



2025 **ANNUAL** COMPREHENSIVE **FINANCIAL REPORT**



FOR THE FISCAL YEAR ENDED JUNE 30, 2025
North Slope Borough, Alaska





NORTH SLOPE BOROUGH, ALASKA

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025

NORTH SLOPE BOROUGH, ALASKA
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025

JOSIAH A. PATKOTAK
Mayor

FADIL LIMANI
Director of Finance

JUSTINA WILHELM
President of Ilisagvik College

DAVID VADIVELOO
Chief School Administrator

PREPARED BY:
Department of Finance

NORTH SLOPE BOROUGH, ALASKA

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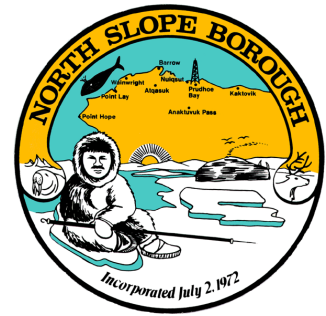
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North Slope Borough

OFFICE OF THE MAYOR

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Josiah A. Patkotak, Mayor

December 23, 2025

To the Members of the Assembly and,
Community Members of the North Slope Borough:

It is my honor to present the Annual Comprehensive Financial Report (ACFR) for the North Slope Borough, highlighting a year of significant accomplishments, strategic investments, and continued fiscal strength, a reflection of a year marked by strategic progress, historic achievements, and a steadfast commitment to the communities we serve. This report not only details our financial position but also demonstrates how dedicated leadership, thoughtful planning, and community-focused initiatives are shaping the future of the North Slope.

The State of Alaska statutes and local charter provisions require that all general-purpose local governments publish a complete set of financial statements presented in conformity with U.S. Generally Accepted Accounting Principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the North Slope Borough (Borough) for the fiscal year ended June 30, 2025.

This report consists of management's representations concerning the finances of the Borough. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Borough has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Borough's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Borough's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Borough's financial statements have been audited by KPMG, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Borough for the fiscal year ended June 30, 2025 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit that there was a reasonable basis for rendering an unmodified opinion that the Borough's financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Borough was part of broader state and federally mandated "Single Audits" designed to meet the special needs of state and federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of state and federal awards. These reports are available in the Borough's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Borough's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Borough encompasses an area of approximately 94,000 square miles in northern Alaska, north of the Arctic Circle. It extends 650 miles east from Point Hope on the Chukchi Sea to the Canadian Border and 225 miles south from Point Barrow, the most northern point in the state. Prudhoe Bay, the largest oil field in the United States, is located in the northeastern portion of the Borough. It is also the origination point of the 800-mile Trans-Alaskan pipeline, which terminates at the City of Valdez on Prince William Sound.

Most of the Borough's 10,583 permanent residents live in eight communities, the largest of which is Utqiagvik, which also serves as the Borough seat of government. Another 6,101 people are counted as residents because they work at least half of the calendar year in the North Slope oil fields.

The Borough was incorporated on July 2, 1972. On April 30, 1974, it adopted its Home Rule Charter, which allows it to exercise any legal governmental power not explicitly prohibited by State law, in addition to its mandatory powers of taxation, property assessment, education, and planning and zoning services. The legislative power of the Borough is vested in an eleven-member assembly body, elected to staggered three-year terms. The Borough's executive and administrative powers are vested in a mayor, limited to two consecutive three-year terms.

The Borough provides a full range of services including police and fire protection, search and rescue services, the construction and maintenance of roads and other infrastructure, sewers and sewage treatment, light, power and heat, health services and clinic facilities, fuel storage, water, and garbage and solid waste collection and disposal. The Borough also is financially accountable for a legally separate school district and a legally separate college, both of which are reported separately within the Borough's financial statements. Additional information on these legally separate entities can be found in the basic financial statements.

The annual budget serves as the foundation for the Borough's financial planning and control. All departments of the Borough are required to submit requests for appropriation to the Borough Mayor. The Mayor uses these requests as the starting point for developing a proposed budget. The Mayor then presents this proposed budget to the Assembly for review prior to March 15. The Assembly is required to hold public hearings on the proposed budget and to adopt a final budget no later than April 15th by Municipal Code 3.11.010, and May 1 per State Law AS 14.14.060 (c). The appropriated budget is prepared by fund and department. The Mayor may make transfers of appropriations within a department and transfers of appropriations between departments; however, transfers to the education function and debt service or for cash deficits require the special approval of the Assembly. Budget-to-actual comparisons are provided in this report for the General Fund. This comparison is presented as part of the required supplementary information.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Borough operates.

Economic Performance and Long-Term Investment - Since 1968, oil and gas exploration and development on Alaska's North Slope has become the principal industry in the Borough and the employer of the bulk of the Borough's workforce. The other service providers, including the government sector, exist primarily due to the presence of the oil and gas industry.

The Borough's economy and tax base remain very strong. The Borough's total assessed value for fiscal year 2025 was an all-time high of \$29.2 billion. The total assessed property value has grown at an average rate of 10% over the last three fiscal years, and is expected to significantly increase over the next five years. These expectations are based on the continued investment in the oil patch specifically with the Willow and Pikka Development projects, including the enhanced oil recoveries in the Prudhoe Bay fields. More than 96% of the Borough's property tax base is comprised of long-life permanent petroleum infrastructure. Pursuant to State Statute, the petroleum infrastructure is depreciated for property tax purposes based upon the proven reserves and reputable sources, including the U.S. Energy Information Administration and the State, which indicate North Slope proven reserves at several billion barrels. Realistic possibilities also exist for additional proven reserves to continue to be added through planned and ongoing exploration and development.

Economic Outlook

Several major oil and gas development projects currently underway on the North Slope are expected to materially increase the assessed value of oil and gas properties within the Borough and generate substantial long-term revenues. Two of the most significant projects are the Willow Project, operated by ConocoPhillips Alaska, and the Pikka Project, operated by Santos Ltd.

The Willow Project is estimated to require approximately \$9.6 billion in capital investment and \$5.8 billion in operating expenditures over its life, with annual capital spending projected at \$1.0 billion to \$1.5 billion from 2024 through 2028. Based on current estimates, the project is conservatively projected to generate approximately \$1.2 billion in property tax revenues to the Borough over the next 30 years, with total royalty-related revenues to the Borough and impacted communities estimated at approximately \$3.1 billion, according to the State of Alaska Department of Revenue (August 2025). First oil production is anticipated in 2029, with total production expected to exceed 600 million barrels over the life of the field.

The Pikka Project, one of the largest conventional oil discoveries in the United States in recent decades, has an estimated Phase 1 capital investment of approximately \$4.8 billion and operating expenditures of \$5.2 billion, with first production anticipated in 2026. Phase 1 is expected to produce approximately 397 million barrels of recoverable oil, with peak production of approximately 80,000 barrels per day. Future development phases could increase cumulative investment to nearly \$10 billion and add 400 million barrels or more of additional recoverable reserves.

Collectively, these projects are expected to have a significant positive fiscal impact on the Borough through increased assessed values, expanded property tax revenues, and enhanced long-term financial stability, reinforcing the Borough's revenue base over multiple decades.

Long-Term Financial Planning- The foundation of the Borough's financial strength rests on conservative long-term financial planning. Since 1993, the Borough has used a sophisticated projection model to create a 12-year forecast of property tax revenues. This forecast is used to plan for future operating and capital expenditures as well as to ensure adequate resources are available to repay bonded debt.

The Borough's economy is predominantly based on oil and gas development and is therefore influenced by global energy markets, broader economic conditions, industry investment and development decisions, and state and federal policies, as well as the success of exploration activities on the North Slope. Many of these factors are beyond the direct control of the Borough. However, the Borough plays an important role in influencing how exploration and development activities are conducted within the region through its permitting authority and its responsibility to protect subsistence resources and preserve the environment.

Relevant Financial Policies – The Borough adheres to financial policies to support strategic goals, ensure stability in service delivery, and promote efficient use of public funds. It is the Borough's policy to maintain reserve funds, which can be used to reduce the impact of substantial revenue

fluctuations, thus providing a more stable delivery of services to Borough residents. Other critical financial policies as described below include the Fund balance reserve policy and the Debt management policy.

Fund balance reserve policy – The Borough has long maintained and consistently adhered to a Fund Balance Reserve Policy as a core element of prudent fiscal management. The policy provides guidance to ensure adequate reserves for working capital, cash flow needs, unforeseen expenditures, economic downturns, and natural or other unexpected events. It also defines the components of fund balance and authorizes the assignment of fund balances, including the transfer of excess resources from the General and Enterprise Funds to the Permanent Fund, in support of the Borough’s long-term financial stability.

Debt management policy – The Borough has long maintained and consistently adhered to a Debt Management Policy as an integral component of its overall financial governance framework. The policy establishes guidelines for the issuance and management of bonds and other forms of indebtedness used to finance land acquisitions, capital improvements, equipment, and other Borough needs. It provides direction on the appropriate use of debt, establishes debt management objectives, and supports the maintenance and potential improvement of the Borough’s credit rating, while promoting prudent risk management and preserving financial health and budgetary flexibility to meet both current and future capital requirements.

Operating contingency – Finance Department - As part of the annual budget development process, the Finance Department establishes an operating contingency to provide a financial safeguard against unexpected budgetary shortfalls or unplanned commitments. This contingency ensures the Borough maintains financial stability, supports prudent fiscal management, and allows flexibility to respond to unforeseen operational or economic challenges without compromising essential services or strategic priorities.

Mayor's Major Initiatives – Over the past year, the Borough has made remarkable progress in several key areas. Through the Housing Shipping Subsidy program, we have helped offset the high cost of transporting building materials to our remote communities, making housing more affordable and accessible. Additionally, we are actively in the process of establishing a public-private partnership to bring large-scale, affordable housing solutions to North Slope communities, ensuring sustainable growth and long-term housing stability for our residents.

Environmental stewardship has been a central focus, including compliance with the EPA consent decree and investing over \$70 million in environmental cleanup and remediation efforts, reinforcing our commitment to protecting the health and integrity of our land and resources.

Financially, the Borough has achieved historic milestones. The Permanent Fund has grown to an all-time high of \$1.3 billion, while property assessments have reached a record \$29.2 billion, reflecting prudent financial management and long-term strategic planning. To further enhance operational excellence, the Borough has implemented a comprehensive digital transformation initiative,

streamlining processes and migrating key services to an electronic platform. This transformation encompasses travel operations, procurement, human resources, and other critical Borough functions, improving efficiency and enabling the delivery of faster, more effective services to our residents.

Supporting local communities and economic development has been a priority. The Borough has increased contributions through the Economic Impact Assistance Program, directly benefiting local cities and communities across the North Slope. Separately, the Borough has expanded funding and support for the School District and Ilisagvik College, reinforcing our commitment to education, workforce development, and opportunities for our residents.

Furthermore, the Borough has strategically invested over \$400 million in bond proceeds to fund critical capital improvement projects across all North Slope communities. These investments are designed to modernize and strengthen infrastructure, enhance essential public services, support economic growth, and ensure the long-term resilience and sustainability of our North Slope communities. From roads and utilities to public facilities, these projects reflect the Borough's commitment to proactive planning, responsible stewardship of resources, and improving the quality of life for all Borough residents.

Throughout these efforts, the North Slope Borough has maintained a strong and healthy financial position, demonstrating a steadfast commitment to fiscal responsibility, operational excellence, and the long-term well-being of our residents.

Awards and Acknowledgements


The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Borough for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2024. This was the 42nd year that the Borough has received this prestigious award. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.


In addition to the Certificate of Achievement for Excellence in Financial Reporting, the Borough applied for its 10th award of Outstanding Achievement in Popular Annual Financial Reporting (PAFR). The results of that application have not yet been released at the time of this report's issuance. The intent of the PAFR is to increase awareness throughout the North Slope communities of the financial condition of the Borough. The report is written in a manner that summarizes and communicates the Borough's financial position in a user-friendly manner.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the presentation of this report. Credit also must be given to the Mayor and the Assembly for their unfailing support for maintaining the highest standards of professionalism in the management of the Borough's finances.

Quyanaq,



Josiah A. Patkotak, Mayor



Fadil Limani, Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**North Slope Borough
Alaska**

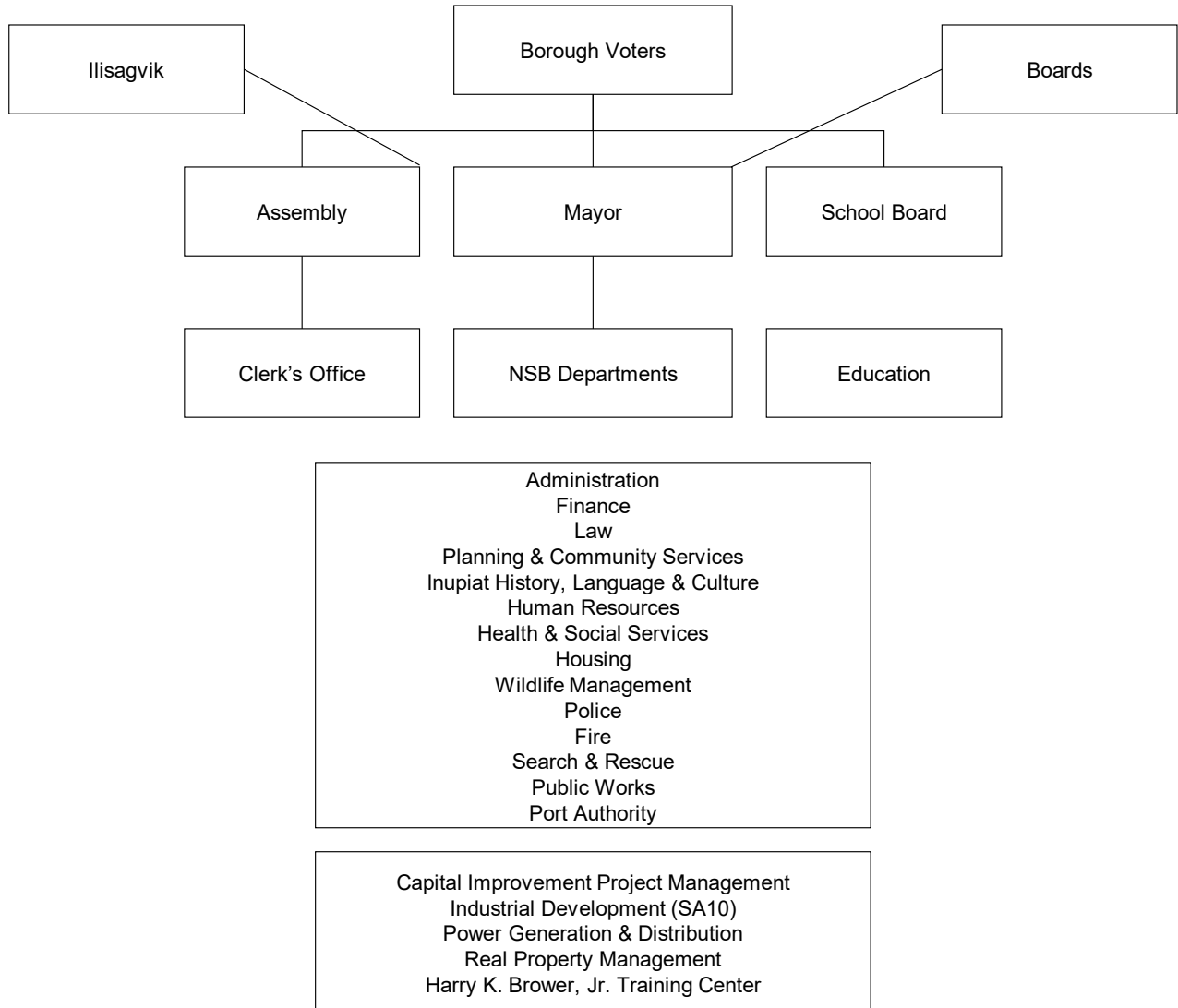
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

NORTH SLOPE BOROUGH, ALASKA



NORTH SLOPE BOROUGH, ALASKA

The Principal Officials

Assembly:

President
Vice President

Crawford Patkotak
Trina Paul
Stanley Brower
Martin Q. Edwardsen
Eva Kinneeveauk
Frederick F. Brower
Michael Q. Donovan
Avaiyak Burnell
Thomas Napageak, Jr.
Cilia Attungowruk
Robin J. Kaleak

General Government:

Mayor
Chief Administrative Officer
Acting Borough Attorney
Director of Finance
Borough Clerk

Josiah A. Patkotak
Vernon J. Edwardsen
Hwan H. Kim
Fadil Limani
Sheila Burke

Chief School Administrator

David Vadiveloo

School Board:

President
Clerk

Ester Evikana
Frieda Nageak
Frieda N. Moore
Nancy Rock
Qaiyaan Harcharek
Nora Jane Burns
Marie Stackhouse

Student Representative

President of Ilisagvik College

Justina Wilhelm

Ilisagvik College Board of Trustees:

Chairperson
Vice Chairperson
Secretary

Heather Q. Dingman
Jeremy K. Kasak
Roxanne A. Brower
John A. Hopson, Jr.
Edna S. T. Ahmaogak
Megan Q. Edwardson
Alicia P. Solomon
Cilia P. Attungowruk
Daisy S. Lane
Kristen K. Morry
Nancy A. Rock
Heather Kippi-Spear



KPMG LLP
Suite 200
3800 Centerpoint Drive
Anchorage, AK 99503

Independent Auditors' Report

The Honorable Mayor and Members of the Assembly
North Slope Borough, Alaska:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Borough, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of Ilisagvik College and the North Slope Borough School District, which represent 100% of the aggregate discretely presented component units as of June 30, 2025 and for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for Ilisagvik College and the North Slope Borough School District, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditors' 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 auditors' 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.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Borough's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2025 on our consideration of the Borough'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 Borough'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 the Borough's internal control over financial reporting and compliance.

KPMG LLP

Anchorage, Alaska
December 23, 2025

NORTH SLOPE BOROUGH, ALASKA
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

As management of the North Slope Borough (Borough), we offer readers of the Borough's financial statements this narrative overview and analysis of the financial activities of the Borough for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which begins on page i of this report, and the financial statements that begin on page 16.

Financial Highlights

- The Borough's total net position increased by \$143,135,938 to \$3,484,950,632 for FY 2025.
- At the end of FY 2025, the Borough's governmental funds reported combined ending fund balances of \$1,939,749,001 an increase of \$164,712,763 in comparison with the prior year. The net increase is primarily due to investment earnings due to strong performance in the public investment markets.
- Investment balances in the Permanent Fund increased by approximately \$123.0 million due to favorable market conditions and planned contributions into the Fund.
- At the end of FY 2025, unassigned fund balance for the General Fund was \$248,605,718 or 50% of total General Fund expenditures. The increase from FY 2024 was primarily due to investment earnings.
- The Borough's governmental activities long-term liabilities increased by approximately \$84.8 million in the current year mainly as a result of a \$16.0 million increase in pollution remediation obligations and an increase in overall bond debt of \$55.0 million.
- The Borough's primary government reported available cash and investments with central treasury at \$1,285,144,279 an increase of \$109,313,731 from prior year. This is mainly due to investment earnings and proceeds from a bond issuance.

Overview of the Financial Statements

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Borough's finances, in a manner similar to a private-sector business.

The statement of net position presents information about all of the Borough's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position is one indicator of whether the financial position of the Borough is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Borough that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Borough include general government, public safety, public works, wildlife management, health and social services, higher education, and primary and secondary education. The business-type activities of the North Slope Borough include a solid waste disposal and water and waste water

NORTH SLOPE BOROUGH, ALASKA
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

treatment facility, a revolving loan program, a real property management program, an electric utility, and the Harry K. Brower, Jr. Training Center.

The government-wide financial statements include not only the Borough itself (known as the primary government), but also a legally separate school district and a legally separate college for which the Borough is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 16 – 17 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Borough, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Borough can be divided into two categories: governmental funds and proprietary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Borough maintains 26 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Permanent Fund. Data from the other nonmajor funds are combined into a single, aggregated presentation.

The Borough adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget on page 68.

The governmental financial statements can be found on pages 18 – 21 of this report.

Proprietary funds – The Borough maintains five proprietary funds. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Borough uses enterprise funds to account for a Prudhoe Bay solid waste disposal and treatment facility (Service Area 10), a revolving loan fund (Home Assistance Loan), an electric utility (Power Generation & Distribution), Real Property Management Fund, and the Harry K. Brower, Jr. Training Center Fund.

NORTH SLOPE BOROUGH, ALASKA
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Proprietary fund financial statements provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each major and combined nonmajor proprietary funds noted above.

The proprietary fund financial statements can be found on pages 22 – 24 of this report.

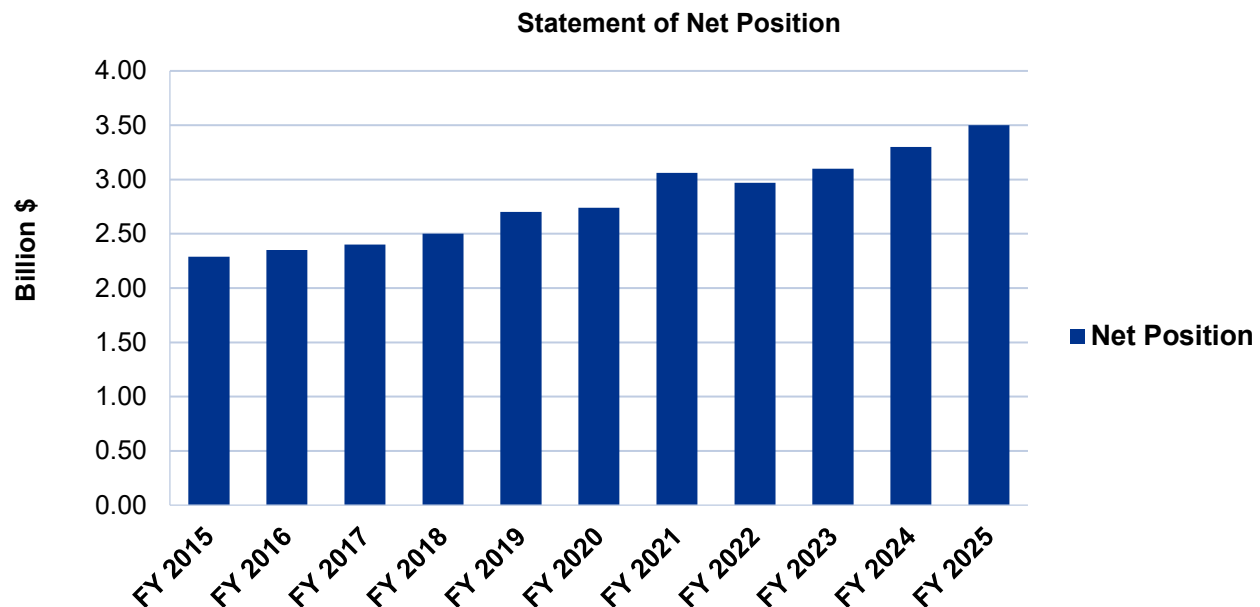
Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 – 67 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The Borough's budgetary comparison schedule for the General Fund can be found on page 68. The Borough's proportionate share of the net pension and OPEB liabilities and related contributions for the Alaska Public Employees' Retirement System can be found on pages 69 – 72 of this report.

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, changes in net position over time may serve as a useful indicator of a government's financial position. In the case of the Borough, net position increased, increasing by \$143.1 million in FY 2025 to a total of \$3.5 billion.



The reason for this upward growth is primarily due to investment earnings.

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The Permanent Fund was established in 1984 as a trust fund governed by the Borough Assembly and administered by the Borough Mayor, to provide a savings account for the future when property taxes on oil and gas properties decline. Up to 8% of the three-year rolling average total value of the fund is available to be transferred to the General Fund on an annual basis. The principal amount of contributions and growth of the fund in excess of annual transfer to the General Fund remain in the fund. The Permanent Fund had an asset value of \$1.3 billion at fiscal year-end.

To understand the significance of the capital program, it is critical to understand the unique financial and tax structure of the Borough. The legal right of the Borough to levy taxes for operations and maintenance (O&M) is limited by Alaska Statute to a maximum of 375%, for the current year, of the average statewide per capita assessed value multiplied by the statutory maximum rate of 30 mills. For FY 2025, the operating tax cap was calculated as follows:

Calculation of Operating Tax Cap:

Calculation of O & M Budget Tax Cap	FY 2025
Per capita average full property tax value	\$ 201,201
Average value multiplier per Alaska statutes	375.00 %
Average full value	754,504
NSB population	15,832
Equivalent tax base	11,945,303,370
Maximum O&M Mills per statute	30.00
Operating budget levy allowed	\$ 358,359,101

When the limit is applied to the actual full and true value of property within the Borough of \$22.600 billion, the result is an effective tax rate of 14.37 mills allowable for operations.

