-</u>	<u>(4,686,414)</u>	<u>4,721,718</u>
Other financing sources (uses):				
Transfers in	-	-	5,087,585	5,087,585
Transfers out	<u>(5,087,585)</u>	<u>-</u>	<u>-</u>	<u>(5,087,585)</u>
Net other financing sources (uses)	<u>(5,087,585)</u>	<u>-</u>	<u>5,087,585</u>	<u>-</u>
Net change in fund balances	4,320,547	-	401,171	4,721,718
Fund balances, beginning of year	<u>10,064,408</u>	<u>-</u>	<u>1,005,831</u>	<u>11,070,239</u>
Fund balances, end of year	<u>\$ 14,384,955</u>	<u>-</u>	<u>1,407,002</u>	<u>15,791,957</u>

The notes to the financial statements are an integral part of this statement.

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

Year Ended June 30, 2017

Net change in fund balances - total governmental funds	\$ <u>4,721,718</u>
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Amounts reported for *governmental activities* in the statement of activities are different because:

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in the unfunded net pension liability:	
PERS	(6,689,044)
TRS	<u>(7,507,777)</u>
	<u>(14,196,821)</u>

Changes in deferred inflows and outflows of resources are the result of timing differences in the actuarial report:

PERS	1,251,758
TERS	<u>2,966,871</u>
	<u>4,218,629</u>

The cost of capital assets purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes purchased and constructed capital assets among the assets of the School District as a whole. The cost of those assets is allocated over estimated useful lives (as depreciation expense) to the various functions reported as governmental activities in the Statement of Activities. Completed building and improvement projects are transferred to the North Slope Borough.

Capital outlay	503,990
Depreciation expense	<u>(544,780)</u>
	<u>(40,790)</u>

Governmental funds only report the disposal or improvement of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal or improvement.

Cost of assets disposed	385,695
Accumulated depreciation of disposed assets	<u>(385,695)</u>
	<u>-</u>

Change in net position of governmental activities	\$ <u><u>(5,297,264)</u></u>
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The notes to the financial statements are an integral part of this statement.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Statement of Fiduciary Assets and Liabilities

Student Activity Agency Fund

June 30, 2017

Assets

Cash and cash equivalents	\$	349,231
Due from School Operating Fund		149,314
		<u>498,545</u>

Liabilities

Due to student groups	\$	<u>498,545</u>
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The notes to the financial statements are an integral part of this statement.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Original and Final Budget and Actual

School Operating Fund

Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Intergovernmental -				
Borough appropriation	\$ 37,875,626	37,875,626	38,225,652	350,026
Earnings on investments	5,000	5,000	4,686	(314)
Charges for services	-	38,540	55,579	17,039
E-rate	3,084,331	3,084,331	3,456,229	371,898
Other	433,540	395,000	58,126	(336,874)
Intergovernmental:				
State of Alaska	19,565,263	21,638,084	21,293,157	(344,927)
Federal sources	6,598,240	6,598,240	8,414,695	1,816,455
Total revenues	<u>67,562,000</u>	<u>69,634,821</u>	<u>71,508,124</u>	<u>1,873,303</u>
Expenditures:				
Current:				
Instruction	23,031,968	23,313,809	21,241,650	2,072,159
Special education instruction	3,156,936	3,158,434	3,219,058	(60,624)
Special education support services - students	734,534	734,532	692,475	42,057
Support services - students	3,244,887	3,144,924	2,634,095	510,829
Support services - instruction	8,444,779	9,869,261	8,730,490	1,138,771
School administration	3,212,335	3,214,829	2,844,972	369,857
School administration support services	1,287,224	1,287,226	1,364,888	(77,662)
District administration	1,557,764	1,577,763	1,664,143	(86,380)
District administration support services	3,742,417	3,912,417	3,485,329	427,088
Operations and maintenance of plant	13,215,003	13,384,998	14,130,174	(745,176)
Student activities	2,087,013	2,189,481	2,082,317	107,164
Community services	-	1,773	10,401	(8,628)
Total expenditures	<u>63,714,860</u>	<u>65,789,447</u>	<u>62,099,992</u>	<u>3,689,455</u>
Excess of revenues over expenditures	<u>3,847,140</u>	<u>3,845,374</u>	<u>9,408,132</u>	<u>5,562,758</u>
Other financing sources (uses):				
Transfers (out)	<u>(3,847,140)</u>	<u>(3,847,140)</u>	<u>(5,087,585)</u>	<u>(1,240,445)</u>
Net other financing (uses)	<u>(3,847,140)</u>	<u>(3,847,140)</u>	<u>(5,087,585)</u>	<u>(1,240,445)</u>
Net change in fund balance	\$ <u>-</u>	<u>(1,766)</u>	4,320,547	<u>4,322,313</u>
Fund balance, beginning of year			<u>10,064,408</u>	
Fund balance, end of year			\$ <u>14,384,955</u>	

The notes to the financial statements are an integral part of this statement.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Original and Final Budget and Actual

Major Maintenance Special Revenue Fund

Year Ended June 30, 2017

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - Borough appropriation	\$ 1,213,400	789,826	(423,574)
Expenditures:			
Current:			
Instruction	62,938	2,038	60,900
Support services - instruction	96,352	37,483	58,869
Operation and maintenance of plant	510,638	340,094	170,544
Student transportation	543,472	410,211	133,261
Total expenditures	<u>1,213,400</u>	<u>789,826</u>	<u>423,574</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

The notes to the financial statements are an integral part of this statement.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The basic financial statements of the North Slope Borough School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). 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.

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 North Slope Borough.

No other entity engages in activities which benefit the District, nor do any special financial relationships exist between the District and any other entity. Therefore, the District does not have any component units, as defined in GASB Statement 14, as amended by Statements 39, 61, and 80, which require inclusion in the financial statements.

B. Government-Wide and Fund 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 non-fiduciary activities of the District. *Governmental activities*, which normally are supported by intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not presently have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operations or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Deferred inflows of resources are the acquisition of Fund Balance / Net Position by the District that are applicable to a future reporting period. Deferred outflows of resources are the consumption of Fund Balance / Net Position by the District that are applicable to a future reporting period.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the Government-Wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Government-Wide Financial Statements and the Internal Service Fund 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as 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, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due.

The District reports the following major governmental funds:

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.

The *Major Maintenance Special Revenue Fund* accounts for revenue received and expenditures incurred by the District for the structural repairs and major maintenance costs.

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 Agency Fund* is a fiduciary fund and accounted for on the accrual basis of accounting. This fund is custodial in nature (assets equal liabilities) and does not involve measurement or results of operations. The agency fund accounts for transactions of elementary and secondary student activities.

The District follows the Uniform Chart of Accounts for School Districts 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.

Summarized below are the major sources of revenue and the applicable recognition policies.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Intergovernmental Revenue

State of Alaska foundation and pupil transportation revenues and federal aid for the school lunch program are susceptible to accrual and are recorded in the year to which they relate. Federal Impact Aid revenues are recorded as revenue in the year received. State of Alaska and Federal government cost reimbursable grants and contracts are recorded to the extent of allowable expenditures in the period in which the expenditures were incurred. On-behalf payments from the State of Alaska are recognized in the year to which they relate.

Local Revenue

Interest earned is recorded in the General (School Operating) Fund unless otherwise specified by the funding source. Rental income from District owned property is recorded in the period to which it relates. Both interest and rental income are susceptible to accrual. Proceeds from the sale of lunches and other miscellaneous revenues are recognized in the year received.

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.

D. Assets, Liabilities and Net Position or Equity

1. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

2. Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) receivables, net, (3) certain other current assets, (4) accounts payable, and (5) other current liabilities. The carrying amounts reported in the balance sheet and Statement of Net Position for the above financial instruments closely approximates their fair value due to the short-term nature of these assets and liabilities.

3. Short-term Interfund Receivables and Payables

In the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

4. **Inventories**

Inventories, consisting of heating oil and food supplies, are stated at cost, which approximates fair value, using the first-in first-out (FIFO) method. Inventories are recorded as expenditures when consumed, except for food inventories, which are recorded as expenditures when purchased. Reported inventories are equally offset by a portion of fund balance classified as non-spendable in the fund financial statements, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

5. **Prepaid Items**

Payments made to vendors for services that are applicable to future accounting periods are recorded as prepaid items. The prepaid assets do not reflect current available resources and, thus, an equivalent portion of fund balance is classified as non-spendable in the fund financial statements. Accounting for prepaid items is on the consumption method. The consumption method records the expenditure when consumed rather than when purchased.

6. **Capital Assets**

Capital assets are reported in the governmental activities column of the government-wide financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization rate of \$5,000. The District does not possess any infrastructure. The buildings (and the related debt) are owned and capitalized by the Borough and are not recorded in these financial statements.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. 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.

7. **Unearned Revenue**

Revenue that is received in advance of the period for which it is intended for use and does not meet the requirements for revenue recognition is recognized as unearned revenue.

8. **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.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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.

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).

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) and additions to/from PERS and TRS's fiduciary net position have been determined on the same basis as they are reported by PERS and TRS.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, investments are reported at fair value.

10. Long-term Obligations

In the Government-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. 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 the District's creditors (for example, through debt covenants), by the 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.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

12. Fund Balance

In the fund financial statements fund balance components include five classifications as follows:

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 resolutions; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action through resolutions 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 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 that 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.

Special Revenue Funds are used to account for specific revenue sources that are restricted or committed to expenditures for specific purposes other than capital projects.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

13. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary 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.

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. Encumbrances outstanding at year end are reported in assigned fund balances since they do not constitute expenditures or liabilities and the commitments will be honored during the subsequent year.

Excess of expenditures over appropriations in the General (School Operating) Fund were funded through available fund balance.

Excess of expenditures over appropriation were funded through available fund balance and operating transfers from General (School Operating) Fund.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

III. DETAIL NOTES ON ALL FUNDS

A. 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 and cash equivalents" or amounts "due to/from other funds."

The District's bank accounts 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.

All deposits are carried at fair market value plus accrued interest. 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.

B. Receivables

Receivable as of year end for the District's individual major funds and other governmental funds are as follows:

	School Operating Fund	Major Maintenance Fund	Nonmajor Governmental Funds	Total
Grants	\$ -	-	411,514	411,514
Miscellaneous	3,457,651	184,992	-	3,642,643
Total	\$ 3,457,651	184,992	411,514	4,054,157

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

IV. CAPITAL ASSETS

The Borough owns and accounts for all school buildings and land, which are provided to the District without charge. Furniture and equipment are accounted for by the District.

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Governmental activities:				
Capital assets, being depreciated:				
Equipment	\$ 8,285,451	503,990	(385,695)	8,403,746
Total capital assets	8,285,451	503,990	(385,695)	8,403,746
Less accumulated depreciation:				
Equipment	(6,985,318)	(544,780)	385,695	(7,144,403)
Total accumulated depreciation	(6,985,318)	(544,780)	385,695	(7,144,403)
Net governmental capital assets	\$ 1,300,133	(40,790)	-	1,259,343

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

Instruction	\$ 71,082
Special education instruction	1,119
Support services – instruction	27,363
Operations and maintenance of plant	247,199
Student activities	746
Student transportation	178,583
Community services	2,501
Food service	11,840
Construction and facilities acquisition	4,347
Total depreciation expense	\$ <u>544,780</u>

V. OTHER INFORMATION

A. 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 \$7,302,557 for the year ended June 30, 2017, and consisted of paid claims, stop-loss premiums, and administrative fees.

As of June 30, 2017, an estimated liability for incurred but unreported claims of approximately \$2,365,501 was recorded in the General (School Operating) Fund. This estimate was calculated based on subsequent to year-end claims filed and past experience. Changes in the balances of claim liabilities for years ending June 30, 2017 are as follows:

	2017
Unpaid claims, beginning of year	\$ 2,251,206
Incurred claims (including IBNR's)	7,302,557
Less: claim payments	<u>(7,188,262)</u>
Unpaid claims (including IBNR's), end of year	\$ <u>2,365,501</u>

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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.

