



Presentation of Financial Statements  
June 30, 2025

# Independent Auditor's Report - excerpt

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

### **Opinions**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Slope Borough School District (the District), a component unit of the North Slope Borough, Alaska, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of North Slope Borough School District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

# Independent Auditor's Report - excerpt

## **Change in Accounting Principle**

As discussed in Note IX to the financial statements, in 2025, the District implemented GASB Statement No. 101, Compensated Absences, which established standards of accounting and financial reporting for compensated absences. The requirements of this Statement apply to financial statements of all state and local governments.

The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

# Independent Auditor's Report – excerpt continued.

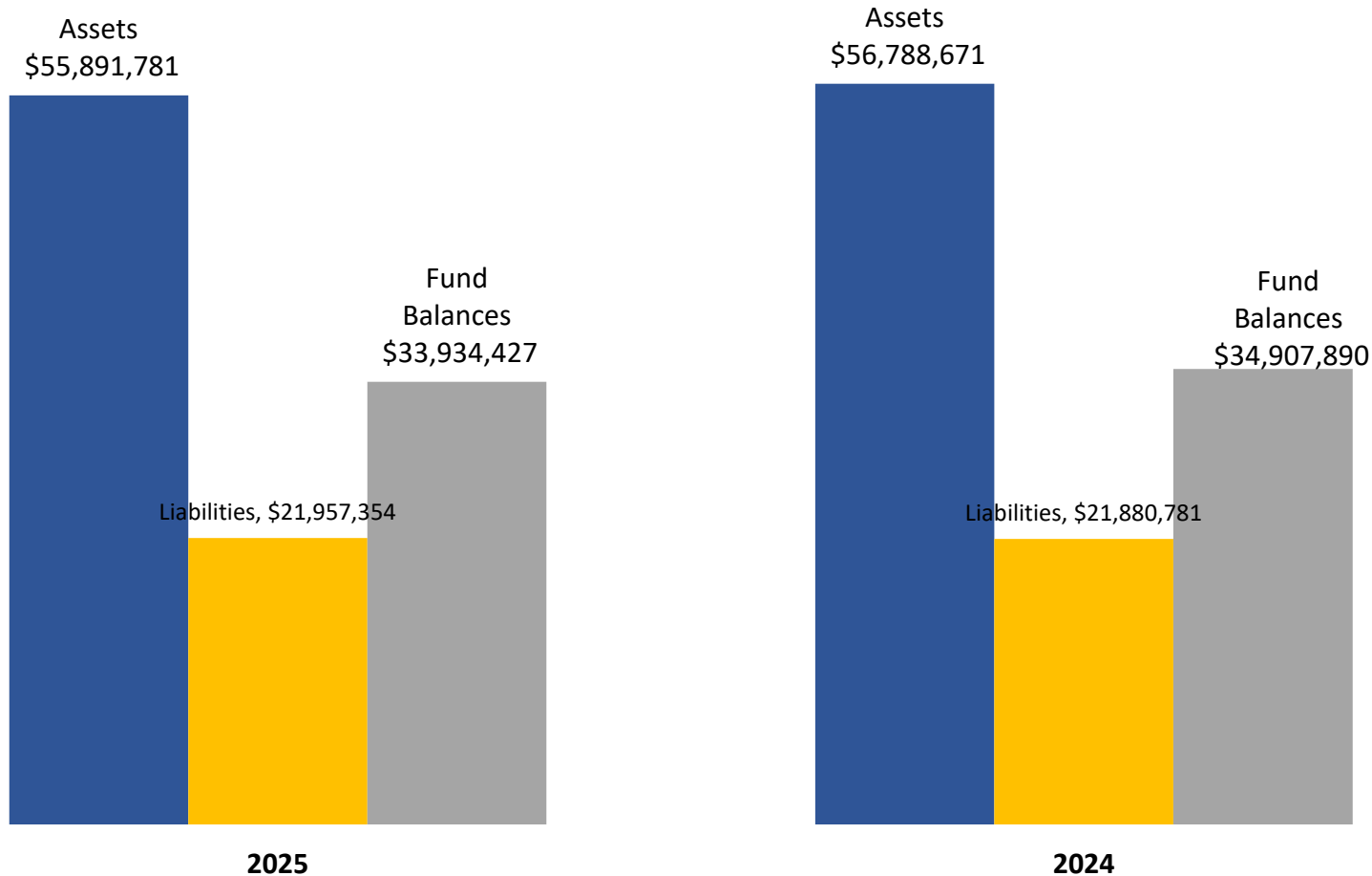
## **Responsibilities of Management for the Financial Statements**