Statutory provisions, however, exempt tax revenues collected for the repayment of debt from the cap limitations. In order to take advantage of these tax revenues, the Borough systematically sells and repays General Obligation bonds on a 10-year repayment schedule. This allowed the Borough to levy an additional 3.62 mills for debt reimbursement in FY 2025. Because revenues collected for debt reimbursement cannot be used for any other purpose, and the proceeds of the General Obligation bonds must be used for capital improvements, the Borough has established a program of capital improvements that has offset depreciation and resulted in continual growth in net position, even in years where the operating budget has been held stable or reduced.

The largest portion of the Borough's net position (55%) reflects its net investment in capital assets (e.g., land, buildings, equipment, and infrastructure). The Borough uses these capital assets to provide services to citizens; consequently, these capital assets are not available for future spending. Although the Borough's investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Borough's net position is restricted for Permanent Fund investments, capital

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projects, Other Post-Employment Benefits (OPEB), and pollution remediation obligations (42%). The following reflects the condensed schedule of net position.

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 2,596,582,232	2,353,634,163	97,534,061	93,763,115	2,694,116,293	2,447,397,278
Capital assets	<u>1,582,227,945</u>	<u>1,515,866,818</u>	<u>386,309,014</u>	<u>392,770,479</u>	<u>1,968,536,959</u>	<u>1,908,637,297</u>
Total assets	4,178,810,177	3,869,500,981	483,843,075	486,533,594	4,662,653,252	4,356,034,575
Deferred outflows of resources	<u>18,592,515</u>	<u>20,230,648</u>	<u>1,486,679</u>	<u>1,673,730</u>	<u>20,079,194</u>	<u>21,904,378</u>
Total assets and deferred outflows of resources	<u>\$ 4,197,402,692</u>	<u>3,889,731,629</u>	<u>485,329,754</u>	<u>488,207,324</u>	<u>4,682,732,446</u>	<u>4,377,938,953</u>
Long-term liabilities	\$ 469,313,696	381,197,085	13,687,919	12,723,724	483,001,615	393,920,809
Other liabilities	<u>148,154,628</u>	<u>153,474,751</u>	<u>8,717,554</u>	<u>7,458,417</u>	<u>156,872,182</u>	<u>160,933,168</u>
Total liabilities	617,468,324	534,671,836	22,405,473	20,182,141	639,873,797	554,853,977
Deferred inflows of resources	537,628,708	458,136,174	20,279,309	23,134,108	557,908,017	481,270,282
Net position:						
Net investment in capital assets	1,520,560,991	1,468,434,856	386,309,014	392,699,622	1,906,870,005	1,861,134,478
Restricted	1,470,633,871	1,327,823,539	4,120,652	4,525,957	1,474,754,523	1,332,349,496
Unrestricted	<u>51,110,798</u>	<u>100,665,224</u>	<u>52,215,306</u>	<u>47,665,496</u>	<u>103,326,104</u>	<u>148,330,720</u>
Total net position	<u>3,042,305,660</u>	<u>2,896,923,619</u>	<u>442,644,972</u>	<u>444,891,075</u>	<u>3,484,950,632</u>	<u>3,341,814,694</u>
Total liabilities, deferred inflows, of resources and net position	<u>\$ 4,197,402,692</u>	<u>3,889,731,629</u>	<u>485,329,754</u>	<u>488,207,324</u>	<u>4,682,732,446</u>	<u>4,377,938,953</u>

Total current and other assets increased by approximately \$246.7 million mainly due to increases in cash and investments with central treasury and other cash and investments. Cash and investments with central treasury increased \$109.3 million due primarily to the strong market performance of the investment portfolio and the issuance of bonds. Other cash and investments increased \$134.2 million due to favorable market conditions resulting an increase in the fair value of Permanent Fund investments and contributions of \$9.8 million to a trust fund related to pollution remediation obligations.

Deferred outflows of resources decreased by \$1.8 as a result of amortization of the deferred items related to pension and OPEB assets.

Total liabilities increased by approximately \$85.0 million primarily as a net result of an increase in general obligation bonds of \$55.0 million, an increase in accounts payable of \$2.9 million, an increase in pollution remediation obligations of \$16.0 million, an increase in arbitrage rebate of \$6.7 million, and an increase in the net pension liability of \$3.1 million. For more detailed information, see page 16 for the statement of net position.

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Deferred inflows of resources increased by approximately \$76.6 million due to an increase in economic impact assistance (\$12.8 million), an increase in property taxes (\$68.1 million), decreases in OPEB related items (\$1.1 million) and lease related amounts (\$2.8 million).

Statement of Activities

The following condensed schedule of changes in net position displays the revenues and expenses for the current year.

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 13,373,853	12,371,156	46,151,547	38,478,297	59,525,400	50,849,453
Operating grants and contributions	33,681,790	18,200,492	1,110,786	402,542	34,792,576	18,603,034
Capital grants and contributions	6,396,151	20,604,720	—	—	6,396,151	20,604,720
General revenues:						
Property taxes	468,587,016	428,677,659	—	—	468,587,016	428,677,659
Investment earnings and interest	164,576,755	183,147,176	3,416,998	3,037,738	167,993,753	186,184,914
Economic impact assistance	12,300,000	10,289,847	—	—	12,300,000	10,289,847
Grants and entitlements not restricted to specific programs	2,585,848	2,547,400	—	—	2,585,848	2,547,400
Other	4,984,380	5,175,084	—	—	4,984,380	5,175,084
Total revenues	<u>706,485,793</u>	<u>681,013,534</u>	<u>50,679,331</u>	<u>41,918,577</u>	<u>757,165,124</u>	<u>722,932,111</u>
Expenses:						
General government	172,493,893	115,541,444	—	—	172,493,893	115,541,444
Public works	162,289,092	148,991,879	—	—	162,289,092	148,991,879
Public safety	64,710,272	53,077,885	—	—	64,710,272	53,077,885
Health and social services	41,743,031	32,155,608	—	—	41,743,031	32,155,608
Wildlife management	9,110,566	6,914,235	—	—	9,110,566	6,914,235
Primary and secondary education	60,174,695	55,002,950	—	—	60,174,695	55,002,950
Higher education	12,141,141	11,855,502	—	—	12,141,141	11,855,502
Interest on long-term debt	10,192,952	6,044,426	—	3,543	10,192,952	6,047,969
Service Area 10	—	—	35,635,022	21,393,079	35,635,022	21,393,079
Power Generation & Distribution	—	—	35,065,626	31,371,010	35,065,626	31,371,010
Real Property Management	—	—	4,411,975	639,516	4,411,975	639,516
Home Assistance Loan	—	—	45,891	90,420	45,891	90,420
Technical Training Center	—	—	6,015,030	4,679,831	6,015,030	4,679,831
Total expenses	<u>532,855,642</u>	<u>429,583,929</u>	<u>81,173,544</u>	<u>58,177,399</u>	<u>614,029,186</u>	<u>487,761,328</u>
Changes in net position before transfers	173,630,151	251,429,605	(30,494,213)	(16,258,822)	143,135,938	235,170,783
Transfers	<u>(28,248,110)</u>	<u>(24,298,929)</u>	<u>28,248,110</u>	<u>24,298,929</u>	<u>—</u>	<u>—</u>
Change in net position	145,382,041	227,130,676	(2,246,103)	8,040,107	143,135,938	235,170,783
Net position, beginning of year	<u>2,896,923,619</u>	<u>2,669,792,943</u>	<u>444,891,075</u>	<u>436,850,968</u>	<u>3,341,814,694</u>	<u>3,106,643,911</u>
Net position, end of year	<u>\$ 3,042,305,660</u>	<u>2,896,923,619</u>	<u>442,644,972</u>	<u>444,891,075</u>	<u>3,484,950,632</u>	<u>3,341,814,694</u>

NORTH SLOPE BOROUGH, ALASKA
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

Key Elements

The overall changes in net position before transfers for governmental activities decreased to \$173.6 million in FY 2025 due primarily to an increase in total expenses by \$103 million net of increased property taxes of \$40 million. The Permanent Fund showed investment earnings of approximately \$121.8 million, while the General Fund also showed investment earnings of approximately \$48.1 million.

Business-type operating revenues increased by \$7.7 million in FY 2025 due largely to an increase in economic activity on Alaska's North Slope positively impacting the operations of the Service Area 10 Fund. The Service Area 10 Fund had a loss before capital contributions of \$81.1 thousand in the current year. Additionally, the Power Generation & Distribution Fund had a loss before transfers and capital contributions of \$26.5 million, while the Real Property Management Fund had a loss of \$1.2 million before transfers, and the Harry K. Brower, Jr. Training Center had a loss of \$4.7 million before transfers and capital contributions. The overall result was a loss of \$32.1 million before capital contributions and transfers across all enterprise funds, which is an increase in the loss of approximately \$15.8 million in comparison to the prior year. This increase is primarily due increased costs in Power Generation & Distribution, Real Property Management, and Harry K. Brower, Jr. Training Center of \$10.4 million. Additionally, the Harry K. Brower, Jr. Training Center is relatively new and is still developing operations.

Financial Analysis of the Government's Funds

As noted earlier, the Borough uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of the Borough's governmental fund financial statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Borough's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the Borough's governmental funds reported a combined fund balance of \$1,939,749,001. This is an increase of \$164,712,763, in comparison to the beginning of the year. This reflects the net increase in revenues of \$29,424,427, the net increase in total expenditures of \$107,026,038, and the net increase in total net other financing sources of \$24,036,950. Included in fund balances is \$395,641,098, which is nonspendable fund balance as it is composed of inventory, prepaid items, and endowment funds. Total governmental fund balances include \$1,251,125,155 for the Permanent Fund. From this balance, \$865,251,981 is restricted and \$385,873,174 is nonspendable. Additionally, the governmental fund balances include \$355,265,456 restricted for capital projects and \$511,858 for health programs. Furthermore, \$16,942,296 of the governmental funds fund balances are committed to use for pollution remediation and various special revenue programs. An additional \$57,530,594 of government fund balances are assigned to liquidate encumbrances and for self-insurance, and the remaining \$248,605,718 of the total governmental fund balance amount constitutes unassigned fund balance.

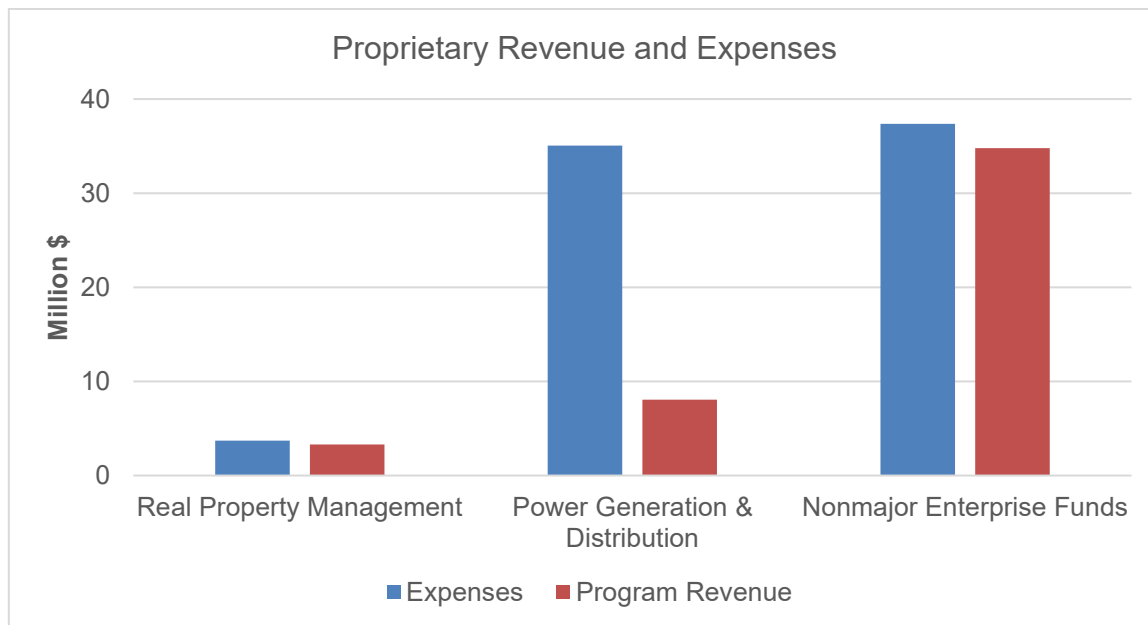
The General Fund is the main operating fund of the Borough. At the end of the fiscal year, unassigned fund balance of the General Fund was \$248,605,718, while total fund balance was \$317,811,257, an increase in total fund balance of \$44,832,334 from the prior fiscal year. The increase is primarily a result of budgeted revenues exceeding expenditures, including an increase in property taxes from the prior year of \$39.4 million. Property taxes increased due to increased assessments of oil and gas properties.

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As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 50% of total General Fund expenditures, while total fund balance represents 64% of that same amount.

The Permanent Fund had a total fund balance of \$1,251,125,155, all of which is nonspendable or restricted. Fund balance in the Permanent Fund increased by \$122,976,366 due to investment earnings as a result of favorable market performance.

Proprietary funds – The Borough's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.



Total net position of the Real Property Management Fund decreased by \$2,395,333 to \$264,968,227. The decrease in net position is due to a loss on the impairment and disposal of capital assets, a capital contribution to governmental-activities, and transfers out.

Total net position for the Power Generation & Distribution Fund did not change as transfers in were calculated at an amount for the fund to break even.

Other factors concerning the finances of these five funds have already been addressed in the discussion of the Borough's business-type activities.

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For the Fiscal Year Ended June 30, 2025

General Fund Budgetary Highlights

The initial budget process was predicated on holding steady on spending in order to preserve the long-term financial stability of the Borough. After the final certification of the assessed value regarding the oil and gas properties AS 43.56, it became clear that additional revenues would be available for government operations. As such, the Borough issued a supplemental budget appropriation for the additional resources. The final expenditure budget was an increase from the original budget of \$137.7 million, or about 31.6%. The increases in the final expenditure budget were due to the following:

- \$32 million in FY 2024 encumbrance carryforwards
- \$35.1 million in FY 2024 grant carryforward
- \$4.0 million for Shipping and Receiving Building Demolition project
- \$9.0 million for Borough wide technology improvements
- \$18.6 million for increased grant expenditures

The supplemental budget increases were due mainly to:

- \$14.4 million on increased debt service
- \$2.0 million for School District operational funding

Differences between the final budget and actual transactions can be briefly summarized as follows:

- Intergovernmental revenues were \$25.6 million lower than budgeted. This is primarily due to timing of issues related to expenditures and appropriation of multi-year programs.
- Investment earnings were \$44.1 million higher than expected due mainly to the Borough's conservative approach in budgeting investment earnings and a higher than expected investment performance.
- Expenditures were \$80.9 million under budget largely due to grants awarded but not spent, the timing of certain expenditures where encumbrances were carried forward, contingency funds minimally spent, and prudent efforts by departments to reduce spending.

None of these variances will have a significant impact on the Borough's futures services or liquidity.

NORTH SLOPE BOROUGH, ALASKA
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

Capital Asset and Debt Administration

Capital Assets – The Borough's investment in capital assets for its governmental and business-type activities as of June 30, 2025 amounts to \$1.97 billion (net of accumulated depreciation). This investment in capital assets includes land, gas fields, buildings and improvements, equipment, construction work-in-progress, sewer and water treatment facilities, and roads. The total net increase in the Borough's investments in capital assets for the fiscal year was \$60 million. Major capital asset events that were funded during the fiscal year included the following:

- Approximately \$12.3 million was invested in the Wainwright Water Plant Upgrade.
- Approximately \$4.3 million was invested in the Atkasuk Water Connections.
- Approximately \$5.9 million was invested in area wide Water Tank Upgrades.
- Approximately \$5.4 million was invested in the new Ukqiagvik Sewer System Upgrade.
- Approximately \$3.9 million was invested in area wide Sewer Upgrades.
- Approximately \$8.0 million was invested in the new Anaktukak Pass Public Works Shop.
- Approximately \$10.8 million was invested in area wide Heavy Equipment.
- Approximately \$21.5 million was invested in the new Search and Rescue Helicopter.
- Approximately \$20.4 million was invested in the new Kaktovik School.
- Approximately \$4.3 million was invested in the Utqiagvik High School renovation
- Approximately \$5.1 million was invested in the Point Hope Road Resurfacing.
- Approximately \$6.6 million invested in the Power Grid.

The following table displays the capital assets (net of accumulated depreciation):

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 31,047,150	31,047,150	259,099,836	259,099,836	290,146,986	290,146,986
Construction work-in-progress	199,727,272	222,050,955	11,598,980	6,928,905	211,326,252	228,979,860
Gas fields	143,818,719	146,718,005	—	—	143,818,719	146,718,005
Buildings and improvements	532,461,033	474,897,586	102,382,622	117,460,156	634,843,655	592,357,742
Improvements other than buildings	113,829,481	75,919,000	—	—	113,829,481	75,919,000
Equipment	52,181,514	48,623,224	13,019,183	9,212,328	65,200,697	57,835,552
Infrastructure	505,550,019	512,870,591	—	—	505,550,019	512,870,591
Lease assets	3,490,339	3,740,307	—	69,254	3,490,339	3,809,561
Subscription assets	122,418	—	208,393	—	330,811	—
	<u>\$ 1,582,227,945</u>	<u>1,515,866,818</u>	<u>386,309,014</u>	<u>392,770,479</u>	<u>1,968,536,959</u>	<u>1,908,637,297</u>

Additional information on the Borough's capital assets can be found in note 5 to the financial statements on pages 44 – 47 of this report.

NORTH SLOPE BOROUGH, ALASKA
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

Long-Term Debt – At the end of the fiscal year, the Borough had total bonded debt outstanding of \$343,134,529. All of the general obligation bonds are backed by the full faith and credit of the Borough. The remainder of the Borough's long-term obligations is comprised of leases and subscriptions payable. The following table displays the long-term debt:

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 321,950,000	270,960,000	—	—	321,950,000	270,960,000
Bond premiums	21,184,529	17,180,404	—	—	21,184,529	17,180,404
Leases	3,609,160	3,722,970	—	70,857	3,609,160	3,793,827
Subscriptions	68,895	—	—	—	68,895	—
Total long-term debt	\$ 346,743,689	291,863,374	—	70,857	346,743,689	291,934,231

The total government-wide long-term debt increased by \$54.8 million (19%) in FY25.

Major long-term debt activity during the year included the following:

- In October 2024, the Borough issued a total of \$130,305,000 in general obligation bonds Series 2024A (General Purpose) and Series 2024B (Schools) to finance various capital projects and school-related projects.
- During FY 2025, the Borough made general obligation bond principal payments of \$79,315,000.
- During FY 2025, the Borough maintained its ratings for its general obligation bonds as follows:
 - Kroll Bond Rating Agency AA+
 - S&P Global Ratings AA
 - Fitch Ratings AA

There is no general obligation debt limit imposed on the Borough by the State Constitution or statutes or the Borough's charter or code.

Additional information on the Borough's long-term debt can be found in note 7 on pages 49 – 54 of this report.

Economic Factors and Next Year's Budgets and Rates

The majority of the Borough's revenue continues to be derived from oil and gas property taxes. Property taxes are levied based on assessed value, and oil and gas-related taxes currently account for approximately 96% of total property tax revenue. In developing its financial plans, the Borough has projected assessed property values of approximately \$29.2 billion for Fiscal Year 2026. The assessed value of oil and gas properties increased by roughly \$3.8 billion in 2025—an approximately 15% increase over the prior year. The Borough's core oil and gas property tax base remains strong and is expected to expand further as billions of dollars in new wells, pipelines, and facilities are anticipated to be constructed over the next five years, particularly associated with the Willow and Pikka project developments. A substantial portion of the Borough's property tax base consists of long-lived, permanent petroleum infrastructure. Pursuant to Alaska statute, this infrastructure is depreciated for property tax purposes based on proven reserves. Data from the U.S. Energy Information

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Administration and the State of Alaska consistently place Alaska North Slope proven reserves at more than two billion barrels, reinforcing both the statutory basis and the long-standing methodology used in calculating depreciation.

Although the Borough has used what it considers to be the best information available to it in developing its financial plans, the Borough can make no representation as to the assessed value of property of the Borough in the future. Further, the Borough can make no representations or predictions about future conditions in the oil or gas industries.

The FY 2026 original adopted General Fund tax revenue budget anticipated an increase of \$48.5 million. However, upon certification of the final assessed values for FY 2026, General Fund tax revenues increased by \$118.8 million over the FY 2025 original budgeted tax revenues.

The net result is that additional general operating funds are available to address fixed cost increases including salary increases, fringe rate increases, insurance costs, and fuel price increases without impacting government services. In addition, a portion of the revenues will be used for funding critical new programs, increasing support for education, paying down debt, and increasing savings.

Requests for Information

This financial report is designed to provide a general overview of the North Slope Borough's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the North Slope Borough Department of Finance, P.O. Box 69, Utqiagvik, Alaska 99723.

BASIC FINANCIAL STATEMENTS

NORTH SLOPE BOROUGH, ALASKA

Statement of Net Position

June 30, 2025

Assets and Deferred Outflows of Resources	Primary government			Component units	
	Governmental activities	Business-type activities	Total	School District	Ilisagvik College
Imprest cash	\$ 13,350	—	13,350	—	—
Cash and investments with central treasury	1,220,736,887	64,407,392	1,285,144,279	—	—
Other cash and investments	1,275,772,092	189,086	1,275,961,178	33,831,400	36,064,457
Accounts receivable, net:					
Property taxes	10,167,832	—	10,167,832	—	—
Intergovernmental	19,831,094	333,038	20,164,132	1,043,229	950,401
Trade	—	4,209,565	4,209,565	967,920	964,613
Other	2,738,033	—	2,738,033	—	—
Lease receivable	—	19,655,466	19,655,466	—	—
Accrued interest	5,985,745	524,553	6,510,298	—	—
Prepays and deposits	429,019	—	429,019	3,843,130	96,392
Inventories	9,323,110	—	9,323,110	683,501	141,595
Loan receivable, net	24,377	4,094,309	4,118,686	—	—
Other assets	27,178	—	27,178	—	—
OPEB asset	51,533,515	4,120,652	55,654,167	16,310,748	4,270,166
Capital assets:					
Not being depreciated	230,774,422	270,698,816	501,473,238	134,956	—
Being depreciated, net	1,351,453,523	115,610,198	1,467,063,721	1,226,586	2,756,452
Total assets	<u>4,178,810,177</u>	<u>483,843,075</u>	<u>4,662,653,252</u>	<u>58,041,470</u>	<u>45,244,076</u>
Deferred outflows of resources:					
Pension and OPEB related	18,592,515	1,486,679	20,079,194	4,710,387	1,345,718
Total deferred outflows of resources	<u>18,592,515</u>	<u>1,486,679</u>	<u>20,079,194</u>	<u>4,710,387</u>	<u>1,345,718</u>
Total assets and deferred outflows of resources	<u>\$ 4,197,402,692</u>	<u>485,329,754</u>	<u>4,682,732,446</u>	<u>62,751,857</u>	<u>46,589,794</u>
Liabilities, Deferred Inflows of Resources, and Net Position					
Liabilities:					
Accounts payable	\$ 47,725,673	4,553,872	52,279,545	892,775	381,765
Accrued payroll and related benefits	6,151,548	440,908	6,592,456	5,262,121	263,384
Interest payable	103,306	—	103,306	—	—
Unearned revenue:					
Intergovernmental	2,054,081	340	2,054,421	279,857	2,964,351
Other	—	326,772	326,772	—	—
Deposits payable and other liabilities	791,852	350,881	1,142,733	—	—
Internal balances	(2,897,180)	2,897,180	—	—	—
Non-current liabilities:					
Due within one year:					
Bonds, compensated absences, self-insurance, leases, pollution remediation obligations, arbitrage, and closure and postclosure costs	94,225,348	147,600	94,372,948	1,384,284	552,981
Due in more than one year:					
Bonds, compensated absences, self-insurance, leases, pollution remediation obligations, arbitrage, and closure and postclosure costs	349,072,001	4,073,247	353,145,248	21,438	—
Net pension liability	120,241,695	9,614,673	129,856,368	32,251,821	9,914,598
Total liabilities	<u>617,468,324</u>	<u>22,405,473</u>	<u>639,873,797</u>	<u>40,092,296</u>	<u>14,077,079</u>
Deferred inflows of resources:					
Deferred revenue – property taxes	522,332,901	—	522,332,901	—	—
Deferred revenue – economic impact assistance	13,050,180	—	13,050,180	—	—
Lease related	—	20,152,672	20,152,672	—	—
Deferred charge on refunding	661,878	—	661,878	—	—
Pension and OPEB related	1,583,749	126,637	1,710,386	784,954	153,642
Total deferred inflows of resources	<u>537,628,708</u>	<u>20,279,309</u>	<u>557,908,017</u>	<u>784,954</u>	<u>153,642</u>
Net position:					
Net investment in capital assets	1,520,560,991	386,309,014	1,906,870,005	1,330,869	2,756,452
Restricted for:					
Permanent fund, expendable	865,251,981	—	865,251,981	—	—
Permanent fund, nonexpendable	385,873,174	—	385,873,174	—	—
Museum purchases, expendable	15,795	—	15,795	—	—
Capital projects	142,992,491	—	142,992,491	—	—
OPEB benefits	51,533,515	4,120,652	55,654,167	16,310,748	4,270,166
Pollution remediation obligations	24,966,915	—	24,966,915	—	—
Term endowment	—	—	—	—	6,279,402
Unrestricted	51,110,798	52,215,306	103,326,104	4,232,990	19,053,053
Net position	<u>3,042,305,660</u>	<u>442,644,972</u>	<u>3,484,950,632</u>	<u>21,874,607</u>	<u>32,359,073</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 4,197,402,692</u>	<u>485,329,754</u>	<u>4,682,732,446</u>	<u>62,751,857</u>	<u>46,589,794</u>

See accompanying notes to financial statements.