B. Employee Retirement Systems and Plans

The District follows *Governmental Accounting Standards Board (GASB) Codification P20, Accounting for Pensions by State and Local Governmental Employees* and *GASB Codification P50, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*. *GASB Codification P20* and *GASB Codification P50* establish uniform standards for the measurement, recognition and display of pension and other post-employment benefits other than pensions (healthcare) expenditures/expense and related liabilities, assets, note disclosure and applicable required supplementary information in the financial reports of state and local governmental employers.

All full-time employees and certain permanent part-time employees of the District participate in either the State of Alaska Public Employees' Retirement System (PERS) or the State of Alaska Teachers' Retirement System (TRS). In addition to the pension plan both systems also administer other post-employment benefit plans.

The system is governed by the Alaska Retirement Management Board. The benefit and contribution provisions are established by State law and may be amended only by the State legislature. The Administrator of the plan is the Commissioner of Administration or the Commissioner's designee.

Summary of Significant Accounting Policies. The financial statements for PERS and TRS are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The District's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value.

PERS and TRS act as the common investment and administrative agencies for the following multiple-employer plans:

<u>Plan Name</u>	<u>Type of Plan</u>
Defined Benefit Pension Plan (DB)	Cost-sharing, Defined Benefit Pension
Defined Contribution Pension Plan (DC)	Defined Contribution Pension
Defined Benefit Other Postemployment Benefits (DB)	
Occupational Death and Disability Plan	Cost-sharing, Defined Benefits OPEB
Alaska Retiree Healthcare Trust Plan	Cost-sharing, Defined Benefits OPEB
Retiree Medical Plan	Cost-sharing, Defined Benefits OPEB
Defined Contribution Other Postemployment Benefits (DC)	
Healthcare Reimbursement Arrangement Plan	Defined Contribution OPEB

Other Postemployment Benefit Plans (OPBP)

Occupational Death and Disability Plan (DB)

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Alaska Retiree Healthcare Trust Plan (DB)

Beginning July 1, 2007, the Alaska Retiree Healthcare Trust Plan (ARHCT), a Healthcare Trust Fund of the State, was established. The ARHCT is self-funded and provides major medical coverage to retirees of the System. The System retains the risk of loss of allowable claims for eligible members. The ARHCT began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund (RHF).

Healthcare Reimbursement Arrangement Plan (DC)

The Healthcare Reimbursement Arrangement Plan was established to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants.

Alaska Public Employee Retirement System (PERS) – Defined Benefit Plan (DB)

Plan Description. The School District participates in the Alaska Public Employees' Retirement System (PERS), a cost sharing multiple employer defined benefit pension plan. PERS provides retirement benefits, disability and death benefits, and post-employment healthcare to plan members and beneficiaries. The Public Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. This report may be obtained from the system at Pouch C, Juneau, Alaska 99811 or online at <http://doa.alaska.gov/drb/pers>.

Pension Benefits. All tier employee benefits vest with five years of credited service. There are three tiers of employees based on entry date. Tier I 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 tier II and III employees enrolled after June 30, 1986, but before July 1, 2006, the normal and early retirement ages are 60 and 55, respectively. All tier employees with 30 or more years of credited service may retire at any age and receive a normal benefit.

The PERS defined benefit is closed to new hires enrolled on or after July 1, 2006. New hires after this date participate in the PERS defined contribution plan (DC) described later in these notes.

Currently there are 155 employers participating in PERS, including the State of Alaska and 154 political subdivisions and public organizations.

Retirement 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.

The percentage multipliers for police/fire personnel are 2% for the first ten years of service and 2.5% for all service over 10 years. The percentage multipliers for all other participants are 2% for the first ten years, 2.25% for the next ten years, and 2.5% for all remaining service earned on or after July 1, 1986. All service before that date is calculated at 2%.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Post-employment healthcare benefits are provided without cost to all members first enrolled before July 1, 1986. Members first enrolled after June 30, 1986, but before July 1, 2006 and who have not reached age 60 may elect to pay for major medical benefits.

Post Retirement Pension Adjustments. Post retirement pension adjustments (PRPAs) are granted annually to eligible benefit recipients when the consumer price index (CPI) increases during the preceding calendar year. PRPAs are calculated by multiplying the recipient's base benefit, including past PRPAs, times:

- (a) 75% of the CPI increase in the preceding calendar year or 9%, whichever is less, if the recipient is at least 65 or on PERS disability; or
- (b) 50% of the CPI increase in the preceding calendar year or 6%, whichever is less, if the recipient is at least 60, or has been receiving benefits for at least five years.

Ad hoc PRPAs, up to a maximum of 4%, may be granted to eligible recipients who first entered the PERS before July 1, 1986, if the CPI increases and the financial condition of the fund will permit an increase. In a year where an ad hoc PRPA is granted, eligible recipients will receive the higher of the two calculations.

Funding Policy. In April 2008 the Alaska Legislature passed legislation which statutorily capped the employer contribution, established a state funded "on-behalf" contribution, and required that employer contributions be calculated against all PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan (DC) described later in these footnotes. The state legislature capped the rate at 22%, with the State contributing an on-behalf payment for the difference between the actuarial contribution and the cap.

Salary Floor. During the 25th legislation session, Senate Bill 125 passed, which established a June 30, 2008 salary floor under AS 39.35.255(a)(2). The salary floor is the total base salaries paid by an employer to active employees of the system as of the fiscal year ending June 30, 2008. The statute requires the Division of Retirement and Benefits (Division) to collect employer contributions at a minimum based on FY 2008 base salaries.

Termination Costs. If the District decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular District function, all affected employees in that department, group or other classification of members become immediately vested in the plan. The District must pay to have a termination study completed. The purpose of the study is to calculate the District's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The District must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS Administrator. For fiscal year 2017 the past service rate is 16.02%.

Employee Contribution Rate. The District PERS active members are required to contribute 6.75% (4.59% pension costs and 2.16% OPEB) and non-teacher school district employees (alternative option) are required to contribute 9.60% (6.53% pension and 3.07% OPEB) of their annual covered salary.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Employer and Other Contribution Rates. There are several contribution rates associated with the pension and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

Employer Effective Rate: This is the actual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% (14.96% pension costs and 7.04% OPEB) of eligible wages, subject to the salary floor, and other termination costs as described above. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined benefit plan.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. This rate is 26.14% (17.78% pension and 8.36% OPEB). Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This will result in lower ARM Board Rates in future years.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment as mandated under current statute. Under state law, subject to annual appropriation, the state will contribute an on-behalf payment into the plan in an amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. As a result, the On-behalf Contribution Rate for 2017 is 4.14% (2.82% pension and 1.32% OPEB). On-behalf contribution amounts have been recognized in these financial statements as both revenue and expenditures.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes. Certain actuarial methods and assumptions for this rate calculation are mandated by the *Governmental Accounting Standards Board* (GASB). Medicare Part D subsidies are not reflected in this rate. The rate uses an 8% pension discount rate and a 4.30% healthcare discount rate. The current rate is 83.90% (27.26% pension and 56.64% OPEB).

Employer contributions for the years ended June 30, 2017, 2016 and 2015 are as follows:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
2017	\$ 896,389	421,841	1,318,230
2016	840,361	554,972	1,395,333
2015	816,496	616,031	1,432,527

The defined benefit unfunded liability (DBUL) presented under the defined contribution plan includes employer contributions of \$594,004 (pension) and \$279,531(OPEB).

For the year ended June 30, 2017 the State of Alaska contributed \$592,843 or 15.46% (100% Pension costs) on-behalf of the District, which has been recorded in the fund financial statement under the modified-accrual basis of accounting. In the government-wide financial statements the pension expense has been adjusted as of the measurement date June 30, 2016 to a total of \$462,076, to represent the pension expense attributable to the State under the full accrual basis of accounting.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2017, the District reported a liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of 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	\$ 27,181,923
State's proportionate share of the net pension liability	<u>3,427,838</u>
Total	\$ <u>30,609,761</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the present value of contributions for FY2018 through FY2039, as determined by projections based on the June 30, 2016 valuation. At June 30, 2017, the District's proportion was 0.4863%, which is an increase of 0.0638% from June 30, 2016.

Based on the measurement date of June 30, 2016, the District recognized pension expense of \$7,388,901 for the year ended June 30, 2017. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,499	-
Changes of assumptions	125,369	-
Net difference between projected and actual earnings on pension plan investments	2,671,852	302,989
Changes in proportion and differences between District contributions and proportionate share of contributions	1,593,297	-
District contributions subsequent to the measurement date	<u>1,490,393</u>	<u>-</u>
Total	\$ <u>5,883,410</u>	<u>302,989</u>

\$1,490,393 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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 Ended <u>June 30,</u>	
2018	\$ 1,755,825
2019	536,632
2020	1,092,261
2021	<u>705,310</u>
Total	\$ <u>4,090,028</u>

For the year ended June 30, 2017, the District recognized \$3,262,673 of amortization of the net deferred outflows and inflows of resources.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Actuarial Assumptions: The total pension liability in the June 30, 2016 (latest available) actuarial valuation was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016.

Investment return / discount rate	8% per year (geometric), compounded annually, net of expenses
Salary scale	Inflation – 3.12% per year Productivity – 0.50% per year
Payroll growth	3.62% per year (inflation + productivity)
Total inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers from Anchorage is assumed to increase 3.12% annually.
Mortality (Pre-termination)	Based upon 2010-2013 actual mortality experience. 60% of male rates and 65% of female rates of post termination mortality rates. Deaths are assumed to be occupational 70% of the time for peace officers, and firefighters, 50% of the time for others.
Mortality (Post-termination)	96% of all rates of the RP-2000 combined mortality table, 2000 base year projected to 2018.
Total turnover	Based upon the 2010-2013 actual withdrawal experience.
Disability	Incidence rates based on 2010-2013 actual experience. Post-disability mortality in accordance with the RP-2000 Disabled Retiree Mortality Table. Disabilities are assumed to be occupational 70% of the time for peace officers / firefighters, 50% of the time for others.
Retirement	Retirement rates based upon the 2010-2013 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date for others. For peace officers/firefighters, Tier 1 deferred vested members are assumed to retire at age 55 and Tiers 2 and 3 deferred vested members are assumed to retire at age 60.
Marriage and age difference	Wives are assumed to be three years younger than husbands. For others, 75% of male members and 70% of female members are assumed to be married. For peace officers/firefighters, 85% of male members and 60% female members are assumed to be married.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

The long-term expected rate of return on pension plan investments was determined using the 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 adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized below:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	5.35%
Global Equity (Non-U.S.)	5.55%
Private Equity	6.25%
Fixed Income	0.80%
Real Estate	3.65%
Alternative Equity	4.70%

Discount Rate: The discount rate used to measure the total pension liability was 8.00%. The projection of the cash flows used to determine the discount rate assumed that Employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net pension was projected to be available to make all projected future benefit payments of current plan members. 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 liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the plan calculated using the discount rate of 8%, as well as what the Plans' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	<u>1% Decrease (7%)</u>	<u>Current Rate (8%)</u>	<u>1% Increase (9%)</u>
Net pension liability	\$ 35,008,939	27,181,923	20,580,194

Alaska Public Employee Retirement System (PERS) – Defined Contribution Plan (DC)

Plan Description and Funding Requirements. School Districts and Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. The Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 1.18% for the retiree medical plan (DB), 0.17% for occupational and death and disability benefits (DB) and 3% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is 22%. Plan members are 100% vested with their contributions.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Members become vested in employers' contributions as follows:

- 2 years of service – 25%
- 3 years of service – 50%
- 4 years of service – 75%
- 5 years of service – 100%

Plan provisions and contribution requirements and amendments are established by the Alaska Retirement Management Board (ARMB). Total contributions for the year ended June 30, 2017 are as follows:

	<u>Employer</u>	<u>Employee</u>
Defined contribution – pension (DC)	\$ 365,933	585,490
Other post-employment benefits (DB):		
Retiree medical plan	86,362	-
Occupational death and disability benefits	12,442	-
Other post-employment benefits (DC) –		
Health reimbursement agreement (HRA)	274,857	-
Defined benefit unfunded liability (DBUL)	873,535	-
	<u>\$ 1,613,129</u>	<u>585,490</u>

Actual contributions were equal to the annual required contributions. The Defined Benefit Unfunded Liability (DBUL) is computed as the difference between the statutory employer contribution rate less employer contributions for the defined contribution, major medical, occupational death and disability and the health reimbursement arrangement. The DBUL calculation is allocated 68% pension and 32% OPEB.