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

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

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

# Governmental Funds – Fund Financials



**Assets decreased by \$896,890**

- Cash balance decreased by (\$3.5M)
- Net receivable decreased by \$827k
- Inventory increased by \$230k
- Prepaid items increased by \$1M
- Due from increased by \$1.2M

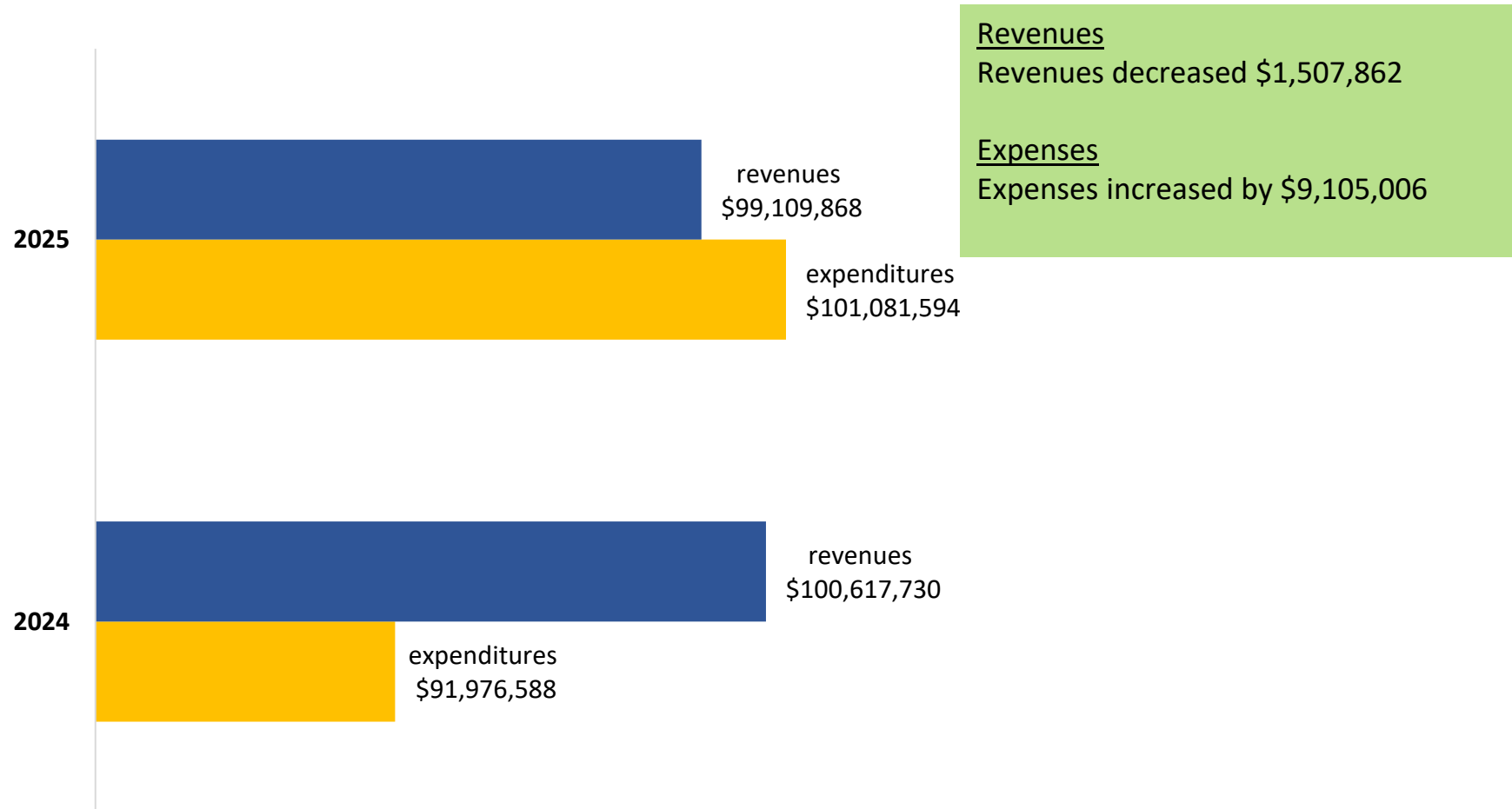
**Liabilities increased by \$76k**

- Accounts payable increased by \$586k
- Accrued payroll liabilities decreased by \$2.1M
- Self-insurance liability decreased by \$459k
- Due To increased by \$1.2M