NORTH SLOPE BOROUGH, ALASKA

Statement of Activities

Year ended June 30, 2025

Functions/Programs	Expenses	Program revenues			Net (expense) revenue and changes in net position			Component units	
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government		Total	School District	Iliisagvik College
					Governmental activities	Business-type activities			
Primary government:									
Governmental activities:									
General government	\$ 172,493,893	5,843,193	19,021,029	—	(147,629,671)	—	(147,629,671)	—	—
Public works	162,289,092	5,395,241	2,164,015	6,396,151	(148,333,685)	—	(148,333,685)	—	—
Public safety	64,710,272	1,261,344	2,956,955	—	(60,491,973)	—	(60,491,973)	—	—
Health and social services	41,743,031	874,075	5,036,263	—	(35,832,693)	—	(35,832,693)	—	—
Wildlife management	9,110,566	—	4,429,105	—	(4,681,461)	—	(4,681,461)	—	—
Primary and secondary education	60,174,695	—	—	—	(60,174,695)	—	(60,174,695)	—	—
Higher education	12,141,141	—	—	—	(12,141,141)	—	(12,141,141)	—	—
Interest	10,192,952	—	74,423	—	(10,118,529)	—	(10,118,529)	—	—
Total governmental activities	532,855,642	13,373,853	33,681,790	6,396,151	(479,403,848)	—	(479,403,848)	—	—
Business-type activities:									
Service Area 10	35,635,022	33,510,747	104,127	—	—	(2,020,148)	(2,020,148)	—	—
Power Generation & Distribution	35,065,626	8,050,100	540,155	—	—	(26,475,371)	(26,475,371)	—	—
Real Property Management	4,411,975	3,307,722	11,065	—	—	(1,093,188)	(1,093,188)	—	—
Home Assistance Loan	45,891	—	—	—	—	(45,891)	(45,891)	—	—
Harry K. Brower, Jr. Training Center	6,015,030	1,282,978	455,439	—	—	(4,276,613)	(4,276,613)	—	—
Total business-type activities	81,173,544	46,151,547	1,110,786	—	—	(33,911,211)	(33,911,211)	—	—
Total primary government	\$ 614,029,186	59,525,400	34,792,576	6,396,151	(479,403,848)	(33,911,211)	(513,315,059)	—	—
Component units:									
School District	\$ 103,813,164	1,922,845	13,883,958	—				(88,006,361)	—
Iliisagvik College	21,901,793	1,247,810	8,613,847	—				—	(12,040,136)
Total component units	\$ 125,714,957	3,170,655	22,497,805	—				(88,006,361)	(12,040,136)
General revenues:									
Property taxes					\$ 468,587,016	—	468,587,016	—	—
Grants and entitlement not restricted to specific programs					2,585,848	—	2,585,848	32,994,800	—
Economic impact assistance					12,300,000	—	12,300,000	—	—
Investment earnings and interest					164,576,755	3,416,998	167,993,753	2,321,672	2,252,227
Support from primary government					—	—	—	48,937,324	11,955,006
Other					4,984,380	—	4,984,380	259,936	29,125
Transfers					(28,248,110)	28,248,110	—	—	—
Total general revenues, extraordinary item, and transfers					624,785,889	31,665,108	656,450,997	84,513,732	14,236,358
Change in net position					145,382,041	(2,246,103)	143,135,938	(3,492,629)	2,196,222
Net position, beginning of year					2,896,923,619	444,891,075	3,341,814,694	25,367,236	30,162,851
Net position, end of year					\$ 3,042,305,660	442,644,972	3,484,950,632	21,874,607	32,359,073

See accompanying notes to financial statements.

NORTH SLOPE BOROUGH, ALASKA

Balance Sheet – Governmental Funds

June 30, 2025

Assets	General	Permanent	Nonmajor governmental funds	Total governmental funds
Imprest cash	\$ 13,350	—	—	13,350
Cash and investments with central treasury	817,176,821	—	403,560,066	1,220,736,887
Other cash and investments	24,966,915	1,250,805,177	—	1,275,772,092
Accounts receivable:				
Property taxes, net	10,167,832	—	—	10,167,832
Intergovernmental	16,304,529	—	3,526,565	19,831,094
Other	2,388,033	—	350,000	2,738,033
Loan receivable, net	24,377	—	—	24,377
Accrued interest	5,366,404	619,341	—	5,985,745
Due from other funds	3,030,320	1,103,442	—	4,133,762
Prepaid items and deposits	393,090	—	35,929	429,019
Inventories	9,323,110	—	—	9,323,110
Other assets	27,178	—	—	27,178
Total assets	\$ 889,181,959	1,252,527,960	407,472,560	2,549,182,479
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ 24,842,528	166,223	23,606,615	48,615,366
Accrued payroll and related benefits	5,900,973	—	—	5,900,973
Other payroll liabilities	4,835,479	—	—	4,835,479
Due to other funds	—	1,236,582	—	1,236,582
Unearned revenue – intergovernmental	2,050,905	—	3,176	2,054,081
Deposits payable	791,752	—	—	791,752
Other liabilities	100	—	—	100
Total liabilities	38,421,737	1,402,805	23,609,791	63,434,333
Deferred inflows of resources:				
Unavailable revenues – property taxes	532,494,813	—	—	532,494,813
Unavailable revenues – economic impact assistance	—	—	13,050,180	13,050,180
Unavailable revenues – intergovernmental	429,734	—	—	429,734
Unavailable revenues – loans	24,418	—	—	24,418
Total deferred inflows of resources	532,948,965	—	13,050,180	545,999,145
Fund balances:				
Nonspendable:				
Prepaid items and deposits	393,090	—	35,929	429,019
Inventory	9,323,110	—	—	9,323,110
Permanent fund corpus	—	385,873,174	—	385,873,174
Museum endowment	—	—	15,795	15,795
Restricted for:				
Permanent fund	—	865,251,981	—	865,251,981
Authorized projects	—	—	355,265,456	355,265,456
Health programs	511,858	—	—	511,858
Committed to:				
Pollution remediation	1,446,887	—	—	1,446,887
Museum operations	—	—	150,394	150,394
Loans	—	—	6,342,620	6,342,620
Grants	—	—	4,195,828	4,195,828
Energy program	—	—	4,556,483	4,556,483
Public safety	—	—	250,084	250,084
Assigned	57,530,594	—	—	57,530,594
Unassigned	248,605,718	—	—	248,605,718
Total fund balances	317,811,257	1,251,125,155	370,812,589	1,939,749,001
Total liabilities, deferred inflows of resources and fund balance	\$ 889,181,959	1,252,527,960	407,472,560	2,549,182,479

See accompanying notes to financial statements.

NORTH SLOPE BOROUGH, ALASKA

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

June 30, 2025

Amount reported as fund balance on the governmental funds balance sheet	\$ 1,939,749,001
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,582,227,945
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings, changes in proportion and differences between Borough contributions and proportionate share of contributions, and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources on the statement of net position:	
Pension related	14,877,830
OPEB related	3,714,685
	<u>18,592,515</u>
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in the funds:	
Net OPEB assets	51,533,515
Long-term receivables, delinquent property taxes, certain intergovernmental receivables and loans are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Property taxes	10,161,912
Intergovernmental	429,734
Loans receivable	24,418
	<u>10,616,064</u>
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
General obligation bonds payable	(321,950,000)
Arbitrage rebate liability	(11,300,720)
Lease liabilities	(3,609,160)
Subscription Based Information Technology Agreement liabilities	(68,895)
Accrued interest	(103,306)
Pollution remediation obligation	(33,901,815)
Health claims payable and incurred but not reported	(2,674,096)
Landfill postclosure care costs	(36,621,812)
Net pension liability	(120,241,695)
Compensated absences	(6,511,725)
	<u>(536,983,224)</u>
Governmental funds report the effect of premiums and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:	
Premiums on general obligation bonds	(21,184,529)
Deferred amounts on refundings	(661,878)
	<u>(21,846,407)</u>
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings, changes in proportion and differences between Borough contributions and proportionate share of contributions, and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred inflows of resources on the statement of net position:	
OPEB related	(1,583,749)
	<u>(1,583,749)</u>
Net position of governmental activities	<u>\$ 3,042,305,660</u>

See accompanying notes to financial statements.

NORTH SLOPE BOROUGH, ALASKA
Statement of Revenues, Expenditures, and
Changes in Fund Balances – Governmental Funds
Year ended June 30, 2025

	<u>General</u>	<u>Permanent</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
Revenues:				
Property taxes	\$ 467,085,253	—	—	467,085,253
Intergovernmental	31,659,355	—	4,844,790	36,504,145
Charges for services	13,373,853	—	—	13,373,853
Investment earnings and interest	48,144,525	121,787,794	696,787	170,629,106
Economic impact assistance	—	—	12,300,000	12,300,000
Other	4,765,552	—	214,333	4,979,885
Total revenues	<u>565,028,538</u>	<u>121,787,794</u>	<u>18,055,910</u>	<u>704,872,242</u>
Expenditures:				
Current:				
General government	137,137,079	—	10,747,257	147,884,336
Public works	105,297,940	—	—	105,297,940
Public safety	52,881,237	—	146,000	53,027,237
Health and social services	33,995,560	—	—	33,995,560
Wildlife management	7,886,113	—	—	7,886,113
Primary and secondary education	46,521,154	—	—	46,521,154
Higher education	11,701,321	—	—	11,701,321
Debt service:				
Principal retirement	80,754,794	—	—	80,754,794
Interest on long-term debt	17,132,629	—	—	17,132,629
Issuance costs	—	—	923,297	923,297
Capital projects	—	—	155,258,590	155,258,590
Total expenditures	<u>493,307,827</u>	<u>—</u>	<u>167,075,144</u>	<u>660,382,971</u>
Excess (deficiency) of revenues over expenditures	<u>71,720,711</u>	<u>121,787,794</u>	<u>(149,019,234)</u>	<u>44,489,271</u>
Other financing sources (uses):				
Transfers in from other governmental funds	5,000,000	—	10,000,739	15,000,739
Transfers in from enterprise funds	—	1,188,572	—	1,188,572
Transfers out to other governmental funds	(10,000,000)	—	(5,000,739)	(15,000,739)
Transfers out to enterprise funds	(25,184,242)	—	—	(25,184,242)
Leases	1,573,943	—	—	1,573,943
Subscription based information technology agreements	170,561	—	—	170,561
Insurance proceeds	1,551,361	—	—	1,551,361
General obligation bonds issued	—	—	130,305,000	130,305,000
Premium on issuance of debt	—	—	10,618,297	10,618,297
Total other financing sources (uses)	<u>(26,888,377)</u>	<u>1,188,572</u>	<u>145,923,297</u>	<u>120,223,492</u>
Net change in fund balances	44,832,334	122,976,366	(3,095,937)	164,712,763
Fund balances, beginning of year	<u>272,978,923</u>	<u>1,128,148,789</u>	<u>373,908,526</u>	<u>1,775,036,238</u>
Fund balances, end of year	<u>\$ 317,811,257</u>	<u>1,251,125,155</u>	<u>370,812,589</u>	<u>1,939,749,001</u>

See accompanying notes to financial statements.

NORTH SLOPE BOROUGH, ALASKA

Reconciliation of Government Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year ended June 30, 2025

Net change in fund balance – total governmental funds	\$ 164,712,763
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense:	
Capital outlay	137,031,947
Transfer of capital assets to business-type activities	(5,819,940)
Capital contribution from business-type activities to government-wide activities	1,567,500
Gain on termination of leases	4,494
Depreciation and amortization expense	<u>(66,073,250)</u>
	66,710,751
Governmental funds report pension and OPEB payments as expenditures. However, in the statement of activities, the pension and OPEB costs are actuarially determined and are comprised of the change in the Borough's contributions subsequent to the measurement date, proportion and difference between Borough contributions and proportional share of contributions, difference between actual and expected experience and net difference between projected and actual earnings on investments:	
Pension related	(962,223)
OPEB related	<u>350,872</u>
	(611,351)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Property taxes	1,501,763
Intergovernmental	<u>429,734</u>
	1,931,497
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:	
Issuance of general obligation bonds	(130,305,000)
Principal repayments on general obligation debt	79,315,000
Bond premiums	(10,618,297)
Leases and SBITAs issued	(1,744,504)
Principal repayments on leases and SBITAs	<u>1,439,794</u>
	(61,913,007)
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 the governmental funds.	
Postclosure care costs	(1,523,894)
Change in claims incurred but not reported	(1,833,670)
Change in accrued interest	(15,770)
Amortization of bond premiums	6,614,172
Amortization of deferred amounts of refundings	341,275
Change in arbitrage payable	(6,052,351)
Change in pollution remediation obligation	(15,960,214)
Compensated absences	(675,940)
Change in net pension liability	(3,170,690)
Change in OPEB asset	<u>(3,171,530)</u>
	(25,448,612)
Change in net position of governmental activities	<u>\$ 145,382,041</u>

See accompanying notes to financial statements.

NORTH SLOPE BOROUGH, ALASKA

Statement of Net Position

Proprietary Funds – Enterprise Funds

June 30, 2025

Assets and Deferred Outflows of Resources	Business-type activities – enterprise funds			Total enterprise funds
	Power Generation & Distribution	Real Property Management	Nonmajor enterprise funds	
Current assets:				
Cash and investments with central treasury	\$ —	8,243,697	56,163,695	64,407,392
Other cash and investments	—	—	189,086	189,086
Accounts and loans receivable, net of allowance for uncollectible accounts	1,168,738	696,137	6,438,999	8,303,874
Intergovernmental receivable	—	—	333,038	333,038
Lease receivables	—	2,361,833	—	2,361,833
Accrued interest	—	524,553	—	524,553
Total current assets	1,168,738	11,826,220	63,124,818	76,119,776
Non-current assets:				
Lease receivable	—	17,293,633	—	17,293,633
Construction work in progress	10,856,599	—	742,381	11,598,980
Capital assets, net	64,414,539	257,556,911	52,738,584	374,710,034
OPEB asset	3,039,827	71,873	1,008,952	4,120,652
Total non-current assets	78,310,965	274,922,417	54,489,917	407,723,299
Total assets	79,479,703	286,748,637	117,614,735	483,843,075
Deferred outflows of resources:				
Pension and OPEB related	1,096,718	25,928	364,033	1,486,679
Total assets and deferred outflows of resources	\$ 80,576,421	286,774,565	117,978,768	485,329,754
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities:				
Accounts payable	\$ 157,435	32,329	4,364,108	4,553,872
Accrued payroll and related benefits	322,175	7,695	111,038	440,908
Compensated absences	179,114	3,172	138,616	320,902
Customer deposits	255,505	10,371	85,005	350,881
Unearned revenue	—	326,772	340	327,112
Due to other funds	1,793,738	1,103,442	—	2,897,180
Total current liabilities	2,707,967	1,483,781	4,699,107	8,890,855
Non-current liabilities:				
Accrued closure and postclosure costs	—	—	3,899,945	3,899,945
Net pension liability	7,092,689	167,676	2,354,308	9,614,673
Total non-current liabilities	7,092,689	167,676	6,254,253	13,514,618
Total liabilities	9,800,656	1,651,457	10,953,360	22,405,473
Deferred inflows of resources:				
Lease related	—	20,152,672	—	20,152,672
Pension and OPEB related	93,421	2,209	31,007	126,637
	93,421	20,154,881	31,007	20,279,309
Net position:				
Net investment in capital assets	75,271,138	257,556,911	53,480,965	386,309,014
Restricted for OPEB benefits	3,039,827	71,873	1,008,952	4,120,652
Unrestricted	(7,628,621)	7,339,443	52,504,484	52,215,306
Total net position	70,682,344	264,968,227	106,994,401	442,644,972
Total liabilities, deferred inflows of resources and net position	\$ 80,576,421	286,774,565	117,978,768	485,329,754

See accompanying notes to financial statements.

NORTH SLOPE BOROUGH, ALASKA

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds – Enterprise Funds

Year ended June 30, 2025

	Business-type activities – enterprise funds			
	Power Generation & Distribution	Real Property Management	Nonmajor enterprise funds	Total
Operating revenues:				
Power sales	\$ 8,050,100	—	—	8,050,100
Lease revenue	—	3,293,293	—	3,293,293
Water and wastewater revenue	—	—	18,889,264	18,889,264
Solid waste revenue	—	—	14,441,062	14,441,062
Training services revenues	—	—	1,268,274	1,268,274
Other revenues	—	14,429	195,125	209,554
Total revenues	<u>8,050,100</u>	<u>3,307,722</u>	<u>34,793,725</u>	<u>46,151,547</u>
Operating expenses:				
Salaries and benefits	10,585,403	236,524	3,650,243	14,472,170
Contractual and professional fees	591,115	94,198	20,761,233	21,446,546
Depreciation and amortization	5,187,056	18,945	7,919,517	13,125,518
Impairment of capital assets	—	3,002,294	—	3,002,294
Closure and postclosure care costs	—	—	1,043,261	1,043,261
Other operating expenses	<u>18,702,052</u>	<u>359,295</u>	<u>3,993,003</u>	<u>23,054,350</u>
Total operating expenses	<u>35,065,626</u>	<u>3,711,256</u>	<u>37,367,257</u>	<u>76,144,139</u>
Operating loss	(27,015,526)	(403,534)	(2,573,532)	(29,992,592)
Nonoperating revenue (expenses):				
Intergovernmental revenues	540,155	11,065	559,566	1,110,786
Investment earnings and interest	—	347,880	1,963,071	2,310,951
Interest – lease related	—	1,106,047	—	1,106,047
Loss on disposal of capital assets	—	(700,719)	—	(700,719)
Disposal costs for demolition of plant	—	—	(4,328,686)	(4,328,686)
Capital contribution to government-wide activities	<u>—</u>	<u>(1,567,500)</u>	<u>—</u>	<u>(1,567,500)</u>
Loss before transfers and capital contributions	(26,475,371)	(1,206,761)	(4,379,581)	(32,061,713)
Transfers in from governmental activities	20,913,664	—	4,270,578	25,184,242
Transfers out to governmental activities	—	(1,188,572)	—	(1,188,572)
Capital contributions	<u>5,561,707</u>	<u>—</u>	<u>258,233</u>	<u>5,819,940</u>
Change in net position	—	(2,395,333)	149,230	(2,246,103)
Net position, beginning of year	<u>70,682,344</u>	<u>267,363,560</u>	<u>106,845,171</u>	<u>444,891,075</u>
Net position, end of year	\$ <u><u>70,682,344</u></u>	<u><u>264,968,227</u></u>	<u><u>106,994,401</u></u>	<u><u>442,644,972</u></u>

See accompanying notes to financial statements.

NORTH SLOPE BOROUGH, ALASKA

Statement of Cash Flows

Proprietary Funds – Enterprise Funds

Year ended June 30, 2025

	Business-type activities – enterprise funds			
	Power Generation & Distribution	Real Property Management	Nonmajor enterprise fund	Total enterprise funds
Cash flows from operating activities:				
Cash received from customers	\$ 7,244,248	2,604,246	34,967,409	44,815,903
Principal payments received on loans	—	—	261,730	261,730
Payments to suppliers and service providers	(19,823,990)	(421,164)	(23,832,209)	(44,077,363)
Payments to employees for salaries and benefits	(9,806,954)	(221,822)	(3,399,433)	(13,428,209)
Payments for loans made to qualifying individuals	—	—	(619,632)	(619,632)
Net cash provided by (used for) operating activities	<u>(22,386,696)</u>	<u>1,961,260</u>	<u>7,377,865</u>	<u>(13,047,571)</u>
Cash flows from noncapital financing activities:				
Internal activity – payments from (to) other funds	1,498,633	—	—	1,498,633
State of Alaska power equalization and operating grants	72,146	—	100,614	172,760
Transfers from other funds	<u>20,913,664</u>	<u>(1,175,383)</u>	<u>4,270,578</u>	<u>24,008,859</u>
Net cash provided by (used for) noncapital financing activities	<u>22,484,443</u>	<u>(1,175,383)</u>	<u>4,371,192</u>	<u>25,680,252</u>
Cash flows from capital and related financing activities:				
Interest income - lease related	—	1,160,637	—	1,160,637
Principal paid on lease liability	(70,857)	—	—	(70,857)
Interest paid on lease liability	(3,543)	—	—	(3,543)
Capital contribution to government	—	(1,567,500)	—	(1,567,500)
Proceeds from sale or capital assets	—	499,281	—	499,281
Purchase of capital assets	(23,347)	(227,337)	(4,795,723)	(5,046,407)
Payments for disposal costs for demolition of plant	—	—	(4,328,686)	(4,328,686)
Net cash used for capital and related financing activities	<u>(97,747)</u>	<u>(134,919)</u>	<u>(9,124,409)</u>	<u>(9,357,075)</u>
Cash flows from investing activities:				
Investment earnings	—	347,880	1,963,071	2,310,951
Net increase in cash and cash equivalents	—	998,838	4,587,719	5,586,557
Beginning cash and cash equivalents	—	7,244,859	51,765,062	59,009,921
Ending cash and cash equivalents	<u>\$ —</u>	<u>8,243,697</u>	<u>56,352,781</u>	<u>64,596,478</u>
Reconciliation of operating loss to net cash provided by (used for) operating activities:				
Operating loss	\$ (27,015,526)	(403,534)	(2,573,532)	(29,992,592)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:				
Depreciation and amortization	5,187,056	18,945	7,919,517	13,125,518
Impairment of capital asset	—	3,002,294	—	3,002,294
Bad debt expense	863,039	—	—	863,039
Nonemployer pension and OPEB expense	468,009	11,065	155,346	634,420
Changes in assets and liabilities that provided (used) cash:				
Accounts and loans receivable	(806,621)	(615,776)	(203,221)	(1,625,618)
Lease receivable	—	2,399,719	—	2,399,719
Prepaid items	—	—	7,522	7,522
Net OPEB asset	280,075	13,285	111,945	405,305
Pension and OPEB related deferred outflows of resources	131,025	5,555	50,471	187,051
Accounts payable	(1,393,862)	32,329	914,505	(447,028)
Accrued payroll and compensated absences	(23,618)	1,144	(145)	(22,619)
Unearned revenue	—	278,038	19,003	297,041
Customer deposits	769	—	—	769
Accrued closure and postclosure care costs	—	—	1,043,261	1,043,261
Pension liability	(12,037)	(14,492)	(44,325)	(70,854)
Deferred inflows - lease related	—	(2,765,457)	—	(2,765,457)
Pension and OPEB related deferred inflows of resources	<u>(65,005)</u>	<u>(1,855)</u>	<u>(22,482)</u>	<u>(89,342)</u>
Net cash provided by (used for) operating activities	<u>\$ (22,386,696)</u>	<u>1,961,260</u>	<u>7,377,865</u>	<u>(13,047,571)</u>
Noncash capital, noncapital, and financing activities:				
Accrual of transfer	\$ —	1,103,442	—	1,103,442
Intergovernmental receivable	—	—	333,038	333,038
Intergovernmental nonemployer pension and OPEB contributions	468,009	11,065	155,346	634,420
Capital contributions	5,561,706	—	258,233	5,819,939

See accompanying notes to financial statements.

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The North Slope Borough (Borough) is a municipal corporation governed by an elected mayor and eleven-member assembly. As defined by U.S. generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- (1) Appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- (2) Fiscal dependency on the primary government.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Units

The North Slope Borough School District (School District) is responsible for elementary and secondary education within the government's jurisdiction. The members of the School District's governing board are elected by the voters. However, the Borough is financially accountable for the School District because the responsibility for the budget, taxing, debt, and major capital project construction rests with the Borough.

Ilisagvik College (College) is a public college that conducts postsecondary education. The affairs of the College are managed by a separate board of trustees, appointed by the Borough Assembly. The Borough provided 50% of the funding for the College during the year ended June 30, 2025.

Complete financial statements of the School District component unit can be obtained by contacting the School District at the following address: North Slope Borough School District, P.O. Box 169, Utqiagvik, Alaska 99723. Complete financial statements of the College can be obtained by contacting the College at the following address: Ilisagvik College, P.O. Box 749, Utqiagvik, Alaska 99723.

(b) Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

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 operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the financial statements for each fund type.

The government reports the following major governmental funds:

- *The General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- *The Permanent Fund* contains assets that are to be held in perpetuity except that an annual transfer may be made to the General Fund from the accumulated earnings in an amount up to 8% of the average total fair value of the fund at the end of the three preceding fiscal years. Funds may be appropriated to the Permanent Fund from any source. Income of the fund is to be added to the fund. The amount transferred to other funds may not be used to pay debt service on the Borough's debt.