Employer contributions for the years ended June 30, 2017, 2016 and 2015 are as follows:

	<u>Pensions</u>	<u>Other Post-Employment Benefits</u>	<u>Total</u>
2017	\$ 959,937	653,192	1,613,129
2016	758,530	639,620	1,398,150
2015	595,565	870,133	1,465,698

Teachers Retirement System (TRS) – Defined Benefit Plan (DB)

Plan Description. School District participates in the Teacher's Retirement System (TRS), a cost sharing multiple-employer defined benefit plan. Currently, there are 57 employers participating in TRS, including 53 school districts. TRS provides retirement benefits, disability and death benefits, and post-employment healthcare to plan members and beneficiaries. The system is governed by the Alaska Retirement Board. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. The benefit and contribution provisions are established by State law and may be amended only by the State legislature. The Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for TRS. This report may be obtained from the system at Pouch C, Juneau, Alaska 99811 or online at <http://doa.alaska.gov/drbr/trs>

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Pension Benefits. Employees hired prior to July 1, 1990, are entitled to annual pension benefits beginning at normal retirement age 55, or early retirement age 50. For employees hired after June 30, 1990 but before July 1, 2006, the normal and early retirement ages are 60 and 55, respectively. Employees may also retire at any age and receive a normal benefit when they accumulate the required credited service. The benefit related to all years of credited service prior to July 1, 1990 and for years of service through a total of 20 years is equal to 2% of their highest three-year average annual compensation for each year of service. The benefit for each year over 20 years of service subsequent to June 30, 1990, is equal to 2.5% of their highest three-year average annual compensation for each year of service. Employees may elect to receive their pension benefits in the form of a joint or survivor annuity. Effective January 1, 1987, a married member who retires must receive his or her benefit in the form of a joint and survivor annuity unless the member's spouse consents to another form of benefit.

Minimum benefits for employees eligible for retirement are \$25 per month for each year of credited service.

Post Retirement Pension Adjustments. Effective in fiscal year 1991, automatic post retirement pension adjustment (PRPA) was granted to all current and future retirees. The PRPA amount may not exceed the lesser of (a) the actual cost of living increase (percentage) from the date of retirement until the effective date of the PRPA; or (b) 4.00% of the base benefits for each full year that the member has been retired and a prorated percentage for each partial year. However, the PRPA percentage is offset by the percentage of all prior PRPAs that have been granted. TRS members receiving a retirement, disability or survivor benefit, who remain in Alaska, are eligible for an additional allowance equal to 10.00% of the base benefit.

Termination Costs. If the District decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular District function, all affected employees in that department, group or other classification of members become immediately vested in the plan. The District must pay to have a termination study completed. The purpose of the study is to calculate the District's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The District must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the TRS Administrator. For fiscal year 2017 the past service rate is 16.02%.

Employee Contribution Rate. The District's active TRS members are required to contribute 8.65% (5.22% pension costs and 3.43% OPEB) of their annual covered salary.

Employer and Other Contribution Rates. There are several contribution rates associated with the pension and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

Employer Effective Rate: This is the actual employer pay-in rate. Under current legislation, this rate is statutorily capped at 12.56% (7.58% pension costs and 4.98% OPEB) of eligible wages, subject to the salary floor, and other termination costs as described above. This 12.56% rate is calculated on all TRS participating wages, including those wages attributable to employees in the defined benefit plan.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. This rate is 28.02% (22.40% pension and 5.62% OPEB). Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This will result in lower ARM Board Rates in future years.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment as mandated under current statute. Under state law, subject to annual appropriation, the state will contribute on on-behalf payment into the plan in an amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. The On-behalf Contribution Rate for 2017 is 15.46% (100% Pension costs). On-behalf contribution amounts have been recognized in these financial statements as both revenue and expenditures.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes. Certain actuarial methods and assumptions for this rate calculation are mandated by the *Governmental Accounting Standards Board* (GASB). Medicare Part D subsidies are not reflected in this rate. The rate uses an 8% pension discount rate and a 4.43% healthcare discount rate. The current rate is 112.67% (47.95% pension and 64.72% OPEB).

Employer contributions for the years ended June 30, 2017, 2016 and 2015 are as follows:

		Pensions	Other Post-Employment Benefits – Health Care Costs	Total
2017	\$	469,651	308,039	777,690
2016		488,113	364,475	852,588
2015		531,083	392,793	923,876

The defined benefit unfunded liability (DBUL) presented under the defined contribution includes employer contributions of \$118,623 (pension) and \$77,903(OPEB).

For the year ended June 30, 2017 the State of Alaska contributed \$2,472,419 or 15.46% (100% pension costs) on-behalf of the District, which has been recorded in the fund financial statement under the modified-accrual basis of accounting. In the government-wide financial statements the pension expense has been adjusted as of the measurement date June 30, 2016 to a total of \$2,925,981, to represent the pension expense attributable to the State under the full accrual basis of accounting.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2017, the District reported a liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of 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	\$	20,675,894
State's proportionate share of the net pension liability		<u>24,574,392</u>
Total	\$	<u>45,250,286</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the present value of contributions for FY2018 through FY2039, as determined by projections based on the June 30, 2016 valuation. At June 30, 2017, the District's proportion was 0.9055%, which is an increase of 0.1977% from June 30, 2016.

Based on the measurement date of June 30, 2016, the District recognized pension expense of \$8,055,026 for the year ended June 30, 2017. At June 30, 2017, 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
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	266,563
Changes of assumptions	67,635	-
Net difference between projected and actual earnings on pension plan investments	3,159,359	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,697,270	-
District contribution subsequent to the measurement date	<u>588,274</u>	-
Total	<u>\$ 5,512,538</u>	<u>266,563</u>

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

\$588,274 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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 Ended June 30,	
2018	\$ 1,964,910
2019	703,354
2020	1,191,069
2021	798,368
Total	\$ <u>4,657,701</u>

For the year ended June 30, 2017, the District recognized \$2,667,243 of amortization of the deferred inflows of resources.

Actuarial Assumptions: The total pension liability in the June 30, 2016 (latest available) actuarial valuation was determined by an actuarial valuation as of June 30, 2015, which was rolled forward to June 30, 2016.

Investment return / discount rate	8% per year (geometric), compounded annually, net of expenses
Salary scale	Inflation – 3.12% per year Productivity – 0.50% per year
Payroll growth	3.62% per year (inflation + productivity)
Total inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers from Anchorage is assumed to increase 3.12% annually.
Mortality (Pre-termination)	Based upon 2010-2013 actual mortality experience. 60% of male rates and 65% of female rates of post termination mortality rates. Deaths are assumed to be occupational 70% of the time for peace officers, and firefighters, 50% of the time for others.
Mortality (Post-termination)	96% of all rates of the RP-2000 combined mortality table, 2000 base year projected to 2018.
Total turnover	Based upon the 2010-2013 actual withdrawal experience.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Disability	Incidence rates based on 2010-2013 actual experience. Post-disability mortality in accordance with the RP-2000 Disabled Retiree Mortality Table. Disabilities are assumed to be occupational 70% of the time for peace officers / firefighters, 50% of the time for others.
Retirement	Retirement rates based upon the 2010-2013 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date for others. For peace officers/firefighters, Tier 1 deferred vested members are assumed to retire at age 55 and Tiers 2 and 3 deferred vested members are assumed to retire at age 60.
Marriage and age difference	Wives are assumed to be three years younger than husbands. For others, 75% of male members and 70% of female members are assumed to be married. For peace officers/firefighters, 85% of male members and 60% female members are assumed to be married.

The long-term expected rate of return on pension plan investments was determined using the 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 adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized below:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	5.35%
Global Equity (Non-U.S.)	5.55%
Private Equity	6.25%
Fixed Income	0.80%
Real Estate	3.65%
Alternative Equity	4.70%

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Discount Rate: The discount rate used to measure the total pension liability was 8%. The projection of the cash flows used to determine the discount rate assumed that employer and non-employer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net pension was projected to be available to make all projected future benefit payments of current plan members. 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 liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the Plan calculated using the discount rate of 8%, as well as what the Plans' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	<u>1% Decrease</u> <u>(7%)</u>	<u>Current Rate</u> <u>(8%)</u>	<u>1% Increase</u> <u>(9%)</u>
Net pension liability	\$ 28,173,466	20,675,894	14,389,830

Teachers Retirement System (TRS) – Defined Contribution Plan (DC)

Plan Description and Funding Requirements. School Districts and Public Employers in the State of Alaska have a defined contribution retirement plan for new hires first enrolled on or after July 1, 2006. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8% of gross eligible compensation. State statutes require the employer to contribute 7% of employees' eligible compensation. Additionally, employers are required to contribute to other post-employment benefits (DB): 1.05% for the retiree medical plan, 0% for occupational death and disability, and 3% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The employer effective contribution rate is 12.56%. Plan members are 100% vested with their contributions..

Members become vested in employers' contributions as follows:

- 2 years of service – 25%
- 3 years of service – 50%
- 4 years of service – 75%
- 5 years of service – 100%

Plan provisions and contribution requirements and amendments are established by the Alaska Retirement Management Board (ARMB). Total contributions for the year ended June 30, 2017 are as follows:

	<u>Employer</u>	<u>Employee</u>
Defined contribution (DC):	\$ 712,723	814,541
Other post-employment benefits (DB):		
Retiree medical plan	106,955	-
Other post-employment benefits (DC)		
Health reimbursement agreement (HRA DC)	266,580	-
Defined benefit unfunded liability (DBUL)	196,526	-
	<u>\$ 1,282,784</u>	<u>814,541</u>

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Actual contributions were equal to the annual required contributions. The Defined Benefit Unfunded Liability (DBUL) is computed as the difference between statutory employer contribution rate less employer contributions for the defined contribution, major medical, occupational death and disability and the health reimbursement arrangement. The DBUL calculation is allocated 60% pension and 40% OPEB.

Employer contribution between pension and other post-employment benefits for the years ended June 30, 2017, 2016 and 2015 are as follows:

		Other Post-Employment		
		Pensions	Benefits	Total
2017	\$	831,346	451,438	1,282,784
2016		722,493	487,187	1,209,680
2015		741,178	481,696	1,222,874

VI. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables are shown as “due from other funds” and “due to other funds” in each of the individual funds. The balances at June 30, 2017 are as follows:

Receivable Fund	Payable Fund	Amount
General (School Operating) Fund	Major Maintenance Special Revenue Fund	\$ 184,992
Other Governmental Funds	General (School Operating) Fund	1,661,733
General (School Operating) Fund	Other Governmental Funds	342,142
		<u>\$ 2,188,867</u>

The outstanding balances between funds result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	Transfers In
	Nonmajor Governmental Funds
Transfers Out	
General (School Operating) Fund	\$ <u>5,087,585</u>

Transfers are used to (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.

VIII. Related Party Transactions

The Borough provides utility services to the facilities for the teachers and several schools in the District. During fiscal year 2017, approximately \$2,145,689 of utility expenditures were recorded in the operations of the General (School Operating) Fund.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

The Borough is responsible for assessing and collecting property taxes and remitting the amount approved by the Borough Assembly to the School District. Property taxes collected and remitted in fiscal year 2017 were \$36,079,963.

IX. Contingencies and Commitments

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.

The District, from time to time, may be a participant in legal proceedings related to the conduct of its business. In the opinion of management, any current legal proceedings, commitments or contingent liabilities will not materially affect the financial position of the District.