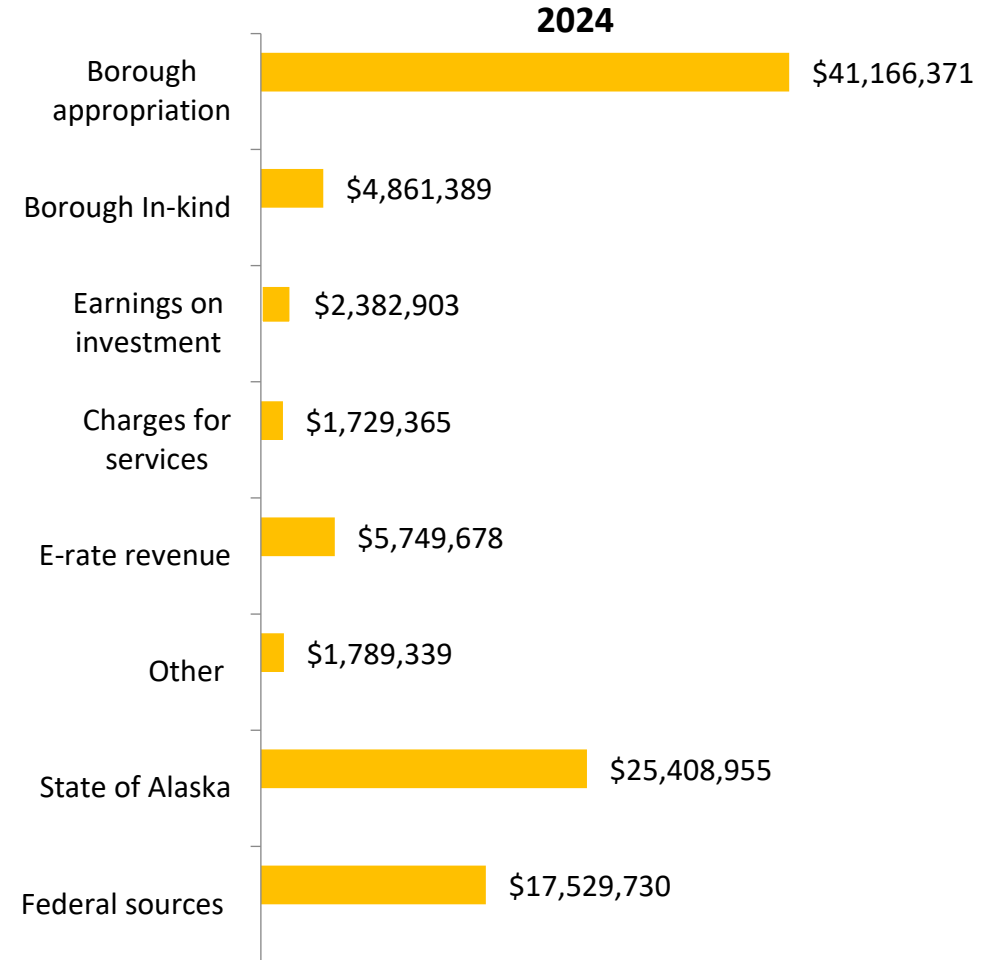
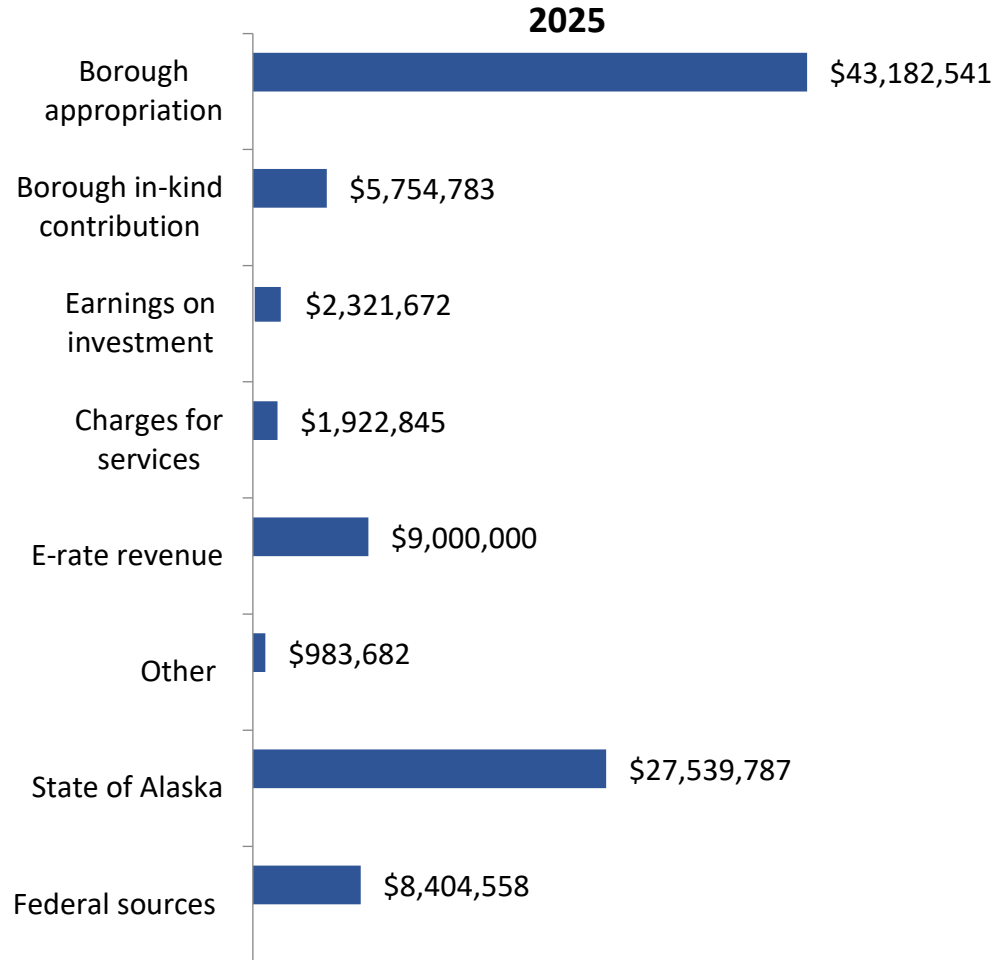
**Fund Balances decreased by \$973,463**