The Borough reports the following major proprietary funds:

- *The Power Generation & Distribution Fund* includes the power-generating activities for the North Slope communities of Anaktuvuk Pass, Kaktovik, Nuiqsut, Point Hope, Point Lay, Wainwright, and Atkasuk.
- *The Real Property Management Fund* accounts for the management and disposition of revenues associated with real property.

(c) Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Borough must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Borough on a reimbursement basis.

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

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

this purpose, the government 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 the liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments, and compensated absences are recorded only when payment is due. General capital asset acquisitions, including contracts giving the Borough the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). However, recognition of revenues is not delayed pending completion of purely routine requirements, such as the filing of claims for allowable costs under a reimbursement program or the filing of progress reports with the provider. All other revenue items are considered to be measurable and available only when cash is received by the Borough.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's various utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. The Power Generation & Distribution Fund also recognizes as operating revenue the portion of fees intended to recover the cost of connecting new customers. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and impairments and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(d) Assets and Liabilities

(i) Cash and Investments

Certain investments of the Permanent Fund are deposited or invested in individual segregated bank accounts. Moneys of all other funds are maintained or invested in a common group of bank accounts. Collectively, these common bank accounts and investments represent the central treasury. Each fund whose moneys are included in the central treasury has equity therein. Each

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

fund's portion of the central treasury is displayed on the balance sheet as "cash and investments with central treasury" or is included in "due to other funds" if negative.

Imprest cash, certificates of deposits, and repurchase agreements with original maturities of 90 days or less, are considered to be cash equivalents. For purposes of the statements of cash flows, cash and investments with central treasury held by enterprise funds are treated as cash equivalents.

Investments are reported at fair value. For marketable debt and equity securities, including real estate investment trusts, fair values are obtained from independent sources using published market prices, quotations from national security exchanges, and security pricing services. Alternative investments are valued by management in consultation with the independent investment advisors using information prepared by the investment fund managers. They are presented at Net Asset Value (NAV) per share, which may not be reflective of the actual fair value of the underlying investments. Investment income earned from central treasury investments associated with other governmental funds and assigned to the General Fund was \$15,832,758.

(ii) *Receivables and Payables*

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." All amounts due to/from other funds are short term in nature.

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectible amounts, including those for Service Area 10 and Power Generation & Distribution. The property taxes receivable allowance is equal to approximately 10% of outstanding property taxes as of June 30, 2025.

(iii) *Inventories and Prepaid Items*

Inventory in the General Fund consists primarily of fuel. Inventories in the enterprise funds consist of supplies and materials. All inventories are valued at cost using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as expenditures when consumed.

(iv) *Capital Assets*

Capital assets, which include property, plant, equipment, the right-to-use lease assets, and infrastructure assets (e.g., roads, utilidors, streetlights, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Borough as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated or amortized using the straight-line method over the following estimated useful lives:

Buildings and improvements	15–50 years
Property and Plant:	
Treatment, general plant, and landfill	5–45 years
Utility plant	25–30 years
Power generators	7–14 years
Equipment	3–20 years
Lease assets	2–25 years
Subscription assets	2–3 years
Infrastructure	10–100 years
Gas fields	50 years

(v) *Leases*

Lessor – The Borough is a lessor for 44 noncancellable leases of land and buildings. Remaining lease terms range from 18 months to 37 years with fixed payments due monthly, quarterly, or annually. The Borough recognizes a lease receivable and a deferred inflow of resources in the government-wide and proprietary fund financial statements. The Borough does not consider its leasing activities to a significant component of its principal ongoing operations.

At the commencement of a lease, the Borough initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Borough determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Borough uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Borough monitors changes in circumstances that would require a remeasurement or modification of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

Lessee – The Borough is a lessee under 11 noncancellable leases of land, buildings, and a tank farm. The Borough recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements. The Borough recognizes lease liabilities with an initial term of greater than twelve months and an individual value of \$5,000 or more. Remaining lease terms range from 1 to 22 years with fixed payments due monthly, quarterly, or annually. For leases with a maximum possible term of 12 months or less at commencement, the Borough recognizes expense/expenditure based on the provisions of the lease contract.

At the commencement of a lease, the Borough initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Borough determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Borough uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Borough uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Borough is reasonably certain to exercise.

The Borough monitors changes in circumstances that would require a remeasurement or modification of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

(vi) *Subscription-Based Information Technology Arrangements*

The Borough recognizes subscription-based information technology arrangement liabilities with an initial term of greater than twelve months and an individual value of \$5,000 or more. The Borough has seven agreements that have noncancelable terms of greater than 12 months and have an individual value greater than the capitalization threshold. The remaining agreement terms range from 10 to 28 months with fixed payments annually for two of the agreements. All other agreements were paid in advance. For agreements with a maximum possible term of 12 months or less at commencement, the Borough recognizes expense/expenditure based on the provisions of the agreement.

At the commencement of an agreement, the Borough initially measures the subscription liability at the present value of payments expected to be made during the agreement term. Subsequently, the

NORTH SLOPE BOROUGH, ALASKA

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subscription liability is reduced by the principal portion of the payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the subscription commencement date. Subsequently, the subscription asset is amortized on a straight-line basis over its lease term.

Key estimates and judgments related to subscriptions include how the Borough determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) agreement term, and (3) subscription payments.

- The Borough uses its incremental borrowing rate as the discount rate for subscriptions.
- The agreement term includes the noncancellable period of the subscription.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments.
- Subscription assets are reported with other capital assets and subscription liabilities are reported with noncurrent liabilities on the statement of net position.

(vii) *Compensated Absences*

It is the Borough's policy to permit employees to accumulate earned but unused annual leave benefits. All annual leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

(viii) *Bond Premiums, Discounts, and Issuance Cost*

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed within the year the bonds are sold.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums 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.

(ix) *Arbitrage*

The Tax Reform Act of 1986 requires governmental entities issuing tax-exempt bonds to refund to the U.S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. Governmental entities must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Entities are required to remit arbitrage rebate payments for nonpurpose interest to the federal government at least once every five-year period that the debt is

NORTH SLOPE BOROUGH, ALASKA

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outstanding and at maturity. Arbitrage liabilities are recorded as a reduction in investment earnings or increase in losses due to decreased fair value of investments in the General Fund when due.

(x) *Pension and OPEB Plans*

For purposes of measuring the Borough's net pension liability and net OPEB asset, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pensions and OPEB expense, information about the fiduciary net position of the Alaska Public Employees Retirement System's (PERS) pension and OPEB Plans and additions to/deductions from the PERS's pension and OPEB Plans fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the PERS Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(e) **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Borough has two items that qualify for reporting in this category. They are the deferred amounts related to pension and OPEB.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Borough has five items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: property taxes, economic impact assistance, intergovernmental, and loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the Borough reports a deferred charge on refunding. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In the government-wide and fund financial statements the Borough reports deferred amounts related to leases. In the government-wide and propriety fund financial statements the Borough reports deferred amounts related to pension and OPEB.

(f) **Fund Balance and Net Position**

(i) *Fund Balance Components*

The fund balance amounts for governmental funds are displayed in five components as follows:

Nonspendable – Includes amounts either not in spendable form or legally or contractually required to be maintained intact. Amounts not in spendable form would include inventory, prepaid items, deposits, and Permanent Fund corpus.

Restricted – Reflects the same definition as restricted net position: constraints placed on the use of amounts are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

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provisions or enabling legislation. This would generally include amounts in bonded capital projects funds and Permanent Fund earnings.

Committed – Includes amounts that are committed for specific purposes by formal action of the Assembly, the Borough's highest level of decision-making authority. This formal action is the passage of an ordinance. Amounts classified as committed are not subject to legal enforceability like restricted fund balance; however, those amounts cannot be used for any other purpose unless the Assembly removes or changes the limitation by taking the same form of action it employed to previously impose the limitation.

Assigned – Includes amounts that are intended by the Assembly to be used for specific purposes, but the Assembly itself or the Director of Finance possess the authority to assign amounts to be used for specific purposes in accordance with the fund balance policy established by the Assembly. This would include any activity reported in a fund other than the General Fund that is not otherwise restricted more narrowly by the above definitions.

Unassigned – includes any remaining amounts after applying the above definitions and includes planned spending in the subsequent year's budget. The General Fund is the only fund that reports a positive unassigned fund balance amount.

The Borough's spending policy is to spend restricted fund balance first, followed by committed, assigned, and unassigned fund balance.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration in the Borough's governmental funds. Encumbrances, if any, outstanding at year-end are reported as appropriate constraints of fund balance if they meet the criteria and definitions outlined above and are generally reported as committed fund balance in special revenue and capital project funds and as assigned fund balance in the general fund.

At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	\$ 37,030,594
Permanent fund	78,467
Nonmajor special revenue funds	2,028,178
Power generation & distribution	699,989
Real property management	1,390,208
Nonmajor enterprise funds	<u>11,495,585</u>
	<u>\$ 52,723,021</u>

Capital project fund encumbrances are reported in note (5)(b).

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

(ii) *Net Position*

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net investment in capital assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, leases, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Borough's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted – This consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

(g) Revenues, Expenditures, and Expenses

(i) *Property Taxes*

Property taxes are levied on the assessed value of taxable property as of January 1, and are payable June 30 for the subsequent year's appropriations. An enforceable lien is attached on all taxable property as of January 1. A deferred inflow of resources is recorded in an amount equal to the property taxes due June 30, as significantly all such amounts are levied for the subsequent year's budget.

Property taxes billed and collected by the Borough include the portion attributable to the School District.

(ii) *Sales Taxes/Economic Impact Assistance*

Effective September 12, 1991, the Borough repealed its sales tax ordinance. At the same time, the Borough entered into an agreement with major property owners whereby the Borough would receive annual Economic Impact Assistance payments. In July 2024, the agreement was extended through June 30, 2026. Collectively, the major property owners are required to provide annual total payments of \$12,300,000 for fiscal year 2025, and \$12,750,180 for fiscal year 2026.

Beginning in fiscal year 2022, the Borough Assembly committed these funds to the villages within the Borough for community improvement projects and for the communities to have greater self-sufficiency and self-determination.

(iii) *Intergovernmental Revenue*

Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

(iv) *Insurance Recoveries*

Insurance recoveries are recognized when realized. When applicable, insurance recoveries are classified as program revenues related to public works in the statement of activities.

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

(h) Recently Adopted and Issued Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences*, was issued in June 2022. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This Statement also requires that a liability for certain types of compensated absences – including parental leave, military leave, and jury duty leave – not be recognized until the leave commences. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. The requirements of this statement are effective for the Borough's fiscal year beginning July 1, 2024. Early adoption is permitted. The Borough adopted the standard on July 1, 2024, and the impact on the Borough was not significant.

GASB Statement No. 102, *Certain Risk Disclosures*, was issued in December 2023. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The Borough adopted the standard on July 1, 2024, and the impact on the Borough was not significant.

GASB Statement No. 103, *Financial Reporting Model Improvements*, was issued in April 2024. This statement establishes new accounting and financial reporting requirements – or modifies existing requirements – related to the following:

- Management's discussion and analysis (MD&A) – the statement improves the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. The statement also will provide clarity regarding what information should be presented in MD&A.
- Unusual or infrequent items – the statement requires a separate presentation of unusual or infrequent items to provide clarity regarding which items should be reported separately from other inflows and outflows of resources.
- Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position – the statement standardizes the definition of operating revenues and expenses and of nonoperating revenues, thereby improving comparability between governments. The statement also requires the addition of a subtotal for operating income (loss) and noncapital subsidies in proprietary fund statements of revenues, expenses, and changes in fund net position.

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June 30, 2025

- Information about major component units in basic financial statements – the statement requires presentation of each major component unit separately in the reporting entity's statements of net position and activities.
- Budgetary comparison information – the statement requires that budgetary comparison information be presented as required supplementary information (RSI). The statement also requires that separate columns for the variances between (a) original and final budget amounts and (b) final budget amounts and actual results are required to be presented. An explanation of significant variations between original and final budget amounts and final budget amounts and actual results also is required to be presented in notes to RSI.
- Financial trends information in the statistical section – the statement requires that governments engaged only in business-type activities or only in business-type and fiduciary activities present in the statistical section revenues by major source for their business-type activities, distinguishing between operating, noncapital subsidy, and other nonoperating revenues and expenses.

The requirements of this statement are effective for the Borough's fiscal year beginning July 1, 2025. Early adoption is permitted. The Borough is currently evaluating the impact GASB 103 will have on its future financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, was issued in September 2024. This statement requires lease-related assets, subscription assets, and certain intangible assets to be disclosed separately in the capital assets note disclosures. Additionally, this Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The Borough adopted the standard on July 1, 2024, and the impact on the Borough was not significant.

(2) Stewardship, Compliance, and Accountability

(a) Budgets and Budgetary Accounting

In accordance with the North Slope Borough Code of Ordinances (Code), the Borough follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Mayor submits to the Borough Assembly, by March 15, a proposed operating budget for the General Fund and all enterprise funds of the Borough for the following fiscal year.
2. By April 15, a public hearing is conducted by the Assembly and they approve the operating budget Ordinance.
3. The Mayor submits to the Borough Assembly, by May 31, a capital improvements program for the next six fiscal years. Proposed expenditures and the means of financing them are included in the operating budget and capital improvements program.
4. By June 15, the Assembly holds hearings and approves the Capital Budget and six-year capital plan by Ordinance.

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The Mayor may transfer part or all of any unencumbered balance between expenditure classifications within a department or from one department to another excluding the education function, debt service, or for cash deficits. Transfers may be made between Capital Projects Funds only when the debt service on those proceeds has been satisfied and upon voter approval.

Budgeting for the General Fund is on a modified accrual basis in accordance with the Code. No other governmental funds have legally adopted annual budgets. All Borough enterprise funds have legally adopted annual budgets prepared on the accrual basis.

The books of the Borough remain open until such time as the Assembly authorizes their closure. As such, amendments to the appropriation may be made subsequent to June 30.

Expenditures may not legally exceed the total operating budget appropriation. Several supplementary appropriations were made during the year in accordance with the Code. Appropriations in governmental funds are encumbered upon issuance of purchase orders, contracts, or other forms of legal commitments. Even though goods and services have not been received, the transactions are reported as an assignment of fund balances in the year that the commitment is made. While appropriations lapse at the end of the fiscal year, the succeeding year's budget ordinance specifically provides for the reappropriation of year-end encumbrances, which have been approved for carryover by the Borough Administration and the Mayor. Appropriations for capital improvement programs and various governmental grants carry over at year-end.

(b) *Excess of Expenditures over Appropriations*

The Borough expenditures in certain General Fund departments exceeded appropriations during the year. This is primarily related to the receipt and related expenditure of intergovernmental revenues or in-kind contributions to component units.

(c) *Deficit Fund Balance*

The Borough had no individual fund with deficit fund balance as of June 30, 2025.

(3) *Deposits and Investments*

The Borough categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows: *Level 1*: Quoted prices for identical investments in active markets; *Level 2*: Observable inputs other

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

than those in Level 1; and *Level 3*: Unobservable inputs. The Borough has the following recurring fair value measurements as of June 30, 2025.

Investments by fair value level	Fair value measurements using			
	Total	Level 1	Level 2	Level 3
Central treasury:				
Money market funds	\$ 479,161,360	479,161,360	—	—
Repurchase agreements	20,000,000	20,000,000	—	—
Asset-backed securities	42,050,953	—	42,050,953	—
Certificates of deposit	11,185,622	—	11,185,622	—
Commercial paper	2,973,571	—	2,973,571	—
Debt securities:				
U.S. treasuries	518,822,151	—	518,822,151	—
U.S. agencies	91,794,523	—	91,794,523	—
Corporate bonds	52,467,103	—	52,467,103	—
Equity securities:				
Mutual funds	19,307,200	19,307,200	—	—
Total central treasury	<u>1,237,762,483</u>	<u>518,468,560</u>	<u>719,293,923</u>	<u>—</u>
Permanent fund:				
Money market funds	10,250,949	10,250,949	—	—
Debt securities:				
U.S. treasuries	39,536,188	—	39,536,188	—
U.S. agencies	28,961,563	—	28,961,563	—
Municipal bonds	134,276	—	134,276	—
Corporate bonds	22,395,331	—	22,395,331	—
Equity securities:				
Mutual funds	243,818,142	243,818,142	—	—
Investment by fair value level	<u>345,096,449</u>	<u>254,069,091</u>	<u>91,027,358</u>	<u>—</u>
Investments measured at NAV				
Limited partnerships	868,498,516			
Common collective fund	<u>37,210,212</u>			
Investments measured at the NAV	<u>905,708,728</u>			
Total Permanent fund	<u>1,250,805,177</u>			
Total investments	<u>\$ 2,488,567,660</u>			

Debt and equity securities classified in Level 1 of their fair value hierarchy are valued using prices quoted in the active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The fair value of investments in common collective funds and limited partnerships are determined using the NAV per share (or its equivalent) of the Borough's ownership interest in partners' capital.

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Notes to Financial Statements

June 30, 2025

Information about investments measured at NAV per share (or its equivalent) is presented in the following table.

	<u>Fair value</u>	<u>Unfunded commitment</u>	<u>Redemption frequency (if currently eligible)</u>	<u>Redemption notice period</u>
Limited partnerships and limited liability companies:				
Equity long/short hedge funds (a)	\$ 170,512,286	—	Quarterly	60 days
Fixed income fund (b)	148,129,871	—	Monthly	15 days
Equities/Equity funds (c)	219,216,986	—	Monthly	16 days
Absolute return (d)	24,666,777	—	Quarterly	90 days
Real estate private equity funds (e)	53,005,907	49,428,294	N/A	N/A
Private equity funds (f)	203,195,763	96,857,853	N/A	N/A
Private credit funds (g)	49,770,926	48,583,981	N/A	N/A
Total LP/LLC	<u>\$ 868,498,516</u>	<u>194,870,128</u>		
Collective funds:				
Common collective fund (h)	\$ 37,210,212	—	Daily	Daily

- (a) **Equity long/short hedge funds.** This type includes an investment in an equity hedge fund that invest both long and short. This fund speculates in equities. It may buy securities in expectation of capital gains (long positions) or sell borrowed securities in expectation of declining markets (short positions). The fund may use either strategy or employ both strategies at the same time. Subject to certain limitations, the fund may use derivative investments, such as options, to reduce risk or enhance returns.
- (b) **Fixed income fund.** This type includes a fund that trades and invests in fixed income securities. This fund makes investments across a diversified portfolio of fixed income securities including government bonds, mortgage backed securities, securitized, and investment grade and non-investment grade securities.
- (c) **Equities/Equity funds.** This type includes a fund that trades and invests in securities. This is an investment in a fund that speculate in equities. They buy securities in expectation of capital gains and potential dividend income.
- (d) **Absolute return funds.** This type includes investments in 4 hedge fund of fund vehicles. This investment in a fund that seeks to deliver investment returns through a combination of strategies and different securities independent of overall market securities. These investments may include the use of "Fund of Funds" vehicles that invest funds with multiple managers in a variety of diverse strategies.

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Notes to Financial Statements

June 30, 2025

On June 7, 2023, the directors notified shareholders of its intent to dissolve the fund and return capital to the fund's shareholders. The fund will fully wind down when all assets are liquidated, all liabilities are satisfied, and remaining partners' capital is vacated through the payment of liquidating distributions. The investment manager has estimated that the liquidation can take up to six years.

- (e) **Real estate private equity funds.** This type includes investments in 9 real estate funds. These funds make direct investments in real estate holdings as well as indirect investments in real estate related mortgages and other securities. These funds invest in a range of commercial and residential real estate markets in the United States, Asia, and Europe. These investments cannot be redeemed from the funds, without special circumstances. Distributions from each fund will be received as the underlying investments of the fund receive cash flows or are liquidated. It is expected that the underlying investments of the fund will be liquidated over the next 5-10 years, gradually, with realizations expected in each year.
- (f) **Private equity funds.** This type includes investments in 19 private equity funds. These funds make direct investments in securities from companies that are not publicly traded. The funds invest in limited sectors where the fund manager has the ability to concentrate investments in a specific industry, geographic location, business life cycle, or other narrow focus in order to achieve their investment objectives. These funds are generally illiquid and require an extended holding period in order to mature. These investments cannot be redeemed from the funds, without special circumstances. Distributions from each fund will be received as the underlying investments of the fund receive cash flows or are liquidated. It is expected that the underlying investments of the fund will be liquidated over the next 5-10 years, gradually, with realizations expected in each year.
- (g) **Private credit funds.** This type includes investments in 3 private credit funds. These funds make direct investments in debt securities not available in the public markets. These investments cannot be redeemed from the funds, without special circumstances. Distributions from each fund will be received as the underlying investments of the fund receive cash flows or are liquidated. It is expected that the underlying investments of the fund will be liquidated over the next 5-10 years, gradually, with realizations expected in each year.
- (h) **Common collective funds.** This type includes an investment in 1 common collective fund. This fund makes investments in fixed income and equity securities. The fund is valued using NAV daily.

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

As of June 30, 2025, the Borough had the following investments:

Investment type	Fair value	Investment maturities (in years)			
		Less than 1 or no scheduled maturity	1 to 5	6 to 10	More than 10
Central treasury:					
Money market funds	\$ 479,161,360	479,161,360	—	—	—
Repurchase agreements	20,000,000	20,000,000	—	—	—
Asset-backed securities	42,050,953	—	40,022,538	2,028,415	—
Certificates of deposit	11,185,622	11,185,622	—	—	—
Commercial paper	2,973,571	2,973,571	—	—	—
Debt securities:					
U.S. treasuries	518,822,152	156,021,225	327,562,364	35,238,563	—
U.S. agencies	91,794,522	10,116,660	66,737,186	7,335,655	7,605,021
Corporate bonds	52,467,104	5,625,815	22,166,058	24,675,231	—
Equity securities:					
Mutual funds	19,307,200	19,307,200	—	—	—
	<u>1,237,762,484</u>	<u>704,391,453</u>	<u>456,488,146</u>	<u>69,277,864</u>	<u>7,605,021</u>
Permanent fund:					
Money market funds	10,250,949	10,250,949	—	—	—
Debt securities:					
U.S. treasuries	39,536,188	3,687,479	16,361,853	11,134,434	8,352,422
U.S. agencies	28,961,563	261	971,765	1,598,471	26,391,066
Municipal bonds	134,276	—	—	—	134,276
Corporate bonds	22,395,331	—	15,070,757	1,550,948	5,773,626
Equity securities:					
Mutual funds	243,818,142	243,818,142	—	—	—
Limited partnerships	868,498,516	868,498,516	—	—	—
Common collective fund	37,210,212	37,210,212	—	—	—
	<u>1,250,805,177</u>	<u>1,163,465,559</u>	<u>32,404,375</u>	<u>14,283,853</u>	<u>40,651,390</u>
	<u>\$ 2,488,567,661</u>	<u>1,867,857,012</u>	<u>488,892,521</u>	<u>83,561,717</u>	<u>48,256,411</u>

- (i) **Interest Rate Risk** – The risk that change in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.
- (j) **Credit Risk** – The risk that an issuer or other counterparty to an investment will not fulfill its obligation. Borough Code authorizes investments in the following: U.S. Treasury bills, notes, and bonds; any debt instrument with a direct U.S. government guarantee; U.S. government agencies securities or agency-sponsored securities; repurchase agreements, secured by obligations consisting only of those investment instruments authorized by Code; banker's acceptances; commercial paper with a rating not less than A-1, P-1, or F-1; Certificates of Deposit; bonds or other taxable yield debt instruments of this state, its agencies, municipalities, any other state, or domestic corporation, which at the time of investment have an investment grade rating of a nationally recognized rating agency; any investment instrument authorized in terms of any trusts the Borough may administer; shares of mutual funds with portfolios consisting exclusively of assets that are direct obligations of the U.S. government;

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

government-backed securities; mortgage-related securities; asset-backed securities having one of the two highest ratings of a nationally recognized rating agency; and investment pools as authorized by the Alaska Statutes.

In addition to the above, certain additional investments are authorized for the Permanent Fund only. They are as follows: common stock, preferred stock, interest-bearing obligations of corporations having an option to convert into common stock; bond, note, or other debt securities of nondomestic governments, agencies, and corporations with a domestic rating of investment grade of a nationally recognized rating agency; securities of nondomestic corporations, including common and preferred stock; closed-or open-end mutual funds whose assets are invested in similar obligations; and private equity, absolute return, and real asset funds, and the sale (writing) and repurchase of call options, provided the Permanent Fund owns the security in which the options are written.