X. Encumbrances

Outstanding encumbrances are reported as assigned fund balance. Significant encumbrances at June 30 are as follows:

Educational supplies and services	\$	<u>3,186,103</u>
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XI. Subsequent Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates covering several topics as follows:

- GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Effective for fiscal years beginning after June 15, 2017.
- GASB 80 *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*. Effective for fiscal years beginning after June 15, 2016.
- GASB 81 *Irrevocable Split –Interest Agreements*. Effective for fiscal years beginning after December 15, 2016.
- GASB 83 *Certain Retirement Obligations*. Effective for fiscal years beginning after June 15, 2018.
- GASB 84 *Fiduciary Activities*. Effective for fiscal years beginning after December 15, 2018.
- GASB 85 *Omnibus 2017*. Effective for fiscal years beginning after June 15, 2017.
- GASB 86 *Certain Debt Extinguishment Issues*. Effective for fiscal years beginning after June 15, 2017.
- GASB 87 *Leases*. Effective for fiscal years beginning after December 15, 2019.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Statements, 81, 83, and 84 are not expected to have any significant impact on the financial statements of the District.

GASB Statements No. 75, the primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. In addition, this statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

GASB Statement No. 80 – This statement amends the blending requirements for the financial statements presentation of component units of all State and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation when the primary government is the sole corporate member.

GASB Statement No. 85, the objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, the primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

GASB Statement No. 87, the objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**REQUIRED SUPPLEMENTARY
INFORMATION**

North Slope Borough School District
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)

June 30, 2017

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Employee Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.2660%	\$ 12,410,612	\$ 10,669,598	\$ 23,080,210	\$ 14,068,612	88%	62.37%
2016	0.0042%	\$ 20,492,879	\$ 5,488,680	\$ 25,981,559	\$ 16,918,783	121%	63.96%
2017	0.4863%	\$ 27,181,923	\$ 3,427,838	\$ 30,609,761	\$ 16,024,193	170%	59.55%

Notes to Schedule:

1. Information presented for 2017 is based upon Plan measurement date June 30, 2016.
2. Measurement is one year prior to fiscal year end for all years presented.
3. In fiscal year 2017 the District implemented GASB 82, which required a retroactive change in covered payroll.
4. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

North Slope Borough School District
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Teachers' Retirement System (TRS)
 June 30, 2017

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Employee Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.27360%	\$ 8,207,032	\$ 55,971,081	\$ 64,178,113	\$ 9,341,413	87.86%	55.70%
2016	0.00708%	\$ 13,168,117	\$ 21,049,386	\$ 34,217,503	\$ 28,113,673	46.84%	73.82%
2017	0.90550%	\$ 20,675,894	\$ 24,574,392	\$ 45,250,286	\$ 17,307,273	119.46%	68.40%

Notes to Schedule:

1. Information presented for 2017 is based upon Plan measurement date June 30, 2016.
2. Measurement is one year prior to fiscal year end for all years presented.
3. In fiscal year 2017 the District implemented GASB 82, which required a retroactive change in covered payroll.
4. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

North Slope Borough School District
 Schedule of the District's Contributions
 Public Employees' Retirement System (PERS)

June 30, 2017

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	\$ 1,156,138	\$ (1,156,138)	\$ -	\$ 16,918,783	6.83%
2016	\$ 1,281,138	\$ (1,281,138)	\$ -	\$ 16,024,193	8.00%
2017	\$ 1,490,393	\$ (1,490,393)	\$ -	\$ 17,294,925	8.62%

Notes to schedule

1. Valuation date: June 30, 2015, which was rolled forward to June 30, 2016.
2. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

3. Actuarial cost method: Entry Age Normal - level percentage of payroll.
4. Amortization method: Level dollar, closed.
5. Amortization period: 25 years, as a level of percentage of payroll.
6. Equivalent single amortization period: 17 years.
7. Asset valuation method: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY2015, the assets value method recognizes 20% of the gain or loss each year, for a period of 5 years, all assets are valued at fair value.
8. Inflation: 3.12% per annum.
9. Salary increases: Ranges from 6.36% to 4.92% based on service for Peace Officer/Firefighter. Ranges from 8.35% to 4.34% based on age and service for All Others.
10. Investment rate of return: 8%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
11. Retirement age: An age-related assumption is used for participants not yet receiving payments.
12. Mortality: Pre-termination mortality rates were based upon the 2010-2013. Actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for Peace Officers / Firefighters, 95% of all rates of the RP - 2000 Table Base Year provided to 2018 with projected scale BB.
13. In fiscal year 2017 the District implemented GASB 82, which required a retroactive change in covered payroll.
14. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

North Slope Borough School District
 Schedule of the District's Contributions
 Teachers' Retirement System (TRS)
 June 30, 2017

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	\$ 591,144	\$ (591,144)	\$ -	\$ 28,113,673	2.10%
2016	\$ 538,092	\$ (538,092)	\$ -	\$ 17,307,273	3.11%
2017	\$ 588,274	\$ (588,274)	\$ -	\$ 17,974,119	3.27%

Notes to schedule

1. Valuation date: June 30, 2015, which was rolled forward to June 30, 2016.
2. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

3. Actuarial cost method: Entry Age Normal - level percentage of payroll.
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5. Amortization period: 25 years, as a level of percentage of payroll.
6. Equivalent single amortization period: 17 years.
7. Asset valuation method: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY2015, the assets value method recognizes 20% of the gain or loss each year, for a period of 5 years, all assets are valued at fair value.
8. Inflation: 3.12% per annum.
9. Salary increases: Ranges from 6.36% to 4.92% based on service for Peace Officer/Firefighter. Ranges from 8.35% to 4.34% based on age and service for All Others.
10. Investment rate of return: 8%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
11. Retirement age: An age-related assumption is used for participants not yet receiving payments.
12. Mortality: Pre-termination mortality rates were based upon the 2010-2013. Actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for Peace Officers / Firefighters, 95% of all rates of the RP - 2000 Table Base Year provided to 2018 with projected scale BB.
13. In fiscal year 2017 the District implemented GASB 82, which required a retroactive change in covered payroll.
14. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

ADDITIONAL SUPPLEMENTARY INFORMATION

NORTH SLOPE BOROUGH SCHOOL DISTRICT

School Operating Fund

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

Year Ended June 30, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Borough appropriation	\$ 35,375,626	36,079,963	704,337
Borough in-kind contribution	2,500,000	2,145,689	(354,311)
Local sources:			
Earnings on investments	5,000	4,686	(314)
Charges for services:			
Rental income	38,540	55,579	17,039
E-rate revenue	3,084,331	3,456,229	371,898
Other	395,000	58,126	(336,874)
Total local sources	<u>41,398,497</u>	<u>41,800,272</u>	<u>401,775</u>
Intergovernmental:			
State of Alaska:			
Foundation program	17,984,229	17,985,107	878
TRS on-behalf	2,814,160	2,472,419	(341,741)
PERS on-behalf	596,907	592,843	(4,064)
Broadband assistance	151,093	151,093	-
Quality schools	91,695	91,695	-
Total State of Alaska	<u>21,638,084</u>	<u>21,293,157</u>	<u>(344,927)</u>
Federal sources:			
Direct sources - Impact Aid	6,598,240	8,414,695	1,816,455
Total revenues	<u>69,634,821</u>	<u>71,508,124</u>	<u>1,873,303</u>
Expenditures:			
Instruction:			
Certificated salaries	11,763,469	11,220,930	542,539
Non-certificated salaries	2,371,697	1,993,191	378,506
Employee benefits	7,966,477	6,802,691	1,163,786
Professional and technical services	391,925	481,178	(89,253)
Staff travel	28,800	26,330	2,470
Student travel	30,000	30,619	(619)
Utility services	4,000	3,418	582
Other purchased services	5,900	8,276	(2,376)
Supplies, materials and media	751,541	665,588	85,953
Tuition and stipends	-	623	(623)
Other	-	8,806	(8,806)
Total instruction	<u>23,313,809</u>	<u>21,241,650</u>	<u>2,072,159</u>
Special education instruction:			
Certificated salaries	1,289,583	1,300,445	(10,862)
Non-certificated salaries	675,607	584,691	90,916
Employee benefits	1,133,944	1,283,846	(149,902)
Staff travel	20,300	15,774	4,526
Student travel	-	3,194	(3,194)
Supplies, materials and media	39,000	31,108	7,892
Total special education instruction	<u>3,158,434</u>	<u>3,219,058</u>	<u>(60,624)</u>
Special education support services - students:			
Certificated salaries	112,234	110,073	2,161
Non-certificated salaries	62,038	62,973	(935)
Employee benefits	116,860	96,853	20,007
Professional and technical services	364,100	346,491	17,609
Staff travel	11,800	13,998	(2,198)
Utility services	1,000	2,982	(1,982)
Other purchased services	2,000	6,118	(4,118)
Supplies, materials and media	64,500	52,038	12,462
Other	-	949	(949)
Total special education support services - students	<u>734,532</u>	<u>692,475</u>	<u>42,057</u>

(continued)

NORTH SLOPE BOROUGH SCHOOL DISTRICT

School Operating Fund

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

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Expenditures, continued:			
Support services - students:			
Certificated salaries	959,507	740,843	218,664
Non-certificated salaries	977,808	885,465	92,343
Employee benefits	1,168,359	990,298	178,061
Professional and technical services	2,000	-	2,000
Staff travel	28,900	9,910	18,990
Utility services	500	-	500
Supplies, materials and media	7,850	6,085	1,765
Other	-	1,494	(1,494)
Total support services - students	<u>3,144,924</u>	<u>2,634,095</u>	<u>510,829</u>
Support services - instruction:			
Certificated salaries	1,048,271	648,553	399,718
Non-certificated salaries	897,856	914,069	(16,213)
Employee benefits	1,197,844	1,006,726	191,118
Professional and technical services	360,703	226,587	134,116
Staff travel	349,020	148,667	200,353
Utility services	4,363,781	4,364,840	(1,059)
Other purchased services	349,720	367,227	(17,507)
Supplies, materials and media	1,262,066	1,006,110	255,956
Other	5,000	47,711	(42,711)
Equipment	35,000	-	35,000
Total support services - instruction	<u>9,869,261</u>	<u>8,730,490</u>	<u>1,138,771</u>
School administration:			
Certificated salaries	1,764,058	1,775,295	(11,237)
Employee benefits	1,026,050	748,253	277,797
Professional and technical services	3,000	552	2,448
Staff travel	132,230	38,386	93,844
Utility services	144,542	104,771	39,771
Other purchased services	85,102	132,152	(47,050)
Supplies, materials and media	47,391	38,849	8,542
Other	12,456	6,714	5,742
Total school administration	<u>3,214,829</u>	<u>2,844,972</u>	<u>369,857</u>
School administration support services:			
Non-certificated salaries	795,666	776,763	18,903
Employee benefits	491,560	588,125	(96,565)
Total school administration support services	<u>1,287,226</u>	<u>1,364,888</u>	<u>(77,662)</u>
District administration:			
Certificated salaries	240,055	317,382	(77,327)
Non-certificated salaries	369,743	340,668	29,075
Employee benefits	350,004	378,092	(28,088)
Professional and technical services	234,011	283,861	(49,850)
Staff travel	248,500	221,914	26,586
Student travel	-	2,030	(2,030)
Utility services	14,000	5,437	8,563
Other purchased services	5,500	16,168	(10,668)
Supplies, materials and media	37,500	61,980	(24,480)
Other	78,450	36,611	41,839
Total district administration	<u>1,577,763</u>	<u>1,664,143</u>	<u>(86,380)</u>

(continued)