- Nonspendable decreased by \$1.2M**
- Committed increased \$4.5M**
- Assigned decreased by \$4.8M**
- Unassigned: Increased by \$1M**

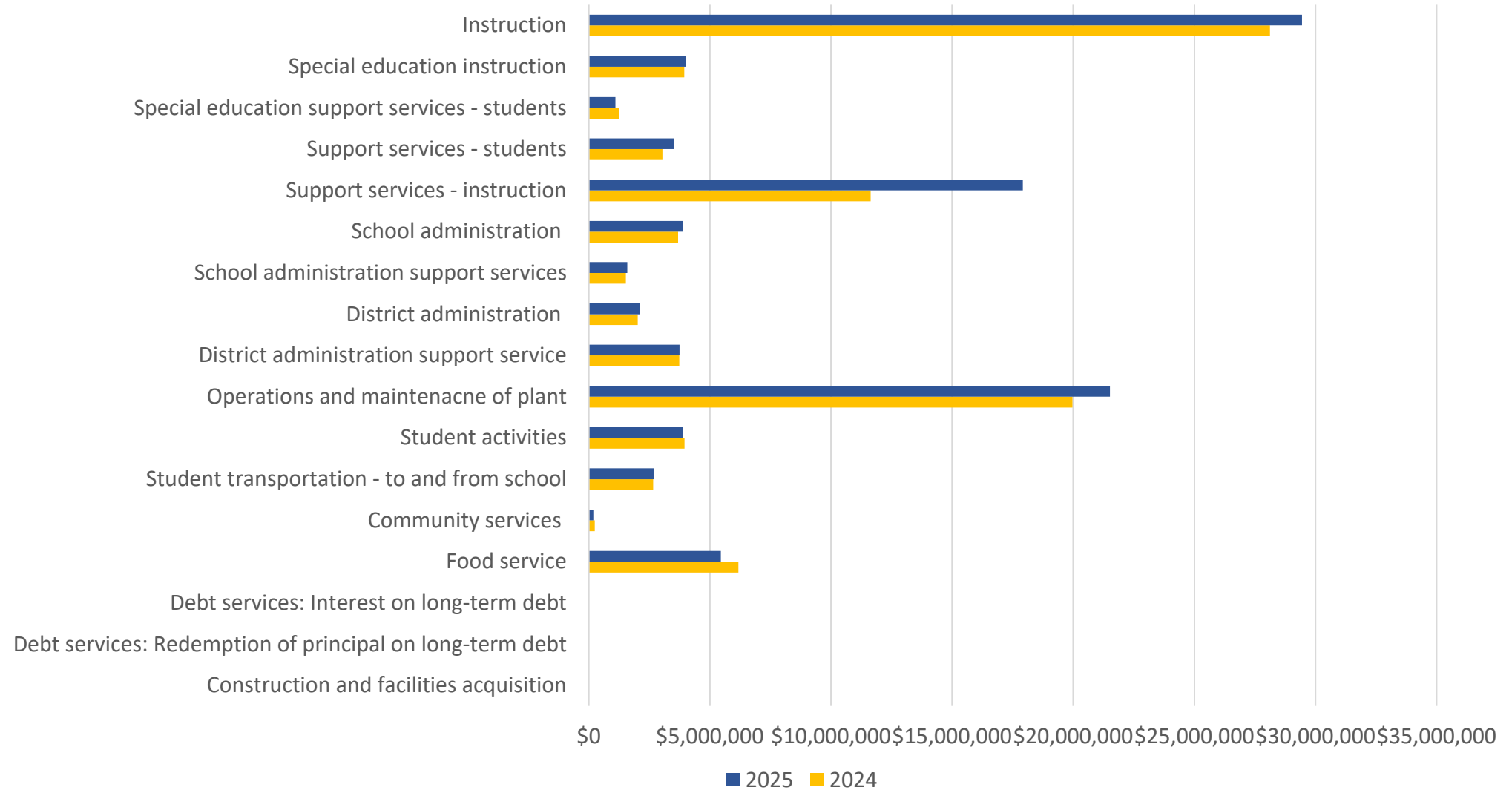
# Revenues & Expenditures – Fund Financials