The Borough's investments in equity or bond mutual funds are not rated. The Borough also has two corporate bonds with a fair value of \$233,995 that are not rated. As of June 30, 2025, the Borough's corporate bonds, asset-backed securities, municipal bond, and money market fund were rated as follows:

Investment	Moody's Investor's Service	S & P Global Ratings Service
Corporate bonds	Aaa – Baa3	A+ – BBB-
Asset-back securities	Aaa	AAA
Municipal bond	A1	A+
Mondy market fund	Aaa-mf	AAAm

- (k) **Concentration of Credit Risk** The Borough places no limit on the amount it may invest in any one issuer; however, no more than 60% of the Permanent Fund may be invested in nondomestic investments. With the exception of the Permanent Fund, the Borough has no investments from any one issuer that represents 5% or more of total investments other than U.S. government securities or external investment pools such as collective trusts. The Permanent Fund does have four investments that exceed 5% of its total investment balance as follows:

Investment	Amount
Angeles Global Equity Opportunities Fund, LLC	\$ 219,216,986
Adage Capital Partners GP, LLC	170,512,286
Angeles Diversified Income Fund, LLC	148,129,871
Vanguard Institutional Index Fund Institutional Shares	76,036,871

- (l) **Custodial Credit Risk – Deposits** In the case of deposits, this is the risk that, in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough's deposit policy for custodial credit risk is to collateralize its primary demand deposit account for 100% of the uninsured balance. As of June 30, 2025, the Borough's deposits were covered by federal depository insurance or by collateral

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

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held by the Borough's agent or pledging financial institution's trust department or agent in the name of the Borough and, thus, had no deposits that were exposed to custodial credit risk.

- (m) **Custodial Credit Risk – Investments.** For an investment, this is a risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Borough had no debt securities exposed to custodial credit risk at June 30, 2025 because the investments were held by a custodian in the name of the Borough.
- (n) **Foreign Currency Risk.** The Borough's exposure to foreign currency risk derives from its positions in foreign currency-denominated debt and equity securities. The Borough's investment policy permits the Permanent Fund to invest up to 20% of total Permanent Fund investments in foreign currency denominated investments. The Borough holds no foreign currency denominated debt or equity securities as of June 30, 2025, and thus, is not exposed to any foreign currency risk as of June 30, 2025.
- (o) **Reconciliation to Statement of Net Position.** Deposits and investments of the primary government are reported as follows on the statement of net position, as of June 30, 2025:

	Cash and investments with central treasury	Other cash and investments	Total
Cash and restricted cash	\$ 47,381,796	25,156,001	72,537,797
Investments	1,237,762,483	1,250,805,177	2,488,567,660
Total primary government	<u>\$ 1,285,144,279</u>	<u>1,275,961,178</u>	<u>2,561,105,457</u>

(4) Property Taxes, Loans, Trade Accounts, and Other

Property taxes, loans, trade accounts, and other receivables as of June 30, 2025 for the Borough's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental activities		Business type activities			
	General	Nonmajor	Power generation & distribution	Real property management	Nonmajor	Total
Property taxes	\$ 11,254,017	—	—	—	—	11,254,017
Loans	24,424	—	—	—	4,213,848	4,238,272
Trade accounts	—	—	7,741,969	696,137	2,593,945	11,032,051
Other	6,992,000	350,000	—	—	—	7,342,000
	18,270,441	350,000	7,741,969	696,137	6,807,793	33,866,340
Allowance for uncollectible accounts	(5,690,199)	—	(6,573,231)	—	(368,794)	(12,632,224)
	<u>\$ 12,580,242</u>	<u>350,000</u>	<u>1,168,738</u>	<u>696,137</u>	<u>6,438,999</u>	<u>21,234,116</u>

NORTH SLOPE BOROUGH, ALASKA

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(5) Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

(a) Primary Government

	Beginning balance	Increase	Transfers and deletions	Ending balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 31,047,150	—	—	31,047,150
Construction work-in-progress	222,050,955	128,023,590	(150,347,273)	199,727,272
Total	253,098,105	128,023,590	(150,347,273)	230,774,422
Capital assets, being depreciated:				
Gas fields	220,116,309	1,885,416	—	222,001,725
Buildings and improvements	1,149,415,235	85,674,928	—	1,235,090,163
Improvements other than buildings	134,058,571	44,350,886	—	178,409,457
Equipment	241,415,267	16,353,290	(38,760)	257,729,797
Infrastructure	906,946,960	5,094,166	—	912,041,126
Lease assets:				
Land	636,741	80,815	(469,785)	247,771
Buildings	4,114,882	1,493,128	(269,356)	5,338,654
Tank farm	281,746	—	—	281,746
Subscription assets	—	170,561	—	170,561
Total	2,656,985,711	155,103,190	(777,901)	2,811,311,000
Less accumulated depreciation and amortization for				
Gas fields	73,398,304	4,784,702	—	78,183,006
Buildings and improvements	674,517,649	28,111,481	—	702,629,130
Improvements other than buildings	58,139,571	6,440,405	—	64,579,976
Equipment	192,792,043	12,795,000	(38,760)	205,548,283
Infrastructure	394,076,369	12,414,738	—	406,491,107
Lease assets:				
Land	124,661	58,606	(124,655)	58,612
Buildings	999,354	1,363,826	(269,356)	2,093,824
Tank farm	169,047	56,349	—	225,396
Subscription assets	—	48,143	—	48,143
Total	1,394,216,998	66,073,250	(432,771)	1,459,857,477
Total capital assets being depreciated	1,262,768,713	89,029,940	(345,130)	1,351,453,523
Total governmental activities, net	\$ 1,515,866,818	217,053,530	(150,692,403)	1,582,227,945

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Notes to Financial Statements

June 30, 2025

	<u>Beginning balance</u>	<u>Increase</u>	<u>Transfers and deletions</u>	<u>Ending balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 259,099,836	—	—	259,099,836
Construction work-in-progress	6,928,905	5,819,940	(1,149,865)	11,598,980
Total	<u>266,028,741</u>	<u>5,819,940</u>	<u>(1,149,865)</u>	<u>270,698,816</u>
Capital assets, being depreciated:				
Property and plant	272,758,989	358,723	(12,122,511)	260,995,201
Equipment	57,907,506	5,610,211	(7,619,063)	55,898,654
Lease asset - Building	277,010	—	(277,010)	—
Subscription asset	—	227,338	—	227,338
Total	<u>330,943,505</u>	<u>6,196,272</u>	<u>(20,018,584)</u>	<u>317,121,193</u>
Less accumulated depreciation and amortization for:				
Property and plant	155,298,833	11,233,963	(7,920,217)	158,612,579
Equipment	48,695,178	1,803,356	(7,619,063)	42,879,471
Lease asset - Building	207,756	69,254	(277,010)	—
Subscription asset	—	18,945	—	18,945
Total	<u>204,201,767</u>	<u>13,125,518</u>	<u>(15,816,290)</u>	<u>201,510,995</u>
Total capital assets being depreciated	<u>126,741,738</u>	<u>(6,929,246)</u>	<u>(4,202,294)</u>	<u>115,610,198</u>
Total business-type activities, net	<u>\$ 392,770,479</u>	<u>(1,109,306)</u>	<u>(5,352,159)</u>	<u>386,309,014</u>

During 2025, Service Area 10 disposed of its former water treatment plant through demolition of the plant and removal of equipment. The plant and equipment were fully depreciated.

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

Depreciation and amortization expense was charged to the departments and functions of the primary government as follows:

Governmental activities:

General government	\$ 9,917,330
Public works	34,207,277
Public safety	8,393,344
Health and social services	1,985,543
Wildlife management	88,181
Primary and secondary education	11,041,755
Higher education	<u>439,820</u>
Total governmental activities	\$ <u>66,073,250</u>

Business-type activities:

Power generation & distribution	\$ 5,187,056
Real property management	18,945
Service Area 10	7,526,816
Harry K. Brower, Jr. technical training center	<u>392,701</u>
Total business-type activities	\$ <u>13,125,518</u>

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

(b) Construction Commitments

The Borough has active construction projects as of year-end. As of year-end, the Borough's commitments with contractors are as follows:

	Project authorization	Expended through June 30, 2025	Encumbered at June 30, 2025
Education and service center facilities	\$ 201,111,242	153,045,347	16,404,645
Public roads, streets, watercourse, and flood control facilities	126,364,000	73,291,137	3,589,588
Public housing	57,390,000	42,166,534	21,127
Water facilities	175,867,000	102,467,042	23,139,902
Sewage treatment disposal facilities	119,537,000	61,023,777	17,322,779
Airport and airport terminal facilities	60,545,000	53,965,813	2,061,694
Light, power, and heating systems	153,812,000	111,866,820	4,933,455
Public safety facilities	122,865,000	108,353,754	1,665,184
Sanitary facilities	73,099,000	50,336,843	1,342,830
Communications	16,430,000	13,953,268	—
General capital projects	261,577,000	201,056,084	34,180,175
Health facilities	5,029,000	4,087,351	—
Library and cultural facilities	2,898,000	2,635,491	—
Administration facilities	13,804,000	9,989,137	574,074
Total	\$ <u>1,390,328,242</u>	<u>988,238,398</u>	<u>105,235,453</u>

(6) Interfund Receivables, Payables, and Transfers

(a) Interfund Receivables and Payables

The interfund General Fund receivable is comprised of a cash flow advance of \$1,793,738 to the Power Generation & Distribution Fund. The \$1,236,582 receivable of the General Fund represents investments fees paid by the General Fund for the Permanent Fund. The \$1,103,442 receivable of the Permanent Fund represents earnings of the Real Property Management Fund that are to be invested in the Permanent Fund. These receivables also explain the offsetting payables recorded for the respective funds noted.

All balances are expected to be settled within the next fiscal year.

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

(b) Transfers

A summary of interfund transfers is as follows:

		Transfers out		
		General fund	Real property management fund	Nonmajor governmental funds
				Total
Transfers in:				
General fund	\$	—	—	5,000,000
Permanent fund		—	1,188,572	—
Nonmajor governmental funds		10,000,000	—	739
Power Generation & Distribution fund		20,913,664	—	—
Nonmajor enterprise funds		4,270,578	—	—
	\$	<u>35,184,242</u>	<u>1,188,572</u>	<u>5,000,739</u>
				<u>41,373,553</u>

Significant transfers were as follows:

- General Fund transferred \$10,000,000 to Capital Projects Funds for the acquisition and construction of capital assets;
- General Fund transferred \$20,913,664 to the Power Generation & Distribution Fund to subsidize operations;
- General Fund transferred \$4,270,578 to the Harry K. Brower, Jr. Training Center to expand training programs;
- Real Property Management Fund transferred \$1,188,572 to the Permanent Fund as part of a long-term plan to help grow the Permanent Fund;
- Capital Projects Funds transferred \$5,000,000 to the General Fund to repay advances awaiting bond proceeds that were received during the year ended June 30, 2025.

(c) Interfund Charges

In the governmental statements, the General Fund has charged an administration support fee to the proprietary funds as follows:

Power generation & distribution	\$	2,149,299
Real property management		353,102
Nonmajor funds		<u>2,134,132</u>
Total proprietary funds	\$	<u>4,636,533</u>

NORTH SLOPE BOROUGH, ALASKA

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June 30, 2025

(7) Long-Term Obligations

(a) General Obligation Bonds

The Borough issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Borough. These bonds generally are issued as 5-year (General Purpose) and 11-year (Schools) current interest bonds with amounts of principal maturing in varying increments. General obligation bonds currently outstanding are as follows:

	<u>Bond principal</u>
\$6,020,000 2020 Series B for construction of school projects consisting of remaining current interest bonds of \$3,750,000 with a maturity value of \$2,130,300 due in semi-annual installments ranging from \$10,350 to \$700,350 due on December 30 and June 30, through June 30, 2031, interest at 3.00% to 5.00%.	\$ 3,750,000
\$29,630,000 2021 Series B for construction of school projects consisting of remaining current interest bonds of \$9,195,000 with a maturity value of \$9,955,250 due in semi-annual installments ranging from \$36,125 to \$4,859,875 due on December 30 and June 30, through June 30, 2028, interest at 5.00%.	9,195,000
\$81,780,000 2021 Series C for construction of capital projects consisting of remaining current interest bonds of \$31,175,000 with a maturity value of \$32,422,000 due in semi-annual installments ranging from \$623,500 to \$31,798,500 due on December 30 and June 30, through June 30, 2026, interest at 4.00%.	31,175,000
\$8,685,000 2021 Series D for construction of school projects consisting of remaining current interest bonds of \$6,105,000 with a maturity value of \$4,066,600 due in semi-annual installments ranging from \$19,600 to \$999,600 due on December 30 and June 30, through June 30, 2032, interest at 4.00%.	6,105,000
\$71,530,000 2022 Series A for construction of capital projects consisting of remaining current interest bonds of \$71,530,000 with a maturity value of \$81,804,000 due in semi-annual installments ranging from \$584,000 to \$23,944,000 due on December 30 and June 30, through June 30, 2029, interest at 5.00%.	71,530,000
\$9,165,000 2022 Series B for construction of school projects consisting of remaining current interest bonds of \$7,320,000 with a maturity value of \$9,060,750 due in semi-annual installments ranging from \$27,000 to \$1,107,000 due on December 30 and June 30, through June 30, 2033, interest at 5.00%.	7,320,000
\$13,790,000 2022 Series C for construction of public housing projects consisting of remaining current interest bonds of \$3,380,000 with a maturity value of \$3,549,000 due in semi-annual installments ranging from \$84,500 to \$3,464,500 due on December 30 and June 30, through June 30, 2026, interest at 5.00%.	3,380,000

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\$82,595,000 2023 Series A for construction of capital projects consisting of remaining current interest bonds of \$62,315,000 with a maturity value of \$71,966,500 due in semi-annual installments ranging from \$342,750 to \$14,052,750 due on December 30 and June 30, through June 30, 2030, interest at 5.00%.	62,315,000
\$14,395,000 2023 Series B for construction of school projects consisting of remaining current interest bonds of \$12,645,000 with a maturity value of \$16,011,750 due in semi-annual installments ranging from \$42,375 to \$1,737,375 due on December 30 and June 30, through June 30, 2034, interest at 5.00%.	12,645,000
\$105,325,000 2024 Series A for construction of capital projects consisting of remaining current interest bonds of \$90,580,000 with a maturity value of \$119,952,750 due in semi-annual installments ranging from \$259,625 to \$10,644,625 due on December 30 and June 30, through June 30, 2030, interest at 5.00%.	90,580,000
\$24,980,000 2024 Series B for construction of school projects consisting of remaining current interest bonds of \$23,955,000 with a maturity value of \$17,788,500 due in semi-annual installments ranging from \$68,625 to \$2,813,625 due on December 30 and June 30, through June 30, 2034, interest at 5.00%.	23,955,000
Total General Obligation Bonds	\$ 321,950,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year	General obligation bonds		
	General obligation bonds	Interest	Total
2026	\$ 67,870,000	15,685,800	83,555,800
2027	47,080,000	12,611,750	59,691,750
2028	48,145,000	10,265,800	58,410,800
2029	49,470,000	7,879,300	57,349,300
2030	27,395,000	5,427,200	32,822,200
2031–2035	68,860,000	13,345,700	82,205,700
2036	13,130,000	656,500	13,786,500
Total	\$ 321,950,000	65,872,050	387,822,050

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(b) *In-Substance Defeasance*

The Borough has defeased certain outstanding General Obligation Bonds. The Borough defeased the bonds by placing the proceeds of the bonds in an irrevocable trust account held by a trustee. The investments and fixed earnings that accrue are sufficient to fully service the defeased debt until it is called or matures. For financial reporting purposes, the trust account assets and the defeased bond are not included in the government's financial statements. As of June 30, 2025, the balance of the defeased bond payable is as follows:

	<u>Issue</u>	<u>Balance</u>
2016B		\$ 13,450,000

(c) *Lease Liabilities*

Governmental Activities

The future principal and interest lease payments as of June 30, 2025 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,340,593	173,672	1,514,265
2027	1,191,001	105,999	1,297,000
2028	397,630	45,773	443,403
2029	373,582	25,208	398,790
2030	20,548	15,318	35,866
2031–2035	119,216	60,111	179,327
2036–2040	124,754	27,842	152,596
2041–2045	41,836	3,163	44,999
Total	\$ <u>3,609,160</u>	<u>457,086</u>	<u>4,066,246</u>

(d) *Subscription Liabilities*

Governmental Activities

The future principal and interest subscription payments as of June 30, 2025 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 33,607	3,445	37,052
2027	35,288	1,764	37,052
Total	\$ <u>68,895</u>	<u>5,209</u>	<u>74,104</u>

(e) *Solid Waste Landfill Closure and Postclosure Care Costs*

State and federal laws and regulations require the Borough to place a final cover on all of the Borough's landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at each site for 5 to 30 years after closure depending upon the type of landfill. Although closure and postclosure care costs will be paid only near or after the date that each landfill

NORTH SLOPE BOROUGH, ALASKA

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stops accepting waste, the Borough reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

Governmental Activities

(i) Barrow Landfills

The Borough stopped accepting solid waste for its Barrow landfill on June 30, 2008. The Borough has recorded a liability of \$1,605,795 in the government wide financial statements for closure and 30 years of postclosure care costs. As owner and operator of the landfill, the Borough is required to provide the financial assurance for the full amount of the estimated costs of closure. In accordance with a Compliance Order by Consent with the Alaska Department of Environmental Conservation, the Borough has provided a financial assurance of \$15 million for the closure of the Barrow landfill. However, since agencies of the U.S. government were the original owners of the landfill, the Borough negotiated with the Department of Defense (DOD) for assistance in funding the costs of the landfill closure. During 2005, a settlement was reached with the DOD whereby the Borough received \$15,930,000 in exchange for assuming all liabilities related to the cost of closure and postclosure care. The settlement proceeds were received in August 2005. The Borough has opened a second landfill in Barrow and has recorded a liability of \$7,475,415. This liability includes 100% of the closure and postclosure care costs of two closed cells and 85% of the closure and postclosure care costs of one open cell.

(ii) Village Landfills

The Borough has seven village landfill sites – Anaktuvuk Pass, Atqasuk, Kaktovik, Nuiqsut, Point Hope, Point Lay, and Wainwright – for which they are required to perform certain maintenance and monitoring functions at each site for five years after closure. The \$27,540,602 reported as village landfill closure and postclosure care liability as of June 30, 2025 represents the total cumulative amount reported to date based on the use of the estimated capacity of the landfills as noted below:

Village	Percentage of landfill capacity used at June 30, 2025
Anaktuvuk Pass	82 %
Atqasuk	85
Kaktovik	100
Nuiqsut	62
Point Hope	65
Point Lay	77
Wainwright	39

The Borough will recognize the remaining estimated cost of closure and postclosure care of \$8,682,574 as the remaining estimated capacity of each landfill is filled. These amounts are based

NORTH SLOPE BOROUGH, ALASKA

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on what it would cost to perform all closure and postclosure care in 2025. Actual costs may differ due to inflation, changes in technology, or changes in regulations.

(iii) Business-Type Activities – Service Area 10

The Borough has a landfill in Service Area 10 for which they are required to perform certain maintenance and monitoring functions at the site for 30 years after closure. The \$3,899,945 reported as landfill closure and postclosure care liability as of June 30, 2025 represents the total cumulative amount reported to date based on the use of 43% of the estimated capacity of the landfill of the existing cell 1. In 2014, the Borough issued more than \$20 million in current interest bonds for the expansion of Service Area 10 landfill that consists of six phases.

The Borough is required by state and federal laws and regulations to demonstrate financial assurance for closure, postclosure, and/or corrective action by satisfying the local government financial test and government guarantee. The Borough satisfies the financial and public notice components of this test.

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(f) Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2025 was as follows:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Due within one year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 270,960,000	130,305,000	79,315,000	321,950,000	67,870,000
Plus deferred amounts:					
Bond premiums	17,180,404	10,618,297	6,614,172	21,184,529	4,930,015
Total bonds payable	288,140,404	140,923,297	85,929,172	343,134,529	72,800,015
Barrow landfills closure and postclosure care costs	9,102,082	42,216	63,088	9,081,210	—
Village landfill closure and postclosure care costs	25,995,836	1,544,766	—	27,540,602	—
Pollution remediation obligations	17,941,601	24,995,375	9,035,161	33,901,815	8,906,440
Leases	3,722,970	1,573,943	1,687,753	3,609,160	1,340,593
Subscriptions	—	170,561	101,666	68,895	33,607
Arbitrage	5,490,100	6,700,313	—	12,190,413	889,693
Compensated absences	5,835,785	675,940	—	6,511,725	2,996,000
Health claims payable and incurred but not reported	5,445,000	48,267,672	46,453,672	7,259,000	7,259,000
Net pension liability	117,071,005	3,170,690	—	120,241,695	—
Total governmental activities	\$ 478,744,783	228,064,773	143,270,512	563,539,044	94,225,348
Business-type activities:					
Service Area 10 closure and postclosure care costs	\$ 2,856,684	1,043,261	—	3,899,945	—
Leases	70,857	—	70,857	—	—
Compensated absences	336,513	—	15,611	320,902	147,600
Net pension liability	9,685,527	—	70,854	9,614,673	—
Total business-type activities	\$ 12,949,581	1,043,261	157,322	13,835,520	147,600

Pension liabilities are paid out of operating funds based on a percentage of covered payroll. The change in compensated absences above is a net change for the year.

(8) Retirement Commitments

Alaska Public Employees' Retirement System (PERS)

(i) PERS – Plan Description and Contributions

All full time employees and certain permanent part time employees of the Borough participate in the PERS – cost-sharing multiple-employer defined benefit or defined contribution pension and postemployment healthcare plans administered by the Commissioner of Administration and the Alaska Retirement Management Board (ARMB). The ARMB has the authority to establish and amend the benefit terms. PERS issues a publicly available financial report that can be obtained at <https://drb.alaska.gov/docs/reports/#pers>.

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PERS provides retirement, disability, death, and postemployment health benefits. Benefits vest with five years of credited service. 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 employees enrolled after June 30, 1986, but before July 1, 2006, the normal and early retirement ages are 60 and 55, respectively. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit.

PERS benefits are earned based on the following tiers:

1. Tier 1 employee: entered system between January 1, 1961 and June 30, 1986 – 5 years credited service for pension and OPEB benefits.
2. Tier 2 employee: entered system between July 1, 1986 and June 30, 1996 – 5 years credited service for pension and OPEB benefits.
3. Tier 3 employee: entered system between July 1, 1996 and June 30, 2005 – 5 years credited service for pension benefits and 10 years credited service for OPEB benefits.

Active PERS members are required to contribute 6.75% (defined benefit plan – 2% pension cost and 4.75% postemployment healthcare cost) and 8% (defined contribution plan) of their annual covered salary and the actuarially determined contribution rates as follows:

	<u>Others</u>	<u>Police/Fire</u>
Defined benefit plans:		
Pension	20.03 %	20.03 %
Alaska Healthcare Retirement Trust	—	—
Occupational Death and Disability	0.24	0.69
Retiree Medical Plan	0.83	0.83
Defined contribution – Pension	5.00	5.00

Alaska Statute 39.35.255(a) capped the employer rate at 22% (22% for pension and 0% for AHCRT), with the State of Alaska making a nonemployer contribution for the difference between actuarially required contribution and the cap. The contribution requirements of plan members and the Borough are established and may be amended by the ARMB. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the DCR Plan payroll. The DBUL amount is computed as the difference between:

- (A) Amount calculated for the statutory employer contribution rate of 22% on eligible salary less:
- (B) Total of the employer contributions for:
- (1) Defined contribution employer matching amount
 - (2) Major medical
 - (3) Occupational death & disability, and

NORTH SLOPE BOROUGH, ALASKA

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(4) Health reimbursement arrangement

The difference is deposited based on an actuarial allocation into the defined benefit plan's pension and healthcare funds.

The defined benefit portion (Tiers I, II and III) of PERS has been closed to new entrants since July 1, 2006.

(ii) *Defined Benefit Pension Plan*

Pension Benefits

Pension 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 2.00% for the first ten years of service and 2.50% for all service over 10 years. The percentage multipliers for all other participants are 2.00% for the first 10 years, 2.25% for the next 10 years, and 2.50% for all remaining service earned on or after July 1, 1986. All service before that date is calculated at 2.00%.

The Plan has two types of postretirement pension adjustments (PRPA). The automatic PRPA is issued annually to all eligible benefit recipients, when the cost of living increases in the previous calendar year. The automatic PRPA increase is paid beginning July 1 of each year. The discretionary PRPA may be granted to eligible recipients by the Plan's Administrator if the funding ratio of the Plan meets or exceeds 105%. If both an automatic and discretionary PRPA are granted, and a retiree is eligible for both adjustments, the one that provides the retiree the greater increase will be paid.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2025, the Borough reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Borough. The amount recognized by the Borough as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Borough were as follows:

Borough's proportionate share of the net pension liability	\$ 129,856,368
State's proportionate share of the net pension liability associated with the Borough	<u>48,557,791</u>
Total	<u>\$ 178,414,159</u>

The June 30, 2025 net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

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June 30, 2023. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating political subdivisions and the State, actuarially determined. As of June 30, 2024, the Borough's proportion was 2.37%, which was a decrease of .08% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Borough recognized a pension expense of \$26,887,358 and revenue of \$7,805,322 for support provided by the State. As of June 30, 2025, the Borough 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
Net difference between projected and actual earnings on pension plan investments	\$ 1,250,061	—
Borough contributions subsequent to the measurement date	<u>14,817,419</u>	<u>—</u>
Total	<u>\$ 16,067,480</u>	<u>—</u>

The Borough reported \$14,817,419 as deferred outflows of resources related to pensions resulting from Borough contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year ending June 30:	
2026	\$ (3,480,389)
2027	6,479,330
2028	(956,428)
2029	<u>(792,452)</u>
	<u>\$ 1,250,061</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

NORTH SLOPE BOROUGH, ALASKA

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(iii) *PERS – Defined Benefit OPEB Plans*

PERS includes three cost-sharing OPEB plans. Certain amounts for the three OPEB plans have been combined as certain amounts related to the Occupational Death and Disability and Retiree Medical plans are not significant.