NORTH SLOPE BOROUGH SCHOOL DISTRICT

School Operating Fund

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

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Expenditures, continued:			
District administration support services:			
Certificated salaries	97,592	78,672	18,920
Non-certificated salaries	1,820,843	1,567,992	252,851
Employee benefits	1,149,494	955,127	194,367
Professional and technical services	258,000	503,683	(245,683)
Staff travel	221,921	258,432	(36,511)
Utility services	49,000	29,316	19,684
Other purchased services	40,000	104,781	(64,781)
Insurance and bond premiums	299,000	-	299,000
Supplies, materials and media	81,800	72,041	9,759
Other	46,000	31,882	14,118
Indirect cost recovery	(151,233)	(116,597)	(34,636)
Total district administration support services	<u>3,912,417</u>	<u>3,485,329</u>	<u>427,088</u>
Operations and maintenance of plant:			
Non-certificated salaries	4,521,345	4,878,094	(356,749)
Employee benefits	2,737,280	3,015,643	(278,363)
Professional and technical services	336,500	354,933	(18,433)
Staff travel	86,700	119,043	(32,343)
Utility services	549,400	419,859	129,541
Energy	3,355,000	2,443,728	911,272
Other purchased services	41,900	14,483	27,417
Insurance and bond premiums	1,066,573	1,636,572	(569,999)
Supplies, materials and media	682,800	1,193,566	(510,766)
Equipment	7,500	54,253	(46,753)
Total operations and maintenance of plant	<u>13,384,998</u>	<u>14,130,174</u>	<u>(745,176)</u>
Student activities:			
Certificated salaries	374,685	196,391	178,294
Non-certificated salaries	172,383	220,035	(47,652)
Employee benefits	383,533	124,519	259,014
Professional and technical services	17,400	56,826	(39,426)
Staff travel	6,900	12,305	(5,405)
Student travel	1,208,700	1,438,287	(229,587)
Utility services	2,000	799	1,201
Insurance and bond premiums	2,500	-	2,500
Supplies, materials and media	17,750	23,377	(5,627)
Other	3,630	9,778	(6,148)
Total student activities	<u>2,189,481</u>	<u>2,082,317</u>	<u>107,164</u>
Community services:			
Certificated salaries	-	7,009	(7,009)
Non-certificated salaries	1,773	3,392	(1,619)
Total community services	<u>1,773</u>	<u>10,401</u>	<u>(8,628)</u>
Total expenditures	<u>65,789,447</u>	<u>62,099,992</u>	<u>3,689,455</u>

(continued)

NORTH SLOPE BOROUGH SCHOOL DISTRICT

School Operating Fund

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

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Excess (deficiency) of revenues over expenditures	<u>3,845,374</u>	<u>9,408,132</u>	<u>5,562,758</u>
Other financing (uses):			
Transfers out:			
Special Revenue Funds:			
Community Education	(300,000)	(300,000)	-
Healthy Communities	-	(500,000)	(500,000)
Food Service	(2,199,679)	(2,639,781)	(440,102)
Teacher Housing	(1,347,461)	(1,647,804)	(300,343)
Net other financing (uses)	<u>(3,847,140)</u>	<u>(5,087,585)</u>	<u>(1,240,445)</u>
Net change in fund balance	\$ <u>(1,766)</u>	4,320,547	<u>4,322,313</u>
Fund balance, beginning of year		<u>10,064,408</u>	
Fund balance, end of year		\$ <u><u>14,384,955</u></u>	

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Major Maintenance Special Revenue Fund

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

Year Ended June 30, 2017

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	Variance with Final Budget- Positive <u>(Negative)</u>
Revenues:			
Intergovernmental - Borough appropriations	\$ 1,213,400	789,826	(423,574)
Expenditures:			
Instruction -			
Equipment	62,938	2,038	60,900
Support services - instruction:			
Equipment	50,000	37,483	12,517
Supplies, materials and media	46,352	-	46,352
Total support services - instruction	96,352	37,483	58,869
Operations and maintenance of plant:			
Professional and technical services	112,000	101,359	10,641
Supplies, materials and media	340,292	164,107	176,185
Equipment	58,346	74,628	(16,282)
Total operations and maintenance of plant	510,638	340,094	170,544
Student transportation -			
Equipment	543,472	410,211	133,261
Total expenditures	1,213,400	789,826	423,574
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning		-	
Fund balance, ending		\$ -	

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Nonmajor Governmental Funds

Combining Balance Sheet

Year Ended June 30, 2017

	Special Revenue Funds								
	Student Transportation	Community Education	Moore Target Resource NUI	Moore 2-Yr Kindergarten	Obesity Prevention and Control	Curriculum and Alignment Mapping	Suicide Awareness and Prevention	Food Service	Title III-A English Language Acquisition
<u>Assets</u>									
Grants receivable	\$ -	-	4,793	-	21,250	113,932	8,978	68,872	12,981
Inventory	-	-	-	-	-	-	-	319,492	-
Prepaid items	-	-	-	-	-	-	-	-	-
Due from other funds	937,476	58,380	-	214,440	-	-	-	-	-
Total assets	\$ 937,476	58,380	4,793	214,440	21,250	113,932	8,978	388,364	12,981
<u>Liabilities and Fund Balances</u>									
Liabilities:									
Accounts payable	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	214,440	-	500	-	3,820	-
Due to other funds	-	-	4,793	-	21,250	113,432	8,978	-	12,981
Total liabilities	-	-	4,793	214,440	21,250	113,932	8,978	3,820	12,981
Fund balances:									
Nonspendable:									
Inventory	-	-	-	-	-	-	-	319,492	-
Prepaid items	-	-	-	-	-	-	-	-	-
Committed:									
Pupil transportation	937,476	-	-	-	-	-	-	-	-
Assigned:									
Community education	-	58,380	-	-	-	-	-	-	-
Kiita childcare	-	-	-	-	-	-	-	-	-
Food service	-	-	-	-	-	-	-	65,052	-
Total fund balances	937,476	58,380	-	-	-	-	-	384,544	-
Total liabilities and fund balances	\$ 937,476	58,380	4,793	214,440	21,250	113,932	8,978	388,364	12,981

(continued)

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Nonmajor Governmental Funds

Combining Balance Sheet, Continued

	Special Revenue Funds						
	Title I-A Basic	Title II-A Teacher and Principal Training and Recruitment	Alternative School Kiita	Carl Perkins Vocational Education	Kiita Childcare	Johnson O'Malley	Autaaqtuq Program
<u>Assets</u>							
Grants receivable	\$ 90,774	17,093	10,000	35,263	-	-	-
Inventory	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	13,602	13,201	13,572
Total assets	\$ 90,774	17,093	10,000	35,263	13,602	13,201	13,572
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	13,201	13,572
Due to other funds	90,774	17,093	10,000	35,263	-	-	-
Total liabilities	90,774	17,093	10,000	35,263	-	13,201	13,572
Fund balances:							
Nonspendable:							
Inventory	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Committed:							
Pupil transportation	-	-	-	-	-	-	-
Assigned:							
Community education	-	-	-	-	-	-	-
Kiita childcare	-	-	-	-	13,602	-	-
Food Service	-	-	-	-	-	-	-
Total fund balances	-	-	-	-	13,602	-	-
Total liabilities and fund balances	\$ 90,774	17,093	10,000	35,263	13,602	13,201	13,572

(continued)

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Nonmajor Governmental Funds

Combining Balance Sheet, Continued

	Special Revenue Funds						Total
	ASRC Contribution	Residential Learning Center	Margaret A. Cargill Foundation	Exxon/Mobil Kaktovik General Operations Support	Alaska Community Foundation	Teacher Housing	
<u>Assets</u>							
Grants receivable	\$ -	27,578	-	-	-	-	411,514
Inventory	-	-	-	-	-	-	319,492
Prepaid items	-	-	-	-	-	13,000	13,000
Due from other funds	154,112	-	189,636	62,314	5,000	-	1,661,733
Total assets	\$ 154,112	27,578	189,636	62,314	5,000	13,000	2,405,739
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	-	-	-	-	-	-	-
Unearned revenue	154,112	-	189,636	62,314	5,000	-	656,595
Due to other funds	-	27,578	-	-	-	-	342,142
Total liabilities	154,112	27,578	189,636	62,314	5,000	-	998,737
Fund balances:							
Nonspendable:							
Inventory	-	-	-	-	-	-	319,492
Prepaid items	-	-	-	-	-	13,000	13,000
Committed:							
Pupil transportation	-	-	-	-	-	-	937,476
Assigned:							
Community education	-	-	-	-	-	-	58,380
Kiita childcare	-	-	-	-	-	-	13,602
Food Service	-	-	-	-	-	-	65,052
Total fund balances	-	-	-	-	-	13,000	1,407,002
Total liabilities and fund balances	\$ 154,112	27,578	189,636	62,314	5,000	13,000	2,405,739

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2017

	Special Revenue Funds									
	Student Transportation	Community Education	Healthy Communities	Moore Target Resource ATQ	Moore Target Resource NUI	Moore 2-Yr Kindergarten	Obesity Prevention and Control	Nutritional Alaskan Foods	Curriculum and Alignment Mapping	Suicide Awareness and Prevention
Revenues:										
Local sources:										
Intergovernmental - Borough appropriation	\$ -	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Intergovernmental:										
State of Alaska	2,144,737	-	-	21,296	42,817	389,591	85,000	19,654	140,532	33,300
Federal sources	-	-	-	-	-	-	-	-	-	-
Total revenues	\$ 2,144,737	-	-	21,296	42,817	389,591	85,000	19,654	140,532	33,300
Expenditures:										
Current:										
Instruction	-	-	-	-	10,729	236,840	-	-	-	-
Special education support services - students	-	-	-	-	-	-	-	-	-	-
Support services - students	-	-	-	21,296	32,088	28,961	80,242	-	-	31,436
Support services - instruction	-	-	-	-	-	12,824	-	-	132,665	-
School administration	-	-	-	-	-	36,282	-	-	-	-
School administration - support services	-	-	-	-	-	14,279	-	-	-	-
District administration support services	-	-	-	-	-	-	4,758	-	7,867	1,864
Operations and maintenance of plant	-	-	-	-	-	60,405	-	-	-	-
Student activities	-	-	500,000	-	-	-	-	-	-	-
Student transportation	1,969,606	-	-	-	-	-	-	-	-	-
Community services	-	438,730	-	-	-	-	-	-	-	-
Food service	-	-	-	-	-	-	-	19,654	-	-
Total expenditures	1,969,606	438,730	500,000	21,296	42,817	389,591	85,000	19,654	140,532	33,300
Excess (deficiency) of revenues over expenditures	175,131	(438,730)	(500,000)	-	-	-	-	-	-	-
Other financing sources:										
Transfers in	-	300,000	500,000	-	-	-	-	-	-	-
Net change in fund balance	175,131	(138,730)	-	-	-	-	-	-	-	-
Fund balance, beginning of year	762,345	197,110	-	-	-	-	-	-	-	-
Fund balance, end of year	\$ 937,476	58,380	-	-	-	-	-	-	-	-

(continued)

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued

	Special Revenue Funds								
	Youth Risk Behavior Surveys	Food Service	Title III-A English Language Acquisition	Title I-A Basic	Title I-A Homeless Education	Title II-A Teacher and Principal Training and Recruitment	Special Education Title VI-B	School Emergency Management	Alternative School Kiita
Revenues:									
Local sources:									
Intergovernmental - Borough appropriation	\$ -	-	-	-	-	-	-	-	-
Charges for services	-	49,801	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Intergovernmental:									
State of Alaska	8,529	-	-	-	-	-	-	-	32,240
Federal sources	-	1,147,457	30,460	407,703	962	115,919	435,232	9,800	-
Total revenues	\$ 8,529	1,197,258	30,460	407,703	962	115,919	435,232	9,800	32,240
Expenditures:									
Current:									
Instruction	3,592	-	-	322,182	-	-	-	-	22,367
Special education support services - students	-	-	-	-	-	-	410,868	-	-
Support services - students	4,460	-	-	-	908	-	-	-	7,250
Support services - instruction	-	-	29,863	62,698	-	109,430	-	-	818
School administration	-	-	-	-	-	-	-	-	-
School administration - support services	-	-	-	-	-	-	-	-	-
District administration support services	477	-	597	22,823	54	6,489	24,364	549	1,805
Operations and maintenance of plant	-	-	-	-	-	-	-	9,251	-
Student activities	-	-	-	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-
Food service	-	3,485,269	-	-	-	-	-	-	-
Total expenditures	8,529	3,485,269	30,460	407,703	962	115,919	435,232	9,800	32,240
Excess (deficiency) of revenues over expenditures	-	(2,288,011)	-	-	-	-	-	-	-
Other financing sources:									
Transfers in	-	2,639,781	-	-	-	-	-	-	-
Net change in fund balance	-	351,770	-	-	-	-	-	-	-
Fund balance, beginning of year	-	32,774	-	-	-	-	-	-	-
Fund balance, end of year	\$ -	384,544	-	-	-	-	-	-	-

(continued)