# Revenue Detail – Fund Financial



# Expenditures Detail – Fund Financial





**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards - excerpt**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Slope Borough School District, a component unit of the North Slope Borough, Alaska, as of and for the year ended June 30, 2025, 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 September 10, 2025.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 or significant deficiencies may exist that have not been identified.**

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

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

**Opinion on Each Major Federal Program**

We have audited North Slope Borough School District’s compliance with the types of compliance requirements identified as subject to audit 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, 2025. 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.

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, 2025.

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

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

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

**Responsibilities of Management for Compliance**

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

**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 audit report?      Yes   X   No

Internal control over financial reporting:

Material weakness(es) identified?      Yes   X   No

Significant deficiency(ies) identified?      Yes   X   None Reported

Noncompliance material to financial statements noted?      Yes   X   No

Federal Awards

Internal control over major federal programs (2 CFR 200.516 (a)(1)):

Material weakness(es) identified?      Yes   X   No

Significant deficiency(ies) identified?      Yes   X   None Reported

Any material noncompliance with 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 program: 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>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.041	Impact Aid
84.367	Title II-A Supporting Effective Instruction

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

Auditee qualified as low-risk auditee?   X   Yes      No

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

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

**Opinion on Each Major State Program**

We have audited North Slope Borough School District's compliance with the types of compliance requirements identified as subject to audit in the State of Alaska Audit Guide and Compliance Supplements that could have a direct and material effect on each of North Slope Borough School District's major state programs for the year ended June 30, 2025. North Slope Borough School District's major state programs are identified in the accompanying Schedule of State Financial Assistance.

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, 2025.

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

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

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

**Responsibilities of Management for Compliance**

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

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

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

Material weakness identified?

Yes  No

Significant deficiency identified?

Yes  None reported

Noncompliance material to the financial statements noted?

Yes  No

State Financial Assistance

Internal control over major programs:

Material weakness identified?

Yes  No

Significant deficiency identified?

Yes  None reported

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

Unmodified

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes  No

**Section II – Financial Statement Findings**

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

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

North Slope Borough School District did not have any findings related to State awards.

June 30, 2025

Total fund balance - School Operating Fund	\$ 17,205,451
less exemptions per 4 AAC 09.160(a)	
Prepaid items	1,814,501
Encumbrances	4,420,231
Federal impact aid received	<u>3,348,750</u>
<b>Fund Balance Subject to 10% Limitation</b>	<b>\$ <u><u>7,621,969</u></u></b>

Nonexempt fund balance as a percentage of current year expenditures:

$$\frac{\text{Fund balance subject to limitation}}{\text{Current year expenditures}} = \frac{\$ 7,621,969}{83,147,634} = \underline{\underline{9.17\%}}$$