Alaska Retiree Healthcare Trust (ARHCT)

ARHCT, a healthcare trust fund of the State, provides major medical coverage to retirees of the defined benefit plan. The ARHCT is self-funded and self-insured. The ARHCT is closed to all new members effective July 1, 2006. Major medical benefits are provided to retirees and their surviving spouses at no premium cost for all Tier 1 members or disabled retirees. Tier 2 members, and their surviving spouses, must pay the full monthly premium if they are under age 60 and will receive benefits at no premium cost if they are over age 60. Tier 3 members must pay the full monthly premium regardless of their age. Tier 2 and Tier 3 members with less than five years of credited service are not eligible for postemployment healthcare benefits. Tier 2 members who are receiving a conditional benefit and are age eligible are eligible for postemployment healthcare benefits. In addition, peace officers, and their surviving spouses, with 25 years of peace officer membership service and all other members and their surviving spouses with 30 years of membership service receive benefits at no premium cost, regardless of their age or date of hire. Peace officers/firefighters who are disabled between 20 and 25 years must pay the full monthly premium.

Occupational Death and Disability Plan (ODD)

ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS.

Retiree Medical Plan (RMP)

RMP provides major medical coverage to retirees of the DCR Plan. The RMP is self-insured. Members are not eligible to use this plan until they have at least 10 years of service and are Medicare age eligible.

OPEB Assets, OPEB Benefit, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of June 30, 2025, the Borough reported an asset for its proportionate share of the net OPEB asset that reflected increases for State OPEB support provided to the Borough. The amount recognized by the Borough as its proportionate share of net OPEB assets, the related State support, and the total portion of the net OPEB assets that was associated with the Borough were as follows:

Borough's proportionate share of the net OPEB assets	\$ 55,654,167
State's proportionate share of the net OPEB asset associated with the Borough (ARHCT)	<u>19,407,812</u>
Total	<u>\$ 75,061,979</u>

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Notes to Financial Statements

June 30, 2025

The net OPEB assets were measured as of June 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2023. The Borough's proportion of the ARHCT net OPEB asset was based on a projection of the present value of the Borough's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating political subdivisions and the State, actuarially determined. The Borough's proportion of the ODD and RMP plans' net OPEB asset was based on the Borough's ODD and RMP contributions relative to the total actual ODD and RMP contributions from all participating political subdivisions and the State. As of June 30, 2024, the Borough's proportion was 2.37% (ARHCT), 3.19% (RMP), and 3.16% (ODD) which was decreases of .07%, no change, and an increase of .06%, respectively, from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Borough recognized OPEB expense of \$4,987,721 and revenue of \$763,193 (ARHCT only) for support provided by the State. OPEB expense by plan is: ARHCT – \$4,839,884; ODD – \$(37,586), and RMP – \$185,423. As of June 30, 2025, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

	Deferred outflows of resources			
	ARHCT	ODD	RMP	Total
Net difference between projected and actual earnings on OPEB plan investments	\$ 795,642	6,014	21,484	823,140
Changes in proportion and difference between Borough contributions and proportionate share of contributions	267,175	124,773	18,329	410,277
Change in assumptions	1,402,784	—	515,186	1,917,970
Difference between actual and expected experience	28,305	—	38,319	66,624
Borough contributions subsequent to the measurement date	1,853	208,470	583,380	793,703
Total	\$ 2,495,759	339,257	1,176,698	4,011,714

	Deferred inflows of resources			
	ARHCT	ODD	RMP	Total
Changes in proportion and difference between Borough contributions and proportionate share of contributions	\$ —	27,386	44,416	71,802
Change in assumptions	—	4,664	1,023,475	1,028,139
Difference between actual and expected experience	—	441,247	169,198	610,445
Total	\$ —	473,297	1,237,089	1,710,386

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

The Borough reported \$793,703 as deferred outflows of resources related to OPEB plans resulting from Borough contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB assets in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense (benefit) as follows:

	<u>ARHCT</u>	<u>ODD</u>	<u>RMP</u>	<u>Total</u>
Year ending June 30:				
2026	\$ (1,238,773)	(107,496)	(219,470)	(1,565,739)
2027	5,269,834	(43,076)	(589)	5,226,169
2028	(844,641)	(73,057)	(226,232)	(1,143,930)
2029	(692,514)	(56,665)	(161,112)	(910,291)
2030	—	(33,230)	(89,574)	(122,804)
Thereafter	—	(28,986)	53,206	24,220
	<u>\$ 2,493,906</u>	<u>(342,510)</u>	<u>(643,771)</u>	<u>1,507,625</u>

OPEB Plans' Fiduciary Net Position

Detailed information about the OPEB Plans' fiduciary net position is available in the separately issued PERS financial report.

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

(iv) Actuarial Assumptions

The total pension and OPEB liability (asset) were determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

	Pension	OPEB
Inflation rate	2.50 %	2.50 %
Projected salary increase:		
Graded productivity and merit:		
Peace officers and firefighters	3.85 to 8.50	3.85 to 8.50
Others	2.85 to 6.75	2.85 to 6.75
Discount	7.25	7.25
Investment rate of return	7.25	7.25
Healthcare cost and trend rates:		
Pre-65 medical	N/A	6.4 grading down to 4.5
Post 65 medical	N/A	5.4 grading down to 4.5
Prescription drugs	N/A	6.9 grading down to 4.5
EGWP	N/A	6.9 grading down to 4.5
Participation rates	N/A	100% of system paid members and spouses and 20% of non-system paid members and spouses

Pre-termination mortality rates for peace officers and firefighters were based upon the Pub-2010 Safety Employee table, amount weighted, for pension and Pub-2010 Safety Employee table, headcount-weighted, for OPEB, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Pre-termination mortality rates for others were based upon the Pub-2010 General Employee table, amount weighted, for pension and Pub-2010 General Employee table, headcount-weighted, for OPEB, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time.

Post-termination mortality rates were based on 98% of male and 106% of female rates of the Pub-2010 General Retire table, amount-weighted for pension, headcount-weighted for OPEB, and projected with MP-2021 generational improvement.

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new demographic and economic assumptions were adopted by the Board at the June 2022 meeting to better reflect expected future experience and were effective for the June 30, 2022 actuarial valuation. For the ARHCT and RMP, the per capita claims costs were updated to reflect recent experience for the June 30, 2023 actuarial valuation.

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

The long-term expected rate of return on pension and OPEB plan investments was determined using a 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 by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	<u>Target allocation</u>	<u>Long – term expected real rate of return</u>
Asset class:		
Broad domestic equity	26.00 %	5.48 %
Global equity (ex US)	17.00	7.14
Global equity	3.60	5.79
Aggregate bonds	24.25	2.10
Real assets	14.00	4.63
Private equity	14.00	8.84
Cash equivalents	1.15	0.77
Total	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total pension and total OPEB liabilities was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, contributions from employers will be made at contractually required rates (based on State statute), and nonemployer contributions from the State will continue to follow current funding policy. Based on those assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

Sensitivity of the Borough's Proportionate Share of the Net Pension Liability and OPEB Liability (Asset) to Changes in the Discount Rate.

The following presents the Borough's proportionate share of the net pension liability and OPEB liability (asset) calculated using the discount rate of 7.25 percent, as well as what the Borough's proportionate share of the net pension and OPEB liability (assets) would be if it were calculated

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

using a discount rate that is 1-percentage point-lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% decrease (6.25)%	Discount rate (7.25)%	1% increase (8.25)%
Plan:			
Pension	\$ 172,980,907	129,856,368	93,362,672
ARHCT	(33,082,703)	(52,248,114)	(68,376,218)
ODD	(1,769,210)	(1,883,582)	(1,973,217)
RMP	263,734	(1,522,471)	(2,887,714)

Sensitivity of the Borough's Proportionate Share of the Collective Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trends Rates.

The following presents the Borough's proportionate share of the collective net OPEB liability (asset) for each plan, as well as the Borough's proportionate share of each plans collective net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% decrease	Current trend rate	1% increase
Plan:			
ARHCT	(70,217,498)	(52,248,114)	30,901,714
ODD	N/A	(1,883,582)	N/A
RMP	(3,067,902)	(1,522,471)	551,179

(v) PERS – Defined Contribution Plan

The State of Alaska Legislature approved SB 141 to create the PERS Tier IV for employees hired after July 1, 2006 or for employees converting from the PERS Tier I, II, or III defined benefit plans. The plan is administered by the State of Alaska, Department of Administration, and benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the plan are individual pension accounts, retiree medical insurance plan, and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan.

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

Employees are required to contribute 8% of their annual covered salary, and the Borough is required to make the following contributions:

	Others Tier IV	Police/fire Tier IV
Individual account	6.07%	6.52%
Health reimbursement arrangement (HRA)*	3.00	3.00
	<u>9.07%</u>	<u>9.52%</u>

* HRA – AS 39.30.370 requires that the employer contribute “an amount equal to three percent (3%) of the employer’s average annual employee compensation.” For actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period.

Employees are immediately and fully vested in their own contributions and related earnings (losses). Employees vest in employer contributions and related earnings (losses), after five years of service. Employees are partially vested in the employer contributions and the related earnings (losses), in the ratio of (a) 25% with two years of service; (b) 50% with three years of service; (c) 75% with four years of service; and (d) 100% with five years of service. The Borough’s contribution to PERS, including the HRA contribution, for the year ended June 30, 2025 was \$5,299,529.

(9) Employee Savings Plans

(a) Employee Thrift Plan

The Borough has a defined contribution Employee Thrift Plan covering all Borough and School District employees. This plan is exempt from income tax under Internal Revenue Code Section 401(a). Benefit and contribution provisions are established by the Borough and may be amended only by the Borough. In accordance with this plan document, Borough employees that meet eligibility criteria and decide to participate in the plan must make a mandatory 4% before-tax contribution and may make voluntary after-tax contributions up to 10% of annual compensation. Permanent employees who are at least 18 and have completed 90 days of employment are eligible to participate. Participants are immediately 100% vested in their employee contributions plus the actual earnings thereon. The Borough is the administrator of the plan. There are no separately available audited financial statements for this plan.

(b) Deferred Compensation Plan

The Borough has a deferred compensation plan created and amended in accordance with Internal Revenue Code Section 457. This plan is available to all Borough employees who have completed 30 days of service. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Borough is the administrator of the plan. All amounts deferred under this plan are held in a trust that was established for the exclusive benefit of plan participants. There are no separately available audited financial statements for this plan.

These plans do not meet the definition of a pension plan under current accounting guidance and do not meet the reporting criteria for inclusion as a fiduciary fund.

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

(10) Risk Management and Self-Insurance

The Borough is self-insured for various risks with coverage in excess thereof provided by private carriers. The Borough retains risk of loss for up to a maximum of \$275,000 for health claims, \$250,000 for general, auto, and public officials' liability claims and \$500,000 for each property damage claim. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

The self-insurance program is accounted for primarily in the General Fund. Health benefit and general liability expenditures are accrued in the government-wide statements, including estimates of losses incurred but not reported based on historical experience adjusted for current trends. Other losses incurred but not reported are not material. In addition, the Borough has designated \$20,500,500 of the assigned fund balance in the General Fund to cover self-insured retention in the event of multiple losses. Changes in the balances for claims liabilities for the years are as follows:

	<u>2025</u>	<u>2024</u>
Claims liabilities, July 1	\$ 5,445,000	6,497,000
Incurred claims	48,267,672	44,934,000
Claims payments	<u>(46,453,672)</u>	<u>(45,986,000)</u>
Claims liabilities, June 30	<u>\$ 7,259,000</u>	<u>5,445,000</u>

(11) Commitments and Contingent Liabilities

(a) *Litigation*

In the opinion of management and the Borough attorney, no litigation is pending, or to their knowledge, threatened, which is likely to result, either individually or in the aggregate, in final judgments against the Borough, which would have a material effect on its financial statements.

(b) *Grants*

The Borough receives numerous grants, which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement for expenditures disallowed under the terms of the grant. Management believes that such disallowances, if any, would not be material to the financial statements.

(c) *Pollution Remediation Obligations*

In 2022, the U.S. Department of Justice and the Borough entered into a Consent Decree in connection with Borough-wide fuel spills that resulted in violations under the Resource Conservation and Recovery and Clean Water Acts. Also, in connection with the fuel spills, the Borough entered into a Compliance Order by Consent (COBC) with the State of Alaska Department of Environmental Conservation. Under the Consent Decree and COBC, the Borough is required to conduct environmental remediation activities for all identified fuel spills.

The Consent Decree requires that the Borough establish a trust fund, held in escrow by a third party, and fund it with the initial amount of the estimated liability of \$26,413,802. The trust was established

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

during fiscal year 2024 and contributions to date totaled \$24,966,916. The Borough is required to make a final contribution of \$1,446,887 during fiscal year 2026.

The Borough's estimate of its obligation under the Consent Decree will be revised annually for inflation and changes in scope or technology. The Borough has conducted additional testing and has revised its scope of work for fiscal year 2026. The Borough will be reimbursed from the trust fund as each certification of closure is submitted in accordance with 40 CFR 265.115.

The Borough has not recognized an obligation under the COBC as that amount is not reasonably estimable as of June 30, 2025. The Borough has open contract amounts of \$4,170,000 for activities under the COBC during Fiscal Year 2026.

Activity under the Consent Decree and COBC during the year ended June 30, 2025 was as follows:

	Consent Decree	COBC	Total
Obligation, July 1, 2024	\$ 17,941,601	—	17,941,601
Additions	24,995,375	4,557,481	29,552,856
Reductions	(9,035,161)	(4,557,481)	(13,592,642)
Obligation, June 30, 2025	\$ 33,901,815	—	33,901,815

(12) Related Parties

In the normal course of business, the Borough may contract for goods or services from vendors whose shareholders, officers, or employees may also be associated with the Borough as an official, assembly member, or employee. Such purchases during 2025 in aggregate were \$178,770,115. Additionally, the aggregate balance of amounts payable to the associated parties as of June 30, 2025 was \$24,764,730.

NORTH SLOPE BOROUGH, ALASKA

Notes to Financial Statements

June 30, 2025

(13) Subsequent Events

(a) *Sale of General Obligation Bonds*

In October 2025, the Borough issued a total of \$188,945,000 of general obligation bonds, Series 2025, to finance various capital improvements and school related projects. These bonds consisted of current interest term bonds maturing in the installments as follows:

General Obligation Bonds, Series 2025	Principal amounts	Interest rate
Maturity dates, June 30:		
2026	\$ 32,940,000	5.00 %
2027	36,195,000	5.00
2028	38,005,000	5.00
2029	39,905,000	5.00
2030	41,900,000	5.00
	<u>\$ 188,945,000</u>	

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

NORTH SLOPE BOROUGH, ALASKA
 Budgetary Comparison Schedule – General Fund – (RSI-1)
 Year ended June 30, 2025

	Budget original	Budget final	Actual	Variance with final budget – over (under)
Revenues:				
Property taxes	\$ 407,334,000	455,068,145	467,085,253	12,017,108
Intergovernmental	3,491,849	57,257,864	31,659,355	(25,598,509)
Charges for services	8,980,264	9,383,219	13,373,853	3,990,634
Investment earnings and interest	4,000,000	4,000,000	48,144,525	44,144,525
Other revenues	—	958,402	4,765,552	3,807,150
Total revenues	423,806,113	526,667,630	565,028,538	38,360,908
Expenditures:				
Current:				
General government	111,095,887	179,515,697	137,137,079	(42,378,618)
Public works	112,328,316	126,675,019	105,297,940	(21,377,079)
Public safety	46,255,106	62,355,467	52,881,237	(9,474,230)
Health and social services	28,081,732	36,926,213	33,995,560	(2,930,653)
Wildlife management	6,159,049	19,790,790	7,886,113	(11,904,677)
Primary and secondary education	38,766,371	40,766,371	46,521,154	5,754,783
Higher education	11,964,758	11,964,758	11,701,321	(263,437)
Debt service:				
Principal retirement	63,545,000	79,315,000	80,754,794	1,439,794
Interest	18,320,450	16,925,745	17,132,629	206,884
Total expenditures	436,516,669	574,235,060	493,307,827	(80,927,233)
Excess (deficiency) of revenues over expenditures	(12,710,556)	(47,567,430)	71,720,711	119,288,141
Other financing sources (uses):				
Transfers in from other governmental funds	—	48,171,023	5,000,000	(43,171,023)
Transfers out to other governmental funds	—	—	(10,000,000)	(10,000,000)
Transfer out to enterprise funds	(27,359,997)	(28,509,997)	(25,184,242)	3,325,755
Leases	—	—	1,573,943	1,573,943
Subscription based information technology agreements	—	—	170,561	170,561
Insurance proceeds	—	—	1,551,361	1,551,361
Total other financing sources (uses), net	(27,359,997)	19,661,026	(26,888,377)	(46,549,403)
Net change in fund balance	(40,070,553)	(27,906,404)	44,832,334	72,738,738
Fund balance, beginning of year	272,978,923	272,978,923	272,978,923	
Fund balance, end of year	\$ 232,908,370	245,072,519	317,811,257	

See Management's Discussion and Analysis General Fund Budgetary Highlights section for explanation of variances between original and final budget including final budget to actuals. Also see Note 2 for information on the Borough's policies and procedures in formulating the budget data.

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Schedule of the Borough's Proportionate Share of the Net Pension Liability (RSI-2)

Last Ten Fiscal Years

Alaska Public Employees Retirement System

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's proportion of the net pension liability	2.37 %	2.45 %	2.67 %	3.17 %	2.49 %	2.56 %	2.74 %	2.51 %	2.83 %	2.10 %
Borough's proportionate share of the net pension liability	\$ 129,856,368	126,756,532	135,867,479	116,290,296	146,954,918	140,096,261	136,447,844	129,840,352	158,299,681	101,757,291
State's proportionate share of the net pension liability	<u>48,557,791</u>	<u>42,256,207</u>	<u>37,604,296</u>	<u>15,755,021</u>	<u>60,811,904</u>	<u>55,630,760</u>	<u>39,492,873</u>	<u>48,374,539</u>	<u>19,949,067</u>	<u>27,255,651</u>
Total	<u>\$ 178,414,159</u>	<u>169,012,739</u>	<u>173,471,775</u>	<u>132,045,317</u>	<u>207,766,822</u>	<u>195,727,021</u>	<u>175,940,717</u>	<u>178,214,891</u>	<u>178,248,748</u>	<u>129,012,942</u>
Borough's covered payroll	\$ 88,317,624	80,715,011	81,001,227	81,222,300	79,166,071	75,019,082	76,508,086	71,518,000	31,690,946	31,139,941
Borough's proportionate share of the net pension liability as a percentage of its covered payroll	147 %	157 %	168 %	143 %	186 %	187 %	178 %	182 %	500 %	327 %
Plan fiduciary net position as a percentage of the total pension liability	67.81%	68.23 %	67.97 %	76.46 %	61.61 %	63.42 %	65.19 %	63.37 %	59.55 %	63.96 %

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Schedule of the Borough Contributions (RSI-3)

Last Ten Fiscal Years

Alaska Public Employees Retirement System

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 14,817,419	13,841,989	12,655,250	11,131,003	10,846,348	9,601,286	9,726,028	10,716,774	8,864,375	7,653,783
Contributions in relation to the contractually required contributions	<u>(14,817,419)</u>	<u>(13,841,989)</u>	<u>(12,655,250)</u>	<u>(11,131,003)</u>	<u>(10,846,348)</u>	<u>(9,601,286)</u>	<u>(9,726,028)</u>	<u>(10,716,774)</u>	<u>(8,864,375)</u>	<u>(7,653,783)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Borough's covered payroll	95,041,857	88,317,624	80,715,011	81,001,227	81,222,300	79,166,071	75,019,082	76,508,086	71,518,000	31,690,946
Contributions as a percentage of covered payroll	15.59 %	15.67 %	15.68 %	13.74 %	13.35 %	12.13 %	12.96 %	14.01 %	12.39 %	24.15 %

Changes in assumptions. Amounts reported reflect a change between 2016 and 2017 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset) (RSI-4)

Last Ten Fiscal Years*

Alaska Public Employees Retirement System

OPEB Plan	2025	2024	2023	2022	2021	2020	2019	2018	2017
ARHCT:									
Borough's proportion of the net OPEB liability (asset)	2.37 %	2.44 %	2.65 %	3.18 %	2.49 %	2.56 %	2.74 %	2.51 %	2.83 %
Borough's proportionate share of the net OPEB liability (asset)	\$ (52,248,114)	(56,124,501)	(52,088,695)	(81,652,762)	(11,272,573)	3,797,074	28,157,271	21,220,670	32,487,626
State's proportionate share of the net OPEB liability (asset)	(19,407,812)	(18,888,041)	(14,889,073)	(10,696,784)	(4,676,614)	1,509,776	8,173,999	7,911,704	—
Total	<u>\$ (71,655,926)</u>	<u>(75,012,542)</u>	<u>(66,977,768)</u>	<u>(92,349,546)</u>	<u>(15,949,187)</u>	<u>5,306,850</u>	<u>36,331,270</u>	<u>29,132,374</u>	<u>32,487,626</u>
Borough's covered payroll	\$ 26,089,570	26,286,964	26,581,367	27,679,587	25,439,937	27,349,790	29,728,428	28,897,537	31,690,946
Borough's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	(200.26)%	(213.51)%	(195.96)%	(294.99)%	(44.31)%	13.88 %	94.71 %	73.43 %	102.51 %
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	130.59 %	133.96 %	128.51 %	135.54 %	106.15 %	98.13 %	88.12 %	89.68 %	85.45 %
ODD:									
Borough's proportion of the net OPEB liability (asset)	3.16 %	3.10 %	3.35 %	3.53 %	3.78 %	3.67 %	4.13 %	4.10 %	4.08 %
Borough's proportionate share of the net OPEB liability (asset)	\$ (1,883,582)	(1,590,172)	(1,467,887)	(1,556,573)	(1,029,124)	(889,571)	(803,060)	(581,587)	(530,921)
State's proportionate share of the net OPEB liability (asset)	—	—	—	—	—	—	—	—	—
Total	<u>\$ (1,883,582)</u>	<u>(1,590,172)</u>	<u>(1,467,887)</u>	<u>(1,556,573)</u>	<u>(1,029,124)</u>	<u>(889,571)</u>	<u>(803,060)</u>	<u>(581,587)</u>	<u>(530,921)</u>
Borough's covered payroll	\$ 62,228,054	54,428,047	54,419,860	53,542,713	53,726,134	47,669,292	46,779,658	42,620,463	40,764,176
Borough's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	(3.03)%	(2.92)%	(2.70)%	(2.91)%	(1.92)%	(1.87)%	(1.72)%	(1.36)%	(1.30)%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	346.81 %	349.24 %	348.80 %	374.23 %	283.80 %	297.43 %	270.62 %	212.97 %	245.29 %
RMP:									
Borough's proportion of the net OPEB liability (asset)	3.19 %	3.19 %	3.44 %	3.66 %	3.97 %	3.83 %	4.13 %	4.10 %	4.08 %
Borough's proportionate share of the net OPEB liability (asset)	\$ (1,522,471)	(1,516,329)	(1,195,799)	(983,435)	281,829	526,153	526,155	213,756	376,452
State's proportionate share of the net OPEB liability (asset)	—	—	—	—	—	—	—	—	—
Total	<u>\$ (1,522,471)</u>	<u>(1,516,329)</u>	<u>(1,195,799)</u>	<u>(983,435)</u>	<u>281,829</u>	<u>526,153</u>	<u>526,155</u>	<u>213,756</u>	<u>376,452</u>
Borough's covered payroll	\$ 62,228,054	54,428,047	54,419,860	53,542,713	53,726,134	47,669,292	46,779,658	42,620,463	40,764,176
Borough's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	(2.45)%	(2.79)%	(2.20)%	(1.84)%	0.52 %	1.10 %	1.12 %	0.50 %	0.92 %
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	119.87 %	124.29 %	120.08 %	115.10 %	95.23 %	83.17 %	88.71 %	93.8 %	86.8 %

* Information for 10 years is not available.