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued

	Carl Perkins Vocational Education	Kiita Childcare	Special Education Section 619 Preschool Disabled	Johnson O'Malley	Indian Education	ASRC Contribution
Revenues:						
Local sources:						
Intergovernmental - Borough appropriation	\$ -	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	-	47,094
Intergovernmental:						
State of Alaska	-	-	-	-	-	-
Federal sources	44,269	-	10,561	78,464	494,276	-
Total revenues	\$ 44,269	-	10,561	78,464	494,276	47,094
Expenditures:						
Current:						
Instruction	42,161	-	-	-	265,084	20,197
Special education support services - students	-	-	9,970	-	-	-
Support services - students	-	-	-	-	45,998	3,313
Support services - instruction	-	-	-	-	155,524	-
School administration	-	-	-	-	-	-
School administration - support services	-	-	-	-	-	-
District administration support services	2,108	-	591	4,392	27,670	-
Operations and maintenance of plant	-	-	-	-	-	-
Student activities	-	-	-	74,072	-	23,584
Student transportation	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Food service	-	-	-	-	-	-
Total expenditures	44,269	-	10,561	78,464	494,276	47,094
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-
Other financing sources:						
Transfers in	-	-	-	-	-	-
Net change in fund balance	-	-	-	-	-	-
Fund balance, beginning of year	-	13,602	-	-	-	-
Fund balance, end of year	\$ -	13,602	-	-	-	-

(continued)

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued

	Special Revenue Funds						Total
	Residential Learning Center	Margaret A. Cargill Foundation	Exxon/Mobil Kaktovik General Operations Support	Chevron Kaktovik Wellness	Chevron Nunamiut Projects	Teacher Housing	
Revenues:							
Local sources:							
Intergovernmental - Borough appropriation	\$ 171,666	-	-	-	-	-	171,666
Charges for services	-	-	-	-	-	1,691,913	1,741,714
Other	-	99,042	9,019	1,746	10,519	-	167,420
Intergovernmental:							
State of Alaska	-	-	-	-	-	-	2,917,696
Federal sources	-	-	-	-	-	-	2,775,103
Total revenues	<u>\$ 171,666</u>	<u>99,042</u>	<u>9,019</u>	<u>1,746</u>	<u>10,519</u>	<u>1,691,913</u>	<u>7,773,599</u>
Expenditures:							
Current:							
Instruction	-	-	9,019	-	-	-	932,171
Special education support services - students	-	-	-	-	-	-	420,838
Support services - students	-	-	-	-	-	-	255,952
Support services - instruction	171,666	88,853	-	-	-	-	764,341
School administration	-	-	-	-	-	-	36,282
School administration - support services	-	-	-	-	-	-	14,279
District administration support services	-	10,189	-	-	-	-	116,597
Operations and maintenance of plant	-	-	-	-	-	3,326,717	3,396,373
Student activities	-	-	-	1,746	10,519	-	609,921
Student transportation	-	-	-	-	-	-	1,969,606
Community services	-	-	-	-	-	-	438,730
Food service	-	-	-	-	-	-	3,504,923
Total expenditures	<u>171,666</u>	<u>99,042</u>	<u>9,019</u>	<u>1,746</u>	<u>10,519</u>	<u>3,326,717</u>	<u>12,460,013</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	(1,634,804)	(4,686,414)
Other financing sources:							
Transfers in	-	-	-	-	-	1,647,804	5,087,585
Net change in fund balance	-	-	-	-	-	13,000	401,171
Fund balance, beginning of year	-	-	-	-	-	-	1,005,831
Fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,000</u>	<u>1,407,002</u>

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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - State of Alaska	\$ 2,135,154	2,144,737	9,583
Expenditures:			
Student transportation:			
Non-certificated salaries	1,140,596	1,047,930	92,666
Employee benefits	662,354	604,711	57,643
Professional and technical services	2,500	70,291	(67,791)
Staff travel	20,100	33,859	(13,759)
Utility services	20,500	52,820	(32,320)
Other purchased services	23,300	4,809	18,491
Supplies, materials and media	132,000	153,336	(21,336)
Other	-	1,850	(1,850)
Total expenditures	<u>2,001,350</u>	<u>1,969,606</u>	<u>31,744</u>
Excess of revenues over expenditures	\$ <u>133,804</u>	175,131	<u>41,327</u>
Fund balance, beginning of year		<u>762,345</u>	
Fund balance, end of year		<u>\$ 937,476</u>	

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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues	\$ -	-	-
Expenditures:			
Community services:			
Non-certificated salaries	284,264	341,620	(57,356)
Employee benefits	71,151	70,455	696
Professional and technical services	15,263	2,774	12,489
Staff travel	2,979	-	2,979
Supplies, materials and media	20,915	23,881	(2,966)
Total expenditures	<u>394,572</u>	<u>438,730</u>	<u>(44,158)</u>
Excess (deficiency) of revenues over expenditures	(394,572)	(438,730)	(44,158)
Other financing sources:			
Transfers in - School Operating Fund	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net change in fund balance	\$ <u>(94,572)</u>	(138,730)	<u>(44,158)</u>
Fund balance, beginning of year		<u>197,110</u>	
Fund balance, end of year		\$ <u><u>58,380</u></u>	

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Healthy Communities Special Revenue Fund

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

Year Ended June 30, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues	\$ -	-	-
Expenditures:			
Student activities:			
Certificated salaries	5,900	5,904	(4)
Non-certificated salaries	24,645	24,755	(110)
Employee benefits	3,660	3,646	14
Professional and technical services	11,245	11,189	56
Student travel	454,250	454,212	38
Supplies, materials and media	300	294	6
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(500,000)	(500,000)	-
Other financing sources:			
Transfers in - School Operating Fund	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Moore Target Resource ATQ Special Revenue Fund

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

Year Ended June 30, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - State of Alaska	\$ 21,296	21,296	-
Expenditures:			
Support services - students:			
Certificated salaries	9,560	10,516	(956)
Employee benefits	3,800	4,180	(380)
Professional and technical services	5,936	6,378	(442)
Supplies, materials and media	2,000	222	1,778
Total expenditures	21,296	21,296	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Moore Target Resource NUI Special Revenue Fund

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

Year Ended June 30, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - State of Alaska	\$ 42,817	42,817	-
Expenditures:			
Instruction			
Certificated salaries	-	9,582	(9,582)
Employee benefits	-	1,147	(1,147)
Total instruction	-	10,729	(10,729)
Support services - students:			
Certificated salaries	21,000	10,500	10,500
Employee benefits	2,514	1,257	1,257
Professional and technical services	17,303	16,055	1,248
Supplies, materials and media	2,000	4,276	(2,276)
Total support service - students	42,817	32,088	10,729
Total expenditures	42,817	42,817	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Moore 2-Yr Kindergarten Special Revenue Fund

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

Year Ended June 30, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - State of Alaska	\$ 604,031	389,591	(214,440)
Expenditures:			
Instruction:			
Certificated salaries	139,000	118,840	20,160
Employee benefits	64,050	48,545	15,505
Staff travel	2,200	2,145	55
Supplies, materials and media	193,500	67,310	126,190
Total instruction	<u>398,750</u>	<u>236,840</u>	<u>161,910</u>
Support services - students:			
Certificated salaries	13,000	10,512	2,488
Non-certificated salaries	11,500	8,180	3,320
Employee benefits	18,850	10,269	8,581
Total support services - students	<u>43,350</u>	<u>28,961</u>	<u>14,389</u>
Support services - instruction:			
Certificated salaries	9,231	8,826	405
Employee benefits	4,600	3,998	602
Total support services - instruction	<u>13,831</u>	<u>12,824</u>	<u>1,007</u>
School administration:			
Certificated salaries	32,000	28,061	3,939
Employee benefits	12,550	8,221	4,329
Total school administration	<u>44,550</u>	<u>36,282</u>	<u>8,268</u>
School administration -support services:			
Non-certificated salaries	10,500	7,789	2,711
Employee benefits	10,950	6,490	4,460
Total school administration - support services	<u>21,450</u>	<u>14,279</u>	<u>7,171</u>
Operations and maintenance of plant			
Non-certificated salaries	41,000	35,048	5,952
Employee benefits	41,100	25,357	15,743
Total operations and maintenance of plant	<u>82,100</u>	<u>60,405</u>	<u>21,695</u>
Total expenditures	<u>604,031</u>	<u>389,591</u>	<u>214,440</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Obesity Prevention and Control Special Revenue Fund

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

Year Ended June 30, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - State of Alaska	\$ 85,000	85,000	-
Expenditures:			
Support services - students:			
Certificated salaries	13,188	13,611	(423)
Non-certificated salaries	36,068	36,438	(370)
Employee benefits	26,678	28,208	(1,530)
Staff travel	4,308	1,985	2,323
Total support services - students	<u>80,242</u>	<u>80,242</u>	<u>-</u>
District administration support services - Indirect costs	4,758	4,758	-
Total expenditures	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Nutritional Alaskan Foods Special Revenue Fund

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

Year Ended June 30, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - State of Alaska	\$ 19,654	19,654	-
Expenditures:			
Food services - Supplies, materials and media	19,654	19,654	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Curriculum and Alignment Mapping Special Revenue Fund

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

Year Ended June 30, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - State of Alaska	\$ 319,437	140,532	(178,905)
Expenditures:			
Support services - instruction:			
Certificated salaries	84,478	89,618	(5,140)
Employee benefits	15,449	16,600	(1,151)
Professional and technical services	77,978	24,287	53,691
Staff travel	65,154	380	64,774
Supplies, materials and media	55,283	1,780	53,503
Total support services - instruction	<u>298,342</u>	<u>132,665</u>	<u>165,677</u>
District administration support services - Indirect costs	<u>21,095</u>	<u>7,867</u>	<u>13,228</u>
Total expenditures	<u>319,437</u>	<u>140,532</u>	<u>178,905</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - State of Alaska	\$ 33,300	33,300	-
Expenditures:			
Support services - students:			
Professional and technical services	9,025	9,016	9
Staff travel	7,800	7,777	23
Supplies, materials and media	14,611	14,643	(32)
Total support services - students	<u>31,436</u>	<u>31,436</u>	-
District administration support services - Indirect costs	<u>1,864</u>	<u>1,864</u>	-
Total expenditures	<u>33,300</u>	<u>33,300</u>	-
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Youth Risk Behavior Survey Special Revenue Fund

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

Year Ended June 30, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental- State of Alaska	\$ 8,529	8,529	-
Expenditures:			
Instruction- Supplies, materials and media	3,592	3,592	-
Support services - students- Supplies, materials and media	4,460	4,460	-
District administration support services - Indirect costs	477	477	-
Total expenditures	8,529	8,529	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Charges for services	\$ 60,000	49,801	(10,199)
Intergovernmental:			
Federal sources passed through the State of Alaska			
Type A reimbursement	700,000	884,466	184,466
USDA commodities	50,000	114,477	64,477
Fresh fruit and vegetable program	25,000	32,450	7,450
Federal sources passed through North Slope Borough	90,000	116,064	26,064
Total revenues	<u>925,000</u>	<u>1,197,258</u>	<u>272,258</u>
Expenditures:			
Food services:			
Non-certificated salaries	1,236,769	1,187,721	49,048
Employee benefits	720,646	796,712	(76,066)
Staff travel	4,990	17,459	(12,469)
Utility services	-	2,277	(2,277)
Other purchased services	5,000	-	5,000
Supplies, materials and media	1,291,078	1,480,979	(189,901)
Other	-	121	(121)
Total expenditures	<u>3,258,483</u>	<u>3,485,269</u>	<u>(226,786)</u>
Excess (deficiency) of revenues over expenditures	(2,333,483)	(2,288,011)	(45,472)
Other financing sources -			
Transfers in - School Operating Fund	<u>2,333,483</u>	<u>2,639,781</u>	<u>306,298</u>
Net change in fund balance	\$ <u>-</u>	351,770	351,770
Fund balance, beginning of year		<u>32,774</u>	
Fund balance, end of year		<u>\$ 384,544</u>	

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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - federal sources - passed through the State of Alaska	\$ 54,159	30,460	(23,699)
Expenditures:			
Support services - instruction:			
Certificated salaries	29,253	15,732	13,521
Employee benefits	7,594	5,635	1,959
Staff travel	11,250	6,600	4,650
Supplies, materials and media	5,000	1,896	3,104
Total support services - instruction	<u>53,097</u>	<u>29,863</u>	<u>23,234</u>
District administration support services - Indirect costs	<u>1,062</u>	<u>597</u>	<u>465</u>
Total expenditures	<u>54,159</u>	<u>30,460</u>	<u>23,699</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	-	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - federal sources - passed through the State of Alaska	\$ 458,671	407,703	(50,968)
Expenditures:			
Instruction:			
Certificated salaries	238,000	212,287	25,713
Employee benefits	102,203	107,923	(5,720)
Supplies, materials and media	5,000	1,972	3,028
Total instruction	<u>345,203</u>	<u>322,182</u>	<u>23,021</u>
Support services - instruction:			
Certificated salaries	26,000	23,791	2,209
Non-certificated salaries	29,000	17,900	11,100
Employee benefits	22,797	15,960	6,837
Staff travel	9,494	5,047	4,447
Other	500	-	500
Total support services - instruction	<u>87,791</u>	<u>62,698</u>	<u>25,093</u>
District administration support services - Indirect costs			
	<u>25,677</u>	<u>22,823</u>	<u>2,854</u>
Total expenditures	<u>458,671</u>	<u>407,703</u>	<u>50,968</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Title I-A Homeless Education Special Revenue Fund

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

Year Ended June 30, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - federal sources - passed through the State of Alaska	\$ 3,416	962	(2,454)
Expenditures:			
Support services - students:			
Non-certificated salaries	2,000	-	2,000
Employee benefits	225	-	225
Supplies, materials and media	1,000	908	92
Total support services - students	<u>3,225</u>	<u>908</u>	<u>2,317</u>
District administration support services - Indirect costs	191	54	137
Total expenditures	<u>3,416</u>	<u>962</u>	<u>2,454</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - federal sources - passed through the State of Alaska	\$ 155,234	115,919	(39,315)
Expenditures:			
Support services - instruction:			
Certificated salaries	19,500	20,416	(916)
Employee benefits	9,700	9,106	594
Professional and technical services	15,000	-	15,000
Staff travel	95,844	73,658	22,186
Supplies, materials and media	500	-	500
Other	6,000	6,250	(250)
Total support services - instruction	<u>146,544</u>	<u>109,430</u>	<u>37,114</u>
District administration support services - Indirect costs	<u>8,690</u>	<u>6,489</u>	<u>2,201</u>
Total expenditures	<u>155,234</u>	<u>115,919</u>	<u>39,315</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - federal sources - passed through the State of Alaska	\$ 483,595	435,232	(48,363)
Expenditures:			
Special education support services - students:			
Certificated salaries	64,600	67,830	(3,230)
Non-certificated salaries	71,900	65,122	6,778
Employee benefits	82,656	87,715	(5,059)
Professional and technical services	237,367	190,201	47,166
Total special education support services	456,523	410,868	45,655
District administration support services - Indirect costs	27,072	24,364	2,708
Total expenditures	483,595	435,232	48,363
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

NORTH SLOPE BOROUGH SCHOOL DISTRICT
 School Emergency Management Special Revenue Fund

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

Year Ended June 30, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - federal sources - passed through State of Alaska	\$ 9,800	9,800	-
Expenditures:			
Operations and maintenance of plant- Professional and technical services	9,251	9,251	-
District administration support services - Indirect costs	549	549	-
Total expenditures	9,800	9,800	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - State of Alaska	\$ 32,240	32,240	-
Expenditures:			
Instruction:			
Supplies, materials and media	22,367	22,367	-
Support services - student:			
Certificated salaries	5,000	5,000	-
Employee benefits	2,250	2,250	-
Total support services - students	7,250	7,250	-
Support services - instruction:			
Staff travel	818	818	-
District administration support services - Indirect costs	1,805	1,805	-
Total expenditures	32,240	32,240	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - federal sources - passed through the State of Alaska	\$ 44,269	44,269	-
Expenditures:			
Instruction:			
Certificated salaries	7,092	7,092	-
Non-certificated salaries	591	591	-
Employee benefits	1,880	1,880	-
Staff travel	330	330	-
Supplies, materials and media	32,268	32,268	-
Total instruction	<u>42,161</u>	<u>42,161</u>	<u>-</u>
District administration support services - Indirect costs	<u>2,108</u>	<u>2,108</u>	<u>-</u>
Total expenditures	<u>44,269</u>	<u>44,269</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Special Educational Section 619 Preschool Disabled Special Revenue Fund

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

Year Ended June 30, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - federal sources - passed through the State of Alaska	\$ 10,561	10,561	-
Expenditures:			
Special education support services - students - Professional and technical services	9,970	9,970	-
District administration support services - Indirect costs	591	591	-
Total expenditures	10,561	10,561	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - direct federal sources	\$ 83,081	78,464	(4,617)
Expenditures:			
Student activities:			
Certificated salaries	7,100	3,546	3,554
Non-certificated salaries	7,100	6,110	990
Employee benefits	7,200	2,151	5,049
Student travel	50,730	62,265	(11,535)
Supplies, materials and media	6,300	-	6,300
Total student activities	<u>78,430</u>	<u>74,072</u>	<u>4,358</u>
District administration support services - Indirect costs	4,651	4,392	259
Total expenditures	<u>83,081</u>	<u>78,464</u>	<u>4,617</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - direct federal sources	\$ 494,276	494,276	-
Expenditures:			
Instruction:			
Certificated salaries	117,708	100,921	16,787
Non-certificated salaries	2,000	1,766	234
Employee benefits	13,413	11,083	2,330
Professional and technical services	33,600	21,291	12,309
Staff travel	5,000	6,141	(1,141)
Student travel	37,000	51,544	(14,544)
Other purchased services	30,000	30,000	-
Supplies, materials and media	22,239	42,338	(20,099)
Total instruction	<u>260,960</u>	<u>265,084</u>	<u>(4,124)</u>
Support services - students:			
Professional and technical services	38,381	45,998	(7,617)
Total support services - students	<u>38,381</u>	<u>45,998</u>	<u>(7,617)</u>
Support services - instruction:			
Certificated salaries	89,921	83,906	6,015
Non-certificated salaries	7,471	6,596	875
Employee benefits	37,114	35,222	1,892
Staff travel	9,581	7,409	2,172
Supplies, materials and media	23,178	22,391	787
Total support services - instruction	<u>167,265</u>	<u>155,524</u>	<u>11,741</u>
District administration support services - Indirect costs	<u>27,670</u>	<u>27,670</u>	<u>-</u>
Total expenditures	<u>494,276</u>	<u>494,276</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources - other	\$ 183,106	47,094	(136,012)
Expenditures:			
Instruction:			
Non-certificated salaries	35,070	-	35,070
Professional and technical services	740	-	740
Other purchased services	2,032	2,025	7
Supplies, materials and media	64,692	18,172	46,520
Total instruction	<u>102,534</u>	<u>20,197</u>	<u>82,337</u>
Support services - students -			
Supplies, materials and media	6,819	3,313	3,506
Student activities:			
Certificated salaries	1,631	-	1,631
Non-certificated salaries	724	-	724
Student travel	8,994	3,419	5,575
Supplies, materials and media	37,175	20,165	17,010
Total student activities	<u>48,524</u>	<u>23,584</u>	<u>24,940</u>
Community services -			
Supplies, materials and media	17,160	-	17,160
Food services -			
Supplies, materials and media	5,569	-	5,569
Total expenditures	<u>180,606</u>	<u>47,094</u>	<u>133,512</u>
Excess of revenues over expenditures	\$ <u>2,500</u>	-	<u>(2,500)</u>
Fund balance, beginning of year		-	
Fund balance, end of year		<u>\$ -</u>	

NORTH SLOPE BOROUGH SCHOOL DISTRICT
 Residential Learning Center Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual

Year Ended June 30, 2017

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
Intergovernmental -			
Borough appropriation	\$ 182,472	171,666	(10,806)
Expenditures:			
Support services - instruction:			
Certificated salaries	116,714	116,714	-
Employee benefits	44,286	44,562	(276)
Professional and technical services	3,250	-	3,250
Staff travel	15,222	10,390	4,832
Supplies, materials and media	3,000	-	3,000
Total expenditures	<u>182,472</u>	<u>171,666</u>	<u>10,806</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	-	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Margaret A. Cargill Foundation Special Revenue Fund

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

Year Ended June 30, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local source - other	\$ 538,677	99,042	(439,635)
Expenditures:			
Support services - instruction:			
Certificated salaries	59,700	11,023	48,677
Non-certificated salaries	17,500	1,000	16,500
Employee benefits	39,779	2,326	37,453
Professional and technical services	218,788	44,008	174,780
Staff travel	89,085	11,111	77,974
Other purchased services	18,400	900	17,500
Supplies, materials and media	27,528	9,971	17,557
Other	34,193	8,514	25,679
Total support services - instruction	<u>504,973</u>	<u>88,853</u>	<u>416,120</u>
District administration support services - Indirect costs	<u>33,704</u>	<u>10,189</u>	<u>23,515</u>
Total expenditures	<u>538,677</u>	<u>99,042</u>	<u>439,635</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Exxon/Mobil Kaktovik General Operations Support Special Revenue Fund

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

Year Ended June 30, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local source - other	\$ 71,333	9,019	(62,314)
Expenditures:			
Instruction -			
Utility services	8,000	7,975	25
Supplies, materials and media	63,333	1,044	62,289
Total expenditures	71,333	9,019	62,314
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Chevron Kaktovik Wellness Special Revenue Fund

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

Year Ended June 30, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources - other	\$ 1,746	1,746	-
Expenditures:			
Student activities - Student travel	1,746	1,746	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Chevron Nunamiut Projects Special Revenue Fund

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

Year Ended June 30, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources - other	\$ 10,519	10,519	-
Expenditures:			
Instruction:			
Certificated salaries	1,766	-	1,766
Employee benefits	602	-	602
Student travel	1,060	-	1,060
Supplies, materials and media	2,500	-	2,500
Total instruction	<u>5,928</u>	<u>-</u>	<u>5,928</u>
Student activities:			
Non-certificated salaries	1,766	3,532	(1,766)
Employee benefits	325	917	(592)
Student travel	-	3,040	(3,040)
Supplies, materials and media	2,500	3,030	(530)
Total student activities	<u>4,591</u>	<u>10,519</u>	<u>(5,928)</u>
Total expenditures	<u>10,519</u>	<u>10,519</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

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, 2017

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources -charges for services - rental income	\$ 1,540,000	1,691,913	151,913
Expenditures:			
Operations and maintenance of plant:			
Non-certificated salaries	541,680	564,658	(22,978)
Employee benefits	315,827	315,580	247
Professional and technical services	-	29,114	(29,114)
Staff travel	900	-	900
Utility services	205,500	341,145	(135,645)
Energy	494,170	518,714	(24,544)
Other purchased services	976,384	1,047,480	(71,096)
Insurance and bond premium	250,000	-	250,000
Supplies, materials and media	98,000	510,026	(412,026)
Equipment	5,000	-	5,000
Total expenditures	<u>2,887,461</u>	<u>3,326,717</u>	<u>(439,256)</u>
Excess (deficiency) of revenues under expenditures	(1,347,461)	(1,634,804)	(287,343)
Other financing sources:			
Transfers in - School Operating Fund	<u>1,347,461</u>	<u>1,647,804</u>	<u>300,343</u>
Net change in fund balance	\$ <u>-</u>	13,000	<u>13,000</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ 13,000</u>	

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Student Activity Agency Fund

Schedule of Changes in Assets and Liabilities

Year Ended June 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 349,126	105	-	349,231
Due from School Operating Fund	53,420	551,944	456,050	149,314
Total assets	<u>\$ 402,546</u>	<u>552,049</u>	<u>456,050</u>	<u>498,545</u>
 <u>Liabilities</u>				
Due to student groups	\$ 402,546	552,049	456,050	498,545
Total liabilities	<u>\$ 402,546</u>	<u>552,049</u>	<u>456,050</u>	<u>498,545</u>