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA
Schedule of Borough OPEB Contributions (RSI-5)
Last Ten Fiscal Years*
Alaska Public Employees Retirement System

OPEB Plan	2025	2024	2023	2022	2021	2020	2019	2018	2017
ARHCT:									
Contractually required contributions	\$ 1,853	2,127	15,841	1,721,013	2,063,688	3,981,362	3,513,927	3,560,367	4,175,352
Contributions in relation to the contractually required contributions	<u>(1,853)</u>	<u>(2,127)</u>	<u>(15,841)</u>	<u>(1,721,013)</u>	<u>(2,063,688)</u>	<u>(3,981,362)</u>	<u>(3,513,927)</u>	<u>(3,560,367)</u>	<u>(4,175,352)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Borough's covered payroll	\$ 24,768,852	26,089,570	26,286,964	26,581,367	27,679,587	25,439,937	27,349,790	29,728,428	28,897,537
Contributions as a percentage of covered payroll	0.01 %	0.01 %	0.06 %	6.47 %	7.46 %	15.65 %	12.85 %	11.98 %	14.45 %
ODD:									
Contractually required contributions	\$ 208,470	216,503	189,903	193,185	188,384	171,562	149,807	86,723	86,891
Contributions in relation to the contractually required contributions	<u>(208,470)</u>	<u>(216,503)</u>	<u>(189,903)</u>	<u>(193,185)</u>	<u>(188,384)</u>	<u>(171,562)</u>	<u>(149,807)</u>	<u>(86,723)</u>	<u>(86,891)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Borough's covered payroll	\$ 70,273,005	62,228,054	54,428,047	54,419,860	53,542,713	53,726,134	47,669,292	46,779,658	42,620,463
Contributions as a percentage of covered payroll	0.30 %	0.35 %	0.35 %	0.35 %	0.35 %	0.32 %	0.31 %	0.19 %	0.20 %
RMP:									
Contractually required contributions	\$ 583,380	628,539	598,641	582,572	679,974	727,099	449,193	1,235,471	503,342
Contributions in relation to the contractually required contributions	<u>(583,380)</u>	<u>(628,539)</u>	<u>(598,641)</u>	<u>(582,572)</u>	<u>(679,974)</u>	<u>(727,099)</u>	<u>(449,193)</u>	<u>(1,235,471)</u>	<u>(503,342)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Borough's covered payroll	\$ 70,273,005	62,228,054	54,428,047	54,419,860	53,542,713	53,726,134	47,669,292	46,779,658	42,620,463
Contributions as a percentage of covered payroll	0.83 %	1.01 %	1.10 %	1.07 %	1.27 %	1.35 %	0.94 %	2.64 %	1.18 %

* Information for 10 years is not available.

See accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

NORTH SLOPE BOROUGH, ALASKA

Nonmajor Governmental Funds

June 30, 2025

Special Revenue – See special revenue section of report.

Capital Projects – See capital projects section of report.

Permanent Fund:

Museum Endowment Fund – Assets in this fund may be used at the discretion of the Hans Van Der Laan Brooks Range Library. Income derived from the assets of the Museum Endowment Fund is to be transferred to the Museum Special Revenue Fund.

NORTH SLOPE BOROUGH, ALASKA

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2025

Assets	Special revenue funds	Capital projects funds	Permanent fund museum endowment	Total nonmajor governmental funds
Cash and investments with central treasury	\$ 36,356,865	367,187,406	15,795	403,560,066
Accounts receivable:				
Intergovernmental receivable	—	3,526,565	—	3,526,565
Economic impact assistance	350,000	—	—	350,000
Prepays and deposits	—	35,929	—	35,929
Total	\$ 36,706,865	370,749,900	15,795	407,472,560
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ 8,161,276	15,445,339	—	23,606,615
Unearned revenue - intergovernmental	—	3,176	—	3,176
Total liabilities	8,161,276	15,448,515	—	23,609,791
Deferred inflows of resources:				
Unavailable revenues – economic impact assistance	13,050,180	—	—	13,050,180
Fund balances:				
Nonspendable:				
Prepays and deposits	—	35,929	—	35,929
Museum endowment	—	—	15,795	15,795
Restricted for:				
Authorized projects	—	355,265,456	—	355,265,456
Committed to:				
Museum operations	150,394	—	—	150,394
Loans	6,342,620	—	—	6,342,620
Grants	4,195,828	—	—	4,195,828
Energy program	4,556,483	—	—	4,556,483
Public safety	250,084	—	—	250,084
Total fund balances	15,495,409	355,301,385	15,795	370,812,589
Total liabilities and fund balances	\$ 36,706,865	370,749,900	15,795	407,472,560

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Nonmajor Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2025

	<u>Special revenue funds</u>	<u>Capital projects funds</u>	<u>Permanent fund museum endowment</u>	<u>Total nonmajor governmental funds</u>
Revenues:				
Intergovernmental	\$ —	4,844,790	—	4,844,790
Investment earnings (losses)	696,048	—	739	696,787
Economic impact assistance	12,300,000	—	—	12,300,000
Other	214,333	—	—	214,333
Total revenues	<u>13,210,381</u>	<u>4,844,790</u>	<u>739</u>	<u>18,055,910</u>
Expenditures:				
Grants	10,893,257	—	—	10,893,257
Capital projects	—	155,258,590	—	155,258,590
Bond issuance costs	—	923,297	—	923,297
Total expenditures	<u>10,893,257</u>	<u>156,181,887</u>	<u>—</u>	<u>167,075,144</u>
Excess (deficiency) of revenues over expenditures	<u>2,317,124</u>	<u>(151,337,097)</u>	<u>739</u>	<u>(149,019,234)</u>
Other financing sources (uses):				
Transfers in from other governmental funds	739	10,000,000	—	10,000,739
Transfers out to other governmental funds	—	(5,000,000)	(739)	(5,000,739)
Other financing sources – lease	—	—	—	—
General obligation bonds issued	—	130,305,000	—	130,305,000
Premium on issuance of debt	—	10,618,297	—	10,618,297
Total other financing sources (uses)	<u>739</u>	<u>145,923,297</u>	<u>(739)</u>	<u>145,923,297</u>
Net change in fund balances	<u>2,317,863</u>	<u>(5,413,800)</u>	<u>—</u>	<u>(3,095,937)</u>
Fund balances, beginning of year	<u>13,177,546</u>	<u>360,715,185</u>	<u>15,795</u>	<u>373,908,526</u>
Fund balances, end of year	<u>\$ 15,495,409</u>	<u>355,301,385</u>	<u>15,795</u>	<u>370,812,589</u>

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Special Revenue Funds

June 30, 2025

Special Revenue Funds are used to account for specific revenue sources, which are designated for specified purposes.

Museum – This fund accounts for donations received from private organizations, which are restricted for the purchase of artifacts and exhibit construction for the museum.

RELI Loan Program – This fund accounts for interest-free loans made to homeowners for residential plumbing improvements, bedroom additions, and furnace upgrades.

Autaaqtuq – This fund accounts for donations from private organizations, which are restricted for the purpose of providing grants to programs, schools, and nonprofit organizations for the improvement of health, education, training, and the workplace skills of Borough's residents.

Walakpa Lease – This fund accounts for lease income from certain lands in the Walakpa and Barrow gas fields, which are committed to the purpose of subsidizing the delivery of energy to the Borough communities.

Forfeiture – This fund accounts for amounts received through court order relating to the seizure of assets, which were either utilized in, or represented profits from, illicit or illegal activities. The amounts are then utilized for activities that are related to the investigation of crimes involving controlled substances.

Economic Impact Assistance – This fund accounts for amounts received from major property tax owners in lieu of a sale tax. These amounts are committed to the villages within the Borough for community improvement projects and for the communities to have greater self-sufficiency and self-determination.

Subsistence Mitigation – This fund accounts for amounts committed and received from oil and gas companies to mitigate the impacts of operations on subsistence hunting for the community of Nuiqsut. The use of said funds is determined by a Mitigation Committee consisting of members from the North Slope Borough, the Native Village of Nuiqsut, the City of Nuiqsut, and the Kuukpik Corporation.

NORTH SLOPE BOROUGH, ALASKA

Special Revenue Funds

Combining Balance Sheet

June 30, 2025

Assets	Museum	RELI loan program	Autaaqtuq fund	Walakpa lease	Forfeiture fund	Economic impact assistance	Subsistence mitigation	Total
Cash and investments with central treasury	\$ 150,394	6,342,620	11,381	4,556,483	354,220	24,560,087	381,680	36,356,865
Accounts receivable	—	—	—	—	—	350,000	—	350,000
Total assets	<u>\$ 150,394</u>	<u>6,342,620</u>	<u>11,381</u>	<u>4,556,483</u>	<u>354,220</u>	<u>24,910,087</u>	<u>381,680</u>	<u>36,706,865</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities:								
Accounts payable	\$ —	—	—	—	104,136	8,057,140	—	8,161,276
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>104,136</u>	<u>8,057,140</u>	<u>—</u>	<u>8,161,276</u>
Deferred inflows of resources:								
Unavailable revenues – economic impact assistance	—	—	—	—	—	13,050,180	—	13,050,180
Fund balances:								
Committed for:								
Museum operations	150,394	—	—	—	—	—	—	150,394
Loans	—	6,342,620	—	—	—	—	—	6,342,620
Grants	—	—	11,381	—	—	3,802,767	381,680	4,195,828
Energy program	—	—	—	4,556,483	—	—	—	4,556,483
Public safety	—	—	—	—	250,084	—	—	250,084
Total fund balances	<u>150,394</u>	<u>6,342,620</u>	<u>11,381</u>	<u>4,556,483</u>	<u>250,084</u>	<u>3,802,767</u>	<u>381,680</u>	<u>15,495,409</u>
Total liabilities and fund balances	<u>\$ 150,394</u>	<u>6,342,620</u>	<u>11,381</u>	<u>4,556,483</u>	<u>354,220</u>	<u>24,910,087</u>	<u>381,680</u>	<u>36,706,865</u>

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Special Revenue Funds

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

Year ended June 30, 2025

	<u>Museum</u>	<u>RELI loan program</u>	<u>Autaaqtuq fund</u>	<u>Walakpa lease</u>	<u>Forfeiture fund</u>	<u>Economic impact assistance</u>	<u>Subsistence mitigation</u>	<u>Total</u>
Revenues:								
Investment earnings	\$ 6,656	283,713	509	203,583	—	—	201,587	696,048
Economic impact assistance	—	—	—	—	—	12,300,000	—	12,300,000
Other	897	—	—	—	33,436	—	180,000	214,333
Total revenues	7,553	283,713	509	203,583	33,436	12,300,000	381,587	13,210,381
Expenditures:								
Grants	—	7,295	—	—	—	10,739,962	146,000	10,893,257
Excess of revenues over expenditures	7,553	276,418	509	203,583	33,436	1,560,038	235,587	2,317,124
Other financing sources:								
Transfers in	739	—	—	—	—	—	—	739
Net change in fund balance	8,292	276,418	509	203,583	33,436	1,560,038	235,587	2,317,863
Fund balances, beginning of year	142,102	6,066,202	10,872	4,352,900	216,648	2,242,729	146,093	13,177,546
Fund balances, end of year	<u>\$ 150,394</u>	<u>6,342,620</u>	<u>11,381</u>	<u>4,556,483</u>	<u>250,084</u>	<u>3,802,767</u>	<u>381,680</u>	<u>15,495,409</u>

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Capital Projects Funds

June 30, 2025

The Capital Projects Funds account for the receipt and disbursement of moneys used for the acquisition or construction of capital facilities other than those acquired or constructed by the Enterprise Funds. These Capital Projects Funds are as follows:

Education and Service Center Facilities Fund

Public Roads, Streets, Watercourse, and Flood Control Facilities Fund

Public Housing Fund

Water Facilities Fund

Sewage Treatment Disposal Facilities Fund

Airport and Airport Terminal Facilities Fund

Urban Development Projects Fund

Light, Power, and Heating Systems Fund

Public Safety Facilities Fund

Sanitary Facilities Fund

Industrial Parks Fund

Communications Fund

General Capital Projects Fund

Health Facilities Fund

Library/Cultural Facilities Fund

Administration Facilities Fund

NORTH SLOPE BOROUGH, ALASKA

Capital Projects Funds

Combining Balance Sheet

June 30, 2025

		Public roads, streets, watercourse, and flood control facilities fund	Public housing fund	Water facilities fund	Sewage treatment disposal facilities fund	Airport and airport terminal facilities fund	Urban development projects fund	Light, power, and heating systems fund	Public safety facilities fund
Assets									
Cash and investments with central treasury	\$	50,660,244	35,061,864	13,135,717	65,597,710	62,887,335	2,908,641	53,769	28,889,274
Accounts receivable:									
Intergovernmental		—	126,565	3,400,000	—	—	—	—	—
Prepaid items and deposits		35,929	—	—	—	—	—	—	—
Total	\$	<u>50,696,173</u>	<u>35,188,429</u>	<u>16,535,717</u>	<u>65,597,710</u>	<u>62,887,335</u>	<u>2,908,641</u>	<u>53,769</u>	<u>28,889,274</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$	2,749,227	25,794	263	6,233,777	4,918,038	4,010	—	112,997
Unearned revenue - intergovernmental		—	—	—	—	—	3,176	—	—
Total liabilities		<u>2,749,227</u>	<u>25,794</u>	<u>263</u>	<u>6,233,777</u>	<u>4,918,038</u>	<u>7,186</u>	<u>—</u>	<u>112,997</u>
Fund balances:									
Nonspendable:									
Prepays and deposits		35,929	—	—	—	—	—	—	—
Restricted for:									
Authorized projects		<u>47,911,017</u>	<u>35,162,635</u>	<u>16,535,454</u>	<u>59,363,933</u>	<u>57,969,297</u>	<u>2,901,455</u>	<u>53,769</u>	<u>28,776,277</u>
Total fund balances		<u>47,946,946</u>	<u>35,162,635</u>	<u>16,535,454</u>	<u>59,363,933</u>	<u>57,969,297</u>	<u>2,901,455</u>	<u>53,769</u>	<u>28,776,277</u>
Total liabilities and fund balances	\$	<u><u>50,696,173</u></u>	<u><u>35,188,429</u></u>	<u><u>16,535,717</u></u>	<u><u>65,597,710</u></u>	<u><u>62,887,335</u></u>	<u><u>2,908,641</u></u>	<u><u>53,769</u></u>	<u><u>28,889,274</u></u>

NORTH SLOPE BOROUGH, ALASKA

Capital Projects Funds

Combining Balance Sheet

June 30, 2025

Assets	Sanitary facilities fund	Industrial parks fund	Communications fund	General capital projects fund	Health facilities fund	Library/Cultural facilities fund	Administration facilities fund	Total
Cash and investments with central treasury	\$ 24,893,524	74,211	2,632,504	58,422,119	784,631	737,674	3,883,061	367,187,406
Accounts receivable:								
Intergovernmental	—	—	—	—	—	—	—	3,526,565
Prepaid items and deposits	—	—	—	—	—	—	—	35,929
Total	<u>\$ 24,893,524</u>	<u>74,211</u>	<u>2,632,504</u>	<u>58,422,119</u>	<u>784,631</u>	<u>737,674</u>	<u>3,883,061</u>	<u>370,749,900</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ 86,436	—	—	1,171,469	—	—	19,918	15,445,339
Unearned revenue - intergovernmental	—	—	—	—	—	—	—	3,176
Total liabilities	<u>86,436</u>	<u>—</u>	<u>—</u>	<u>1,171,469</u>	<u>—</u>	<u>—</u>	<u>19,918</u>	<u>15,448,515</u>
Fund balances:								
Nonspendable:								
Prepays and deposits	—	—	—	—	—	—	—	35,929
Restricted for:								
Authorized projects	<u>24,807,088</u>	<u>74,211</u>	<u>2,632,504</u>	<u>57,250,650</u>	<u>784,631</u>	<u>737,674</u>	<u>3,863,143</u>	<u>355,265,456</u>
Total fund balances	<u>24,807,088</u>	<u>74,211</u>	<u>2,632,504</u>	<u>57,250,650</u>	<u>784,631</u>	<u>737,674</u>	<u>3,863,143</u>	<u>355,301,385</u>
Total liabilities and fund balances	<u>\$ 24,893,524</u>	<u>74,211</u>	<u>2,632,504</u>	<u>58,422,119</u>	<u>784,631</u>	<u>737,674</u>	<u>3,883,061</u>	<u>370,749,900</u>

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Capital Projects Funds

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

Year ended June 30, 2025

	Education and service center facilities fund	Public roads, streets, watercourse, and flood control facilities fund	Public housing fund	Water facilities fund	Sewage treatment disposal facilities fund	Airport and airport terminal facilities fund	Urban development projects fund	Light, power, and heating systems fund	Public safety facilities fund
Revenues:									
Intergovernmental	\$ —	—	3,400,000	—	—	1,444,790	—	—	—
Total revenues	—	—	3,400,000	—	—	1,444,790	—	—	—
Expenditures:									
Capital projects	31,038,494	8,689,015	1,617,630	33,598,020	14,683,773	1,599,610	—	6,955,995	23,229,597
Bond issuance costs	177,842	98,955	—	158,841	117,735	—	—	88,168	204,796
Total expenditures	31,216,336	8,787,970	1,617,630	33,756,861	14,801,508	1,599,610	—	7,044,163	23,434,393
Excess (deficiency) of revenues over expenditures	(31,216,336)	(8,787,970)	1,782,370	(33,756,861)	(14,801,508)	(154,820)	—	(7,044,163)	(23,434,393)
Other financing sources (uses):									
Transfers in:									
General fund	—	—	—	2,200,000	—	—	—	3,280,000	—
Transfers out:									
General fund	—	—	—	(2,070,000)	—	—	—	(650,000)	(1,775,000)
General obligation bonds issued	24,980,000	13,981,195	—	22,442,614	16,634,825	—	—	12,457,244	28,935,481
Premium on issuance of debt	2,197,842	1,117,760	—	1,794,227	1,329,910	—	—	995,924	2,313,315
Total other financing sources	27,177,842	15,098,955	—	24,366,841	17,964,735	—	—	16,083,168	29,473,796
Net change in fund balances	(4,038,494)	6,310,985	1,782,370	(9,390,020)	3,163,227	(154,820)	—	9,039,005	6,039,403
Fund balances, beginning of year	51,985,440	28,851,650	14,753,084	68,753,953	54,806,070	3,056,275	53,769	19,737,272	10,402,315
Fund balances, end of year	\$ 47,946,946	35,162,635	16,535,454	59,363,933	57,969,297	2,901,455	53,769	28,776,277	16,441,718

NORTH SLOPE BOROUGH, ALASKA

Capital Projects Funds

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

Year ended June 30, 2025

	<u>Sanitary facilities fund</u>	<u>Industrial parks fund</u>	<u>Communications fund</u>	<u>General capital projects fund</u>	<u>Health facilities fund</u>	<u>Library/Cultural facilities fund</u>	<u>Administration facilities fund</u>	<u>Total</u>
Revenues:								
Intergovernmental	\$ —	—	—	—	—	—	—	4,844,790
Total revenues	—	—	—	—	—	—	—	4,844,790
Expenditures:								
Capital projects	345,898	—	140,370	33,073,743	7,677	5,836	272,932	155,258,590
Bond issuance costs	—	—	8,048	68,912	—	—	—	923,297
Total expenditures	345,898	—	148,418	33,142,655	7,677	5,836	272,932	156,181,887
Deficiency of revenues over expenditures	(345,898)	—	(148,418)	(33,142,655)	(7,677)	(5,836)	(272,932)	(151,337,097)
Other financing sources (uses):								
Transfers in:								
General fund	—	—	—	4,520,000	—	—	—	10,000,000
Transfers out:								
General fund	—	—	—	(505,000)	—	—	—	(5,000,000)
General obligation bonds issued	—	—	1,137,137	9,736,504	—	—	—	130,305,000
Premium on issuance of debt	—	—	90,911	778,408	—	—	—	10,618,297
Total other financing sources	—	—	1,228,048	14,529,912	—	—	—	145,923,297
Net change in fund balances	(345,898)	—	1,079,630	(18,612,743)	(7,677)	(5,836)	(272,932)	(5,413,800)
Fund balances, beginning of year	25,152,986	74,211	1,552,874	75,863,393	792,308	743,510	4,136,075	360,715,185
Fund balances, end of year	<u>\$ 24,807,088</u>	<u>74,211</u>	<u>2,632,504</u>	<u>57,250,650</u>	<u>784,631</u>	<u>737,674</u>	<u>3,863,143</u>	<u>355,301,385</u>

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Nonmajor Enterprise Funds

June 30, 2025

The Enterprise Funds, which account for all activities necessary for the operation of each entity, are financed and operated in a manner similar to private business enterprise. This Nonmajor Enterprise Funds are as follows:

Service Area 10 – The Service Area 10 Fund provides water, sewer, solid waste, and landfill services at Prudhoe Bay.

Home Assistance Loan Fund – The Home Assistance Loan Fund was established to assist in the acquisition and development of land and the construction, rehabilitation, financing, management, maintenance, sale and rental of dwelling units for persons of lower and moderate income and persons in remote, underdeveloped or blighted areas.

Harry K. Brower, Jr. Training Center – The Harry K. Brower, Jr. Training Center is a building purchased in Prudhoe Bay which will be used to provide training opportunities to North Slope Residents.

NORTH SLOPE BOROUGH, ALASKA

Nonmajor Enterprise Fund

Combining Statement of Net Position

June 30, 2025

	Service Area 10	Home assistance loan	Harry K. Brower, Jr. training center	Total
Assets and Deferred Outflows of Resources				
Current assets:				
Cash and investments with central treasury	\$ 44,276,563	10,201,239	1,685,893	56,163,695
Other cash and investments	74,461	—	114,625	189,086
Accounts and loans receivable, net of allowance	2,036,893	4,094,309	307,797	6,438,999
Intergovernmental receivable	—	—	333,038	333,038
Total current assets	46,387,917	14,295,548	2,441,353	63,124,818
Non-current assets:				
Construction work in progress	526,117	—	216,264	742,381
Capital assets, net	46,274,681	—	6,463,903	52,738,584
OPEB asset	676,304	—	332,648	1,008,952
Total non-current assets	47,477,102	—	7,012,815	54,489,917
Total assets	93,865,019	14,295,548	9,454,168	117,614,735
Deferred outflows of resources:				
Pension and OPEB related	244,011	—	120,022	364,033
Total assets and deferred outflows of resources	\$ 94,109,030	14,295,548	9,574,190	117,978,768
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities:				
Accounts payable	\$ 3,211,975	4,352	1,147,781	4,364,108
Accrued payroll and related benefits	65,206	—	45,832	111,038
Compensated absences	71,764	—	66,852	138,616
Unearned revenue - intergovernmental	—	—	340	340
Customer deposits	85,005	—	—	85,005
Total current liabilities	3,433,950	4,352	1,260,805	4,699,107
Non-current liabilities:				
Accrued closure and postclosure costs	3,899,945	—	—	3,899,945
Net pension liability	1,578,084	—	776,224	2,354,308
Total non-current liabilities	5,478,029	—	776,224	6,254,253
Total liabilities	8,911,979	4,352	2,037,029	10,953,360
Deferred inflows of resources:				
Pension and OPEB related	20,784	—	10,223	31,007
Net position:				
Net investment in capital assets	46,800,798	—	6,680,167	53,480,965
Restricted for OPEB benefits	676,304	—	332,648	1,008,952
Unrestricted	37,699,165	14,291,196	514,123	52,504,484
Total net position	85,176,267	14,291,196	7,526,938	106,994,401
Total liabilities, deferred inflows of resources and net position	\$ 94,109,030	14,295,548	9,574,190	117,978,768

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2025

	Service Area 10	Home assistance loan	Harry K. Brower, Jr. training center	Total
Operating revenues:				
Water and wastewater revenue	\$ 18,889,264	—	—	18,889,264
Solid waste revenue	14,441,062	—	—	14,441,062
Training services revenues	—	—	1,268,274	1,268,274
Other revenues	180,421	—	14,704	195,125
Total operating revenues	<u>33,510,747</u>	<u align="center">—</u>	<u>1,282,978</u>	<u>34,793,725</u>
Operating expenses:				
Salaries and benefits	2,194,441	—	1,455,802	3,650,243
Contractual and professional fees	17,748,713	—	3,012,520	20,761,233
Depreciation	7,526,816	—	392,701	7,919,517
Closure and postclosure care costs	1,043,261	—	—	1,043,261
Other operating expenses	<u>2,793,105</u>	<u>45,891</u>	<u>1,154,007</u>	<u>3,993,003</u>
Total operating expenses	<u>31,306,336</u>	<u>45,891</u>	<u>6,015,030</u>	<u>37,367,257</u>
Operating loss	2,204,411	(45,891)	(4,732,052)	(2,573,532)
Nonoperating revenues:				
Intergovernmental revenues	104,127	—	455,439	559,566
Investment earnings	1,939,050	—	24,021	1,963,071
Disposal costs for demolition of plant	<u>(4,328,686)</u>	<u>—</u>	<u>—</u>	<u>(4,328,686)</u>
Loss before transfers and capital contributions	(81,098)	(45,891)	(4,252,592)	(4,379,581)
Transfers in	—	—	4,270,578	4,270,578
Capital contributions	<u>41,969</u>	<u>—</u>	<u>216,264</u>	<u>258,233</u>
Change in net position	(39,129)	(45,891)	234,250	149,230
Net position, beginning of year	<u>85,215,396</u>	<u>14,337,087</u>	<u>7,292,688</u>	<u>106,845,171</u>
Net position, end of year	<u>\$ 85,176,267</u>	<u>14,291,196</u>	<u>7,526,938</u>	<u>106,994,401</u>

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Nonmajor Enterprise Funds

Combining Statement of Cash Flows

Year ended June 30, 2025

	Service Area 10	Home assistance loan	Harry K. Brower, Jr. training center	Total
Cash flows from operating activities:				
Cash received from customers	\$ 33,905,953	—	1,061,456	34,967,409
Principal payments received on loans	—	261,730	—	261,730
Payments to suppliers and service providers	(20,060,122)	(53,279)	(3,718,808)	(23,832,209)
Payments to employees for salaries and benefits	(2,128,605)	—	(1,270,828)	(3,399,433)
Payments for loans made to qualifying individuals	—	(619,632)	—	(619,632)
Net cash provided by (used for) operating activities	11,717,226	(411,181)	(3,928,180)	7,377,865
Cash flows from noncapital financing activities:				
Operating grants	—	—	100,614	100,614
Transfers from other funds	—	—	4,270,578	4,270,578
Net cash provided by noncapital financing activities	—	—	4,371,192	4,371,192
Cash flows from capital and related financing activities:				
Purchase of capital assets	(4,436,400)	—	(359,323)	(4,795,723)
Payment for disposal of plant	(4,328,686)	—	—	(4,328,686)
Net cash used for capital and related financing activities	(8,765,086)	—	(359,323)	(9,124,409)
Cash flows from investing activities:				
Investment earnings	1,939,050	—	24,021	1,963,071
Net increase (decrease) in cash and cash equivalents	4,891,190	(411,181)	107,710	4,587,719
Beginning cash and cash equivalents	39,459,834	10,612,420	1,692,808	51,765,062
Ending cash and cash equivalents	\$ 44,351,024	10,201,239	1,800,518	56,352,781
Reconciliation of operating income (loss) to net cash provided by (used for)				
operating activities:				
Operating income (loss)	\$ 2,204,411	(45,891)	(4,732,052)	(2,573,532)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	7,526,816	—	392,701	7,919,517
Nonemployer pension and OPEB expense	104,127	—	51,219	155,346
Changes in assets and liabilities that used cash:				
Accounts and loans receivable	376,203	(357,902)	(221,522)	(203,221)
Prepaid items	5,418	—	2,104	7,522
Net OPEB asset	138,430	—	(26,485)	111,945
Pension and OPEB related deferred outflows of resources	57,280	—	(6,809)	50,471
Accounts payable	476,278	(7,388)	445,615	914,505
Accrued payroll and compensated absences	(50,487)	—	50,342	(145)
Customer deposits	19,003	—	—	19,003
Accrued closure and postclosure care costs	1,043,261	—	—	1,043,261
Pension liability	(165,419)	—	121,094	(44,325)
Pension and OPEB related deferred inflows of resources	(18,095)	—	(4,387)	(22,482)
Net cash provided by (used for) operating activities	\$ 11,717,226	(411,181)	(3,928,180)	7,377,865
Noncash capital, noncapital, and financing activities:				
Intergovernmental nonemployer pension and OPEB contributions	\$ 104,127	—	51,219	155,346
Intergovernmental receivable	—	—	333,038	333,038
Contribution of capital assets	41,969	—	216,264	258,233

See accompanying independent auditors' report.