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

<u>Grant Title</u>	<u>Grant Number</u>	<u>Catalog of Federal Assistance Number</u>	<u>Total Grant Award</u>	<u>Federal Share of Expenditures</u>
U.S. Department of Education:				
Direct:				
Impact Aid	S041B-2017-0166	84.041	\$ 6,955,779	6,955,779
Impact Aid	S041B-2016-0166	84.041	772,851	772,851
Impact Aid	S041B-2015-0166	84.041	686,065	686,065
Total CFDA 84.041			<u>8,414,695</u>	<u>8,414,695</u>
Indian Education	S060A160651	84.060	494,276	494,276
Passed through the State of Alaska,				
Department of Education and Early Development:				
Title I-A Basic	IP 17.NSSD.01	84.010	458,671	407,703
Title I-A Homeless Education	IP 17.NSSD.01	84.010	3,416	962
Total CFDA 84.010			<u>462,087</u>	<u>408,665</u>
School Emergency Management	EP 17.NSSD.01	84.184Q	9,800	9,800
Special Education Cluster:				
Title VI-B	SE 17.NSSD.01	84.027	483,595	435,232
Preschool Disabled	SE 17.NSSD.01	84.173	10,561	10,561
Total Special Education Cluster			<u>494,156</u>	<u>445,793</u>
Carl Perkins	EK 17.NSSD.01	84.048	44,269	44,269
Passed through the State of Alaska,				
Department of Education and Early Development:				
Title III-A English Language Acquisition	IP 17.NSSD.01	84.365	54,159	30,460
Passed through the State of Alaska,				
Department of Education and Early Development:				
Title II-A Teacher and Principal Training	IP 17.NSSD.01	84.367	155,234	115,919
Total passed through programs			<u>1,219,705</u>	<u>1,054,906</u>
Total Department of Education			<u>10,128,676</u>	<u>9,963,877</u>
U.S. Department of Health and Human Services,				
Passed through the North Slope Borough:				
Older Americans Act, Title VI, Administration on Aging Part A	2017-066	93.047	77,927	77,927
Nutrition Services Incentive Program	2017-066	93.053	23,354	23,354
Older Americans Act, Title VI, Administration on Aging Part C	2017-066	93.054	19,464	14,783
Total Department of Health and Human Services			<u>120,745</u>	<u>116,064</u>
U.S. Department of Agriculture:				
Passed through the State of Alaska				
Department of Education and Early Development:				
Child Nutrition Cluster:				
National School Breakfast Program	None	10.553	156,427	156,427
National School Lunch Program	None	10.555	728,039	728,039
Commodities	None	10.555	114,477	114,477
Total Child Nutrition Cluster			<u>998,943</u>	<u>998,943</u>
Fresh Fruit and Vegetable Program	FF 17.NSSD.01	10.582	5,192	5,192
Fresh Fruit and Vegetable Program	FF 17.NSSD.02	10.582	27,258	27,258
Total CFDA 10.582			<u>32,450</u>	<u>32,450</u>
Total Department of Agriculture			<u>1,031,393</u>	<u>1,031,393</u>
U.S. Department of the Interior:				
Direct:				
Johnson O'Malley	A16AV00842	15.130	83,081	78,464
Total Expenditures of Federal Awards			<u>\$ 11,363,895</u>	<u>11,189,798</u>

See accompanying notes to schedule.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal awards

Year ended June 30, 2017

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of North Slope Borough School District under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the 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)*. 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.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. 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. The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform guidance.

Note 3. Subrecipients

The District did not pass through federal funds to Subrecipients.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Schedule of State Financial Assistance

Year Ended June 30, 2017

<u>Grant Title</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Eligible Expenditures</u>
State of Alaska, Department of Education and Early Development:			
Direct:			
# Foundation	None	\$ 17,985,107	17,985,107
Quality Schools	None	91,695	91,695
Targeted Resources Grant - Moore Settlement	XY 17.NSSD.01	21,296	21,296
Targeted Resources Grant - Moore Settlement	XY 17.NSSD.02	42,817	42,817
# 2-Year Kindergarten - Moore Settlement	UV 17.NSSD.01	524,442	389,591
Suicide Awareness, Prevention and Postvention	SP 17.NSSD.01	33,300	33,300
Youth Risk Behavior Survey	YR 17.NSSD.01	3,805	3,805
Safe Children's Act	SC 17.NSSD.01	4,724	4,724
# Student Transportation	None	2,144,737	2,144,737
Broadband Assistance	None	151,093	151,093
Alternative Schools	BH 17.NSSD.01	32,240	32,240
Total direct		21,035,256	20,900,405
Total Department of Education and Early Development		21,035,256	20,900,405
State of Alaska, Department of Commerce, Community, and Economic Development:			
Direct:			
Nutritional Alaskan Foods FY15	15-NAF-382	68,210	19,654
School District Curriculum, Alignment, Integration and Mapping (CAIM) Initiative	14-DC-262	1,580,500	140,532
Total Department of Commerce, Community and Economic Development		1,648,710	160,186
State of Alaska, Department of Administration:			
# On-behalf PERS	None	592,843	592,843
# On-behalf TRS	None	2,472,419	2,472,419
Total Department of Administration		3,065,262	3,065,262
Total state financial assistance		\$ 25,749,228	24,125,853
Reconciliation to Statement of Revenue, Expenditures, and Changes in Fund Balances:			
Adjustments:			
This program is a professional service contract/agreement and as such is not considered to be subject to the State Compliance Supplement:			
Obesity Prevention and Control	0616-003B	170,000	85,000
		\$ 25,919,228	24,210,853

See accompanying notes to schedule.

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Notes to Schedule of State Financial Assistance

Year ended June 30, 2017

Note 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, 2017. 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.

Note 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.

Note 3. Subrecipients

No state funds were passed through to Subrecipients.

Note 4. Major Programs

Denotes a major program for compliance audit purposes.

Note 5. Reconciliation to State Revenues

State expenditures per schedule	\$	24,125,853
State Contract – Obesity Prevention		<u>85,000</u>
Total state revenue Exhibit D-1	\$	<u>24,210,853</u>

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COMPLIANCE SECTION

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*

Independent Auditor's Report

Members of the School Board
North Slope Borough School District
Barrow, Alaska

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 governmental activities, each major fund, and the aggregate remaining fund information of North Slope Borough School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise North Slope Borough School District's basic financial statements and have issued our report thereon dated October 17, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Slope Borough School District's internal control over financial reporting (internal control) to determine the 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 North Slope Borough School District's internal control. Accordingly, we do not express an opinion on the effectiveness of North Slope 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 may exist that have not been identified.

Members of the School Board
North Slope Borough School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Slope Borough School 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 determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Anchorage, Alaska
October 17, 2017

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

Independent Auditor's Report

Members of the School Board
North Slope Borough School District
Barrow, Alaska

Report on Compliance for Each Major Federal Program

We have audited North Slope Borough School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of North Slope Borough School District's major federal programs for the year ended June 30, 2017. North Slope 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of North Slope Borough School District's major federal 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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 federal program occurred. An audit includes examining, on a test basis, evidence about North Slope Borough School 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 federal program. However, our audit does not provide a legal determination of North Slope Borough School District's compliance.

Members of the School Board
North Slope Borough School District

Opinion on Each Major Federal Program

In our opinion, North Slope 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, 2017.

Report on Internal Control Over Compliance

Management of North Slope Borough School 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 North Slope Borough School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 North Slope Borough School 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 federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 federal 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 federal 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Anchorage, Alaska
October 17, 2017

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs

Year Ended June 30, 2017

Section I – Summary of Auditor’s Results

Financial Statements

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

Is a going concern emphasis of matter paragraph included in the report? Yes x No

Internal control over financial reporting:
 Material weakness identified? Yes x No
 Significant deficiency identified? Yes x None reported

Noncompliance material to financial statements noted? Yes x No

Federal Awards

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

Any material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program (2 CFR 200.516 (a)(2))? Yes x 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 Uniform Guidance, 2 CFR 200.516 (a) (3) or (4)? Yes x No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.041	Impact Aid
84.060	Indian Education
10.553 and 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes x No

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs, Continued

Section II – Financial Statement Findings

The North Slope Borough School District did not have any findings related to the financial statements.

Section III – Federal Award Findings and Questioned Costs

The North Slope Borough School District did not have any findings related to the federal awards.

Section IV – Summary of Prior Audit Findings

Financial Statement Findings

The North Slope Borough School District did not have any findings related to the financial statements.

Federal Award Findings

The North Slope Borough School District did not have any findings related to the federal 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*

Independent Auditor's Report

Members of the School Board
North Slope Borough School District
Barrow, Alaska

Report on Compliance for Each Major State Program

We have audited North Slope Borough School District's 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 North Slope Borough School District's major State programs for the year ended June 30, 2017. North Slope Borough School District's major State programs are identified in the accompanying Schedule of State Financial Assistance.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of North Slope Borough School 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 North Slope Borough School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Members of the School Board
North Slope Borough School District

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 North Slope Borough School District's compliance.

Opinion on Each Major State Program

In our opinion, North Slope 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 state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of North Slope Borough School 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 North Slope Borough School 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 *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 North Slope Borough School 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 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 material weaknesses. However, material weaknesses may exist that have not been identified.

Members of the School Board
North Slope Borough School District

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.

Altman, Rogers & Co.

Anchorage, Alaska
October 17, 2017

NORTH SLOPE BOROUGH SCHOOL DISTRICT
State Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
Material weakness identified? Yes X No
Significant deficiency identified? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

State Awards

Internal Control over major programs:
Material weakness identified? Yes X No
Significant deficiency identified? Yes X None reported

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

Dollar threshold used to distinguish a state major program: \$ 300,000

Section II – Financial Statement Findings

The North Slope Borough School District did not have any findings related to the financial statements.

Section III – State Award Findings and Questioned Costs

The North Slope Borough School District did not have any findings related to the state awards.

Section IV – Summary of Prior Audit Findings

See Federal Schedule of Findings and Questioned Costs for prior year findings related to the financial statements.

Report on Statement of Compliance with AS 14.14.020 and Other State Requirements

Independent Auditor's Report

Members of the School Board
North Slope Borough School District
Barrow, Alaska

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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 17, 2017.

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 statement.

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.

Members of the School Board
North Slope Borough School District

- (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.



Anchorage, Alaska
October 17, 2017

Report on Statement of Compliance with AS 14.17.505

Independent Auditor's Report

Members of the School Board
North Slope Borough School District
Barrow, Alaska

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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 17, 2017.

Report on Statement of Compliance with AS 14.17.505

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 in accordance with these standards includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation.

In connection with our audit, as presented in the Statement of Compliance with AS 14.17.505, nothing came to our attention that caused us to believe that the North Slope Borough School District had failed to comply with the accumulated fund balance restriction in AS 14.17.505 as interpreted by the State of Alaska, Department of Education and Early Development. However, it should be noted that our audit was not directed primarily toward obtaining knowledge of noncompliance with such requirements.

Members of the School Board
North Slope Borough School District

Purpose of this Report

This report is intended solely to describe the scope of our testing of compliance with AS 14.17.505 and the results of that testing, and not to provide an opinion on compliance with AS 14.17.505. Accordingly, this communication is not suitable for any other purpose.

Altman, Rogers & Co.

Anchorage, Alaska
October 17, 2017

NORTH SLOPE BOROUGH SCHOOL DISTRICT

Statement of Compliance - AS 14.17.505

June 30, 2017

	School Operating Fund		
	Reserved Fund Balance	Unreserved Fund Balance	Total
Reserved:			
Prepaid items	\$ 1,066,827	-	1,066,827
Statutory Impact Aid	7,728,630	-	7,728,630
Encumbrances	3,186,103	-	3,186,103
Unreserved:			
Undesignated	-	2,403,395	2,403,395
	<u>\$ 11,981,560</u>	<u>2,403,395</u>	<u>14,384,955</u>

Unreserved fund balance as a percentage of current year expenditures:

$$\frac{\text{Unreserved fund balance}}{\text{Current year expenditures}} = \frac{\$ 2,403,395}{\$ 62,099,992} = \underline{3.87\%}$$

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.