STATISTICAL SECTION (UNAUDITED)

NORTH SLOPE BOROUGH, ALASKA

Statistical Section

This part of the North Slope Borough's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Borough's overall financial health.

Contents	Pages
Financial Trends: These schedules contain trend information to help the reader understand how the Borough's financial performance and well-being have changed over time.	89–93
Revenue Capacity: These schedules contain information to help the reader assess the Borough's most significant local revenue source, the property tax.	94–99
Debt Capacity: These schedules present information to help the reader assess the affordability of the Borough's current levels of outstanding debt and the Borough's ability to issue additional debt in the future.	100–104
Demographic and Economic Information: These schedules offer demographic and economic indicators to help the reader understand the environment within which the Borough's financial activities take place.	105–107
Operating Information: These schedules contain service and infrastructure data to help the reader understand how the information in the Borough's financial report relates to the services the Borough provides and the activities it performs.	108–110
Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports (ACFR) for the relevant year.	

FINANCIAL TRENDS

NORTH SLOPE BOROUGH, ALASKA

Net Position by Component

Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
Net investment in capital assets	\$ 1,378,846,204	1,401,808,143	1,464,941,742	1,478,512,763	1,427,146,035	1,454,960,849	1,404,414,046	1,418,291,385	1,468,434,856	1,520,560,991
Restricted	736,185,837	757,781,756	904,519,620	929,898,068	955,406,132	1,152,569,750	1,091,865,679	1,158,403,119	1,327,823,539	1,470,633,871
Unrestricted	(29,351,431)	(16,614,779)	(197,704,017)	(123,546,646)	(65,520,564)	26,069,417	42,514,432	93,098,439	100,665,224	51,110,798
Total governmental activities net position	<u>\$ 2,085,680,610</u>	<u>2,142,975,120</u>	<u>2,171,757,345</u>	<u>2,284,864,185</u>	<u>2,317,031,603</u>	<u>2,633,600,016</u>	<u>2,538,794,157</u>	<u>2,669,792,943</u>	<u>2,896,923,619</u>	<u>3,042,305,660</u>
Business-type activities:										
Net investment in capital assets	\$ 360,059,672	378,565,960	409,757,510	408,295,052	402,306,756	404,769,286	402,630,285	396,853,335	392,699,622	386,309,014
Restricted	—	—	—	—	—	—	—	—	4,525,957	4,120,652
Unrestricted	3,237,589	(3,825,505)	1,320,998	9,871,342	22,302,437	26,262,632	31,143,363	39,997,633	47,665,496	52,215,306
Total business-type activities net position	<u>\$ 363,297,261</u>	<u>374,740,455</u>	<u>411,078,508</u>	<u>418,166,394</u>	<u>424,609,193</u>	<u>431,031,918</u>	<u>433,773,648</u>	<u>436,850,968</u>	<u>444,891,075</u>	<u>442,644,972</u>
Borough-wide:										
Net investment in capital assets	\$ 1,738,905,876	1,780,374,103	1,874,699,252	1,886,807,815	1,829,452,791	1,859,730,135	1,807,044,331	1,815,144,720	1,861,134,478	1,906,870,005
Restricted	736,185,837	757,781,756	904,519,620	929,898,068	955,406,132	1,152,569,750	1,091,865,679	1,158,403,119	1,332,349,496	1,474,754,523
Unrestricted	(26,113,842)	(20,440,284)	(196,383,019)	(113,675,304)	(43,218,127)	52,332,049	73,657,795	133,096,072	148,330,720	103,326,104
Total Borough-wide net position	<u>\$ 2,448,977,871</u>	<u>2,517,715,575</u>	<u>2,582,835,853</u>	<u>2,703,030,579</u>	<u>2,741,640,796</u>	<u>3,064,631,934</u>	<u>2,972,567,805</u>	<u>3,106,643,911</u>	<u>3,341,814,694</u>	<u>3,484,950,632</u>

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses:										
Primary government:										
Governmental activities:										
General government	\$ 85,183,208	85,789,264	83,156,572	100,832,020	127,338,771	96,653,436	99,601,423	95,704,014	115,541,444	172,493,893
Public works	139,081,484	151,785,881	148,767,667	115,414,096	153,031,563	102,167,211	147,606,376	153,684,724	148,991,879	162,289,092
Public safety	39,883,598	51,664,493	47,932,563	44,924,711	51,739,181	70,656,233	46,191,176	41,604,891	53,077,885	64,710,272
Health and social services	36,986,483	43,473,002	37,490,050	36,397,260	33,060,907	34,221,683	30,858,065	26,434,761	32,155,608	41,743,031
Wildlife management	9,240,924	9,942,370	7,907,315	6,385,334	6,459,918	5,686,068	6,757,944	6,038,187	6,914,235	9,110,566
Primary and secondary education	44,792,734	47,138,942	50,133,435	47,580,659	56,301,726	52,112,516	50,552,259	53,833,157	55,002,950	60,174,695
Higher education	12,139,259	12,228,506	13,277,643	13,040,740	11,753,326	12,752,424	11,416,451	11,781,361	11,855,502	12,141,141
Interest on long-term debt	9,822,892	10,653,466	6,107,106	5,366,415	6,599,474	6,104,256	2,077,197	3,779,970	6,044,426	10,192,952
Total governmental activities expenses	377,130,582	412,675,924	394,772,351	369,941,235	446,284,866	380,353,827	395,060,891	392,861,065	429,583,929	532,855,642
Business-type activities:										
Service Area 10	29,481,337	32,715,949	27,667,193	25,678,873	26,121,163	28,038,334	20,747,505	24,639,671	21,393,079	35,635,022
Power Generation & Distribution	27,456,216	26,839,423	26,402,902	27,243,427	25,293,998	16,156,429	27,449,066	29,532,819	31,374,553	35,065,626
Real Property Management	938,868	1,112,428	1,409,730	1,243,044	760,503	2,233,209	1,892,568	673,858	639,516	4,411,975
Home Assistance Loan	(861)	152	3,540	—	—	—	—	117,670	90,420	45,891
Harry K. Brower Training Center	—	—	—	—	—	—	829,499	2,607,883	4,679,831	6,015,030
Total business-type activities expenses	57,875,560	60,667,952	55,483,365	54,165,344	52,175,664	46,427,972	50,918,638	57,571,901	58,177,399	81,173,544
Total primary government expenses	\$ 435,006,142	473,343,876	450,255,716	424,106,579	498,460,530	426,781,799	445,979,529	450,432,966	487,761,328	614,029,186
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 4,735,333	4,426,816	4,026,890	4,862,471	5,009,879	4,890,626	4,730,707	5,692,093	5,171,826	5,843,193
Public works	2,973,658	3,667,747	3,663,916	3,461,024	3,413,325	2,847,045	3,632,893	3,616,589	5,060,986	5,395,241
Public safety	1,032,870	1,032,870	1,103,978	1,032,870	1,032,870	1,032,870	1,032,870	1,228,728	1,228,728	1,261,344
Health and social services	190,473	211,502	178,115	316,514	207,124	77,866	488,048	727,097	909,616	874,075
Operating grants and contributions	20,707,211	14,908,974	10,070,468	12,730,385	20,118,964	18,001,836	13,350,676	7,679,718	18,200,492	33,681,790
Capital grants and contributions	10,058,949	9,588,691	18,334,116	14,469,071	5,605,934	45,433,767	1,776,678	12,005,878	20,604,720	6,396,151
Total governmental activities program revenues	39,698,494	33,836,600	37,377,483	36,872,335	35,388,096	72,284,010	25,011,872	30,950,103	51,176,368	53,451,794
Business-type activities:										
Charges for services:										
Service Area 10	30,017,674	23,709,609	18,355,104	23,844,212	25,046,345	8,077,670	16,336,129	20,794,514	26,822,994	33,510,747
Power Generation & Distribution	8,459,696	8,363,574	7,999,184	8,161,539	8,278,645	14,219,731	8,163,130	7,876,312	8,119,219	8,050,100
Real Property Management	2,361,432	2,662,418	3,113,617	3,692,317	5,192,838	8,190,536	3,325,673	3,413,084	—	3,307,722
Home Assistance Loan	439	62	3,121	(1,486)	—	—	4,044	—	3,167,604	—
Harry K. Brower Training Center	—	—	—	—	—	—	—	—	368,480	1,282,978
Operating grants and contributions	292,888	184,867	306,527	390,453	626,738	602,317	526,154	207,161	402,542	1,110,786
Capital grants and contributions	—	—	—	—	—	450,000	—	—	—	—
Total business-type activities program revenues	41,132,129	34,920,530	29,777,553	36,087,035	39,144,566	31,540,254	28,355,130	32,291,071	38,880,839	47,262,333
Total primary government program revenues	\$ 80,830,623	68,757,130	67,155,036	72,959,370	74,532,662	103,824,264	53,367,002	63,241,174	90,057,207	100,714,127

NORTH SLOPE BOROUGH, ALASKA

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net expense:										
Governmental activities	\$ (337,432,088)	(378,839,324)	(357,394,868)	(333,068,900)	(410,896,770)	(308,069,817)	(370,049,019)	(361,910,962)	(378,407,561)	(479,403,848)
Business-type activities	(16,743,431)	(25,747,422)	(25,705,812)	(18,078,309)	(13,031,098)	(14,887,718)	(22,563,508)	(25,280,830)	(19,296,560)	(33,911,211)
Total primary government net expense	<u>\$ (354,175,519)</u>	<u>(404,586,746)</u>	<u>(383,100,680)</u>	<u>(351,147,209)</u>	<u>(423,927,868)</u>	<u>(322,957,535)</u>	<u>(392,612,527)</u>	<u>(387,191,792)</u>	<u>(397,704,121)</u>	<u>(513,315,059)</u>
General revenues and other changes in net position:										
Property taxes	\$ 394,202,212	392,460,467	397,441,210	393,136,267	400,281,459	404,161,483	395,223,061	405,214,910	428,677,659	468,587,016
Property tax judgment	(7,583,399)	—	—	—	—	—	—	—	—	—
Grants and entitlements not restricted to specific programs	1,318,418	1,250,115	1,275,787	1,304,503	1,331,485	2,180,279	2,134,137	2,393,774	2,547,400	2,585,848
Economic impact assistance	7,735,251	8,028,941	8,231,311	8,378,766	9,550,000	9,718,000	9,888,940	10,012,871	10,289,847	12,300,000
Investment earnings (losses)	3,086,091	68,646,838	62,192,907	60,141,428	39,876,129	238,287,694	(117,742,029)	96,122,842	183,147,176	164,576,755
Loss on sale of capital assets	(869,876)	(4,057,555)	—	—	—	—	—	—	—	—
Other	2,894,964	6,641,726	6,219,025	7,700,399	5,687,495	1,433,788	5,959,979	5,442,545	5,175,084	4,984,380
Extraordinary items	—	—	—	—	5,575,622	(10,000,000)	3,500,000	—	—	—
Transfers	(28,948,744)	(36,836,698)	(63,738,881)	(24,485,623)	(19,238,002)	(21,143,014)	(23,720,928)	(26,277,194)	(24,298,929)	(28,248,110)
Total governmental activities	<u>371,834,917</u>	<u>436,133,834</u>	<u>411,621,359</u>	<u>446,175,740</u>	<u>443,064,188</u>	<u>624,638,230</u>	<u>275,243,160</u>	<u>492,909,748</u>	<u>605,538,237</u>	<u>624,785,889</u>
Business-type activities:										
Investment earnings and interest	194,063	192,385	428,290	680,572	235,895	167,429	1,584,310	2,080,956	3,037,738	3,416,998
Other	144,254	161,533	—	—	—	—	—	—	—	—
Transfers	28,948,744	36,836,698	63,738,881	24,485,623	19,238,002	21,143,014	23,720,928	26,277,194	24,298,929	28,248,110
Total business-type activities	<u>29,287,061</u>	<u>37,190,616</u>	<u>64,167,171</u>	<u>25,166,195</u>	<u>19,473,897</u>	<u>21,310,443</u>	<u>25,305,238</u>	<u>28,358,150</u>	<u>27,336,667</u>	<u>31,665,108</u>
Total primary government	<u>\$ 401,121,978</u>	<u>473,324,450</u>	<u>475,788,530</u>	<u>471,341,935</u>	<u>462,538,085</u>	<u>645,948,673</u>	<u>300,548,398</u>	<u>521,267,898</u>	<u>632,874,904</u>	<u>656,450,997</u>
Change in net position:										
Governmental activities	\$ 34,402,829	57,294,510	54,226,491	113,106,840	32,167,418	316,568,413	(94,805,859)	130,998,786	227,130,676	145,382,041
Business-type activities	12,543,630	11,443,194	38,461,359	7,087,886	6,442,799	6,422,725	2,741,730	3,077,320	8,040,107	(2,246,103)
Total primary government	<u>\$ 46,946,459</u>	<u>68,737,704</u>	<u>92,687,850</u>	<u>120,194,726</u>	<u>38,610,217</u>	<u>322,991,138</u>	<u>(92,064,129)</u>	<u>134,076,106</u>	<u>235,170,783</u>	<u>143,135,938</u>

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Fund Balances, Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General fund:										
Nonspendable	\$ 7,066,234	6,780,248	8,136,576	7,808,762	6,334,136	8,173,645	7,832,789	12,643,050	11,244,588	9,716,200
Restricted	42,972,595	—	—	—	—	—	—	644,279	546,754	511,858
Committed	7,350,000	7,098,000	7,886,000	7,265,000	8,732,000	20,729,000	26,337,647	55,751,207	21,212,798	1,446,887
Assigned	23,327,065	17,472,287	21,543,089	26,190,625	30,872,866	26,244,812	29,870,291	36,314,926	32,031,874	57,530,594
Unassigned	80,568,493	132,420,520	5,835,139	59,452,678	115,760,477	108,022,916	86,548,831	72,179,539	207,942,909	248,605,718
Total general fund	<u>\$ 161,284,387</u>	<u>163,771,055</u>	<u>43,400,804</u>	<u>100,717,065</u>	<u>161,699,479</u>	<u>163,170,373</u>	<u>150,589,558</u>	<u>177,533,001</u>	<u>272,978,923</u>	<u>317,811,257</u>
All other governmental funds:										
Nonspendable	\$ 346,257,346	346,857,279	352,110,067	359,054,076	365,379,061	381,477,278	382,484,614	383,646,073	384,736,326	385,924,898
Restricted	473,622,900	523,411,753	550,766,650	635,971,144	675,233,750	937,692,170	869,534,854	981,824,746	1,104,143,443	1,220,517,437
Committed	9,514,787	9,490,307	9,557,019	9,725,698	9,814,967	9,863,169	11,173,620	13,754,994	13,177,546	15,495,409
Total all other governmental funds	<u>\$ 829,395,033</u>	<u>879,759,339</u>	<u>912,433,736</u>	<u>1,004,750,918</u>	<u>1,050,427,778</u>	<u>1,329,032,617</u>	<u>1,263,193,088</u>	<u>1,379,225,813</u>	<u>1,502,057,315</u>	<u>1,621,937,744</u>

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Property taxes	\$ 386,155,606	399,236,839	396,360,301	393,299,524	398,234,519	405,614,767	393,942,032	404,230,014	427,723,827	467,085,253
Intergovernmental	30,603,902	21,189,765	27,523,787	24,040,238	25,446,696	31,483,370	19,410,666	26,514,953	31,502,152	36,504,145
Charges for services	8,932,334	9,338,935	8,972,899	9,672,879	9,663,198	8,848,407	9,884,518	11,264,507	12,371,156	13,373,853
Investment earnings (loss)	3,086,091	68,646,838	62,192,907	60,141,428	41,416,071	237,983,702	(119,876,810)	96,127,010	188,385,749	170,629,106
State gas production tax credit	812,609	—	—	—	—	—	—	—	—	—
Economic impact assistance	7,735,251	8,028,941	8,231,311	8,378,766	9,550,000	9,718,000	9,888,940	10,012,871	10,289,847	12,300,000
Property tax judgment	(7,583,399)	—	—	—	—	—	—	—	—	—
Other	2,876,565	6,641,726	6,219,025	7,700,380	5,687,495	4,462,047	5,959,978	5,442,545	5,175,084	4,979,885
Total revenues	432,618,959	513,083,044	509,500,230	503,233,215	489,997,979	698,110,293	319,209,324	553,591,900	675,447,815	704,872,242
Expenditures:										
Current:										
General government	73,777,657	69,267,075	74,995,852	93,238,794	116,888,813	103,386,394	111,548,601	101,011,151	119,748,928	147,884,336
Public works	77,756,941	79,803,782	85,361,453	79,175,787	90,376,576	88,866,902	90,616,669	93,268,645	116,644,878	105,297,940
Public safety	32,861,582	36,626,886	38,331,725	35,379,551	39,580,681	40,164,839	42,512,294	42,541,525	49,659,271	53,027,237
Health and social services	33,018,328	36,340,010	34,880,418	36,077,109	34,995,833	34,910,223	31,713,129	30,233,356	32,449,751	33,995,560
Wildlife management	8,501,815	8,682,255	7,533,949	6,647,076	6,864,942	6,804,125	9,187,773	7,636,034	7,886,113	7,886,113
Primary and secondary education	37,444,358	38,021,315	38,763,467	37,935,606	34,502,123	42,292,818	40,467,042	41,520,914	43,627,760	46,521,154
Higher education	12,139,259	12,228,506	13,277,643	13,040,740	11,753,326	12,752,424	11,448,727	11,695,801	11,656,706	11,701,321
Debt service:										
Principal retirement	109,310,000	112,180,000	51,765,000	48,170,000	45,695,000	75,095,000	66,210,000	58,085,000	67,270,000	80,754,794
Interest	15,407,428	16,870,260	10,344,566	7,462,918	12,914,030	11,959,080	11,259,904	12,373,037	14,254,917	17,132,629
Other-defeasance and tender with existing resources	—	—	138,906,918	—	—	—	—	—	—	—
Issuance costs	917,035	622,523	668,565	792,562	625,010	608,524	1,027,450	548,177	663,167	923,297
Capital projects	107,100,093	113,895,717	126,936,633	61,876,960	76,709,857	93,809,620	71,120,068	93,203,841	89,745,521	155,258,590
Special revenue costs	86,500	77,909	—	—	—	—	—	—	—	—
Total expenditures	508,320,996	524,616,238	621,766,189	419,797,103	470,906,191	510,649,949	485,143,369	493,669,220	553,356,933	660,382,971
Excess (deficiency) of revenues over (under) expenditures	(75,702,037)	(11,533,194)	(112,265,959)	83,436,112	19,091,788	187,460,344	(165,934,045)	59,922,680	122,090,882	44,489,271
Other financing sources (uses):										
Transfers in from governmental funds	3,883,000	6,952,000	7,338,000	31,649,000	25,867,000	51,467,950	20,218,242	22,550,482	66,071,208	15,000,739
Transfers in from enterprise funds	1,418,808	599,933	3,252,788	944,009	1,324,708	2,021,135	11,975,745	1,161,459	7,678,787	1,188,572
Transfers out to other governmental funds	(3,883,000)	(6,952,000)	(5,338,000)	(25,649,000)	(20,867,000)	(37,391,000)	(20,218,242)	(22,550,482)	(66,071,208)	(15,000,739)
Transfer out to enterprise funds	(15,582,429)	(31,314,302)	(61,502,832)	(15,001,961)	(14,193,959)	(15,402,680)	(26,107,305)	(21,155,874)	(24,876,706)	(25,184,242)
Transfers out to Permanent fund	—	—	(2,000,000)	(6,000,000)	(5,000,000)	(14,076,950)	—	—	—	—
Leases	—	—	—	—	—	—	372,108	2,374,726	1,649,794	1,573,943
Subscription based information technology agreements	—	—	—	—	—	—	—	—	—	170,561
General obligation bonds issued	95,313,000	80,500,000	74,970,000	71,205,000	69,635,000	66,150,000	90,465,000	94,485,000	96,990,000	130,305,000
Payment to refunded bond escrow agent	(21,323,783)	—	—	—	—	—	(71,784,618)	—	—	—
Refunding bonds issued	18,790,000	—	—	—	—	—	63,975,000	—	—	—
Premium on issuance of debt	5,165,520	10,040,522	5,693,565	4,586,563	5,990,010	9,458,524	10,179,650	6,188,177	3,700,167	10,618,297
Premium on refunding bonds issued	2,725,298	—	—	—	—	—	8,192,418	—	—	—
Insurance recoveries	18,399	4,558,015	2,156,584	4,463,720	24,811,727	30,388,410	245,703	—	11,044,500	1,551,361
Total other financing sources	86,524,813	64,384,168	24,570,105	66,197,331	87,567,486	92,615,389	87,513,701	83,053,488	96,186,542	120,223,492
Net change in fund balances	\$ 10,822,776	52,850,974	(87,695,854)	149,633,443	106,659,274	280,075,733	(78,420,344)	142,976,168	218,277,424	164,712,763
Debt service as a percentage of noncapital expenditures	28.88 %	29.35 %	12.20 %	15.31 %	14.73 %	21.07 %	18.07 %	17.06 %	17.67 %	18.70 %

Source: North Slope Borough records

Note: Noncapital expenditures are total expenditures less capital outlay.

See accompanying independent auditors' report.

REVENUE CAPACITY

NORTH SLOPE BOROUGH, ALASKA

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal year ended June 30	Land	Improvements	Appraised value of land and improvements	Less exemptions	Total taxable assessed value of land and improvements	Plus personal property	Plus oil and gas property	Total assessed property value	Total direct tax rate
2016	199,679,127	829,139,800	1,028,818,927	739,078,737	289,740,190	249,330,697	18,613,741,430	19,152,812,317	1.850
2017	208,061,127	1,047,663,100	1,255,724,227	824,884,652	430,839,575	250,689,014	20,181,080,540	20,862,609,129	1.850
2018	288,211,227	1,041,632,600	1,329,843,827	933,331,161	396,512,666	713,511,220	20,267,142,560	21,377,166,446	1.850
2019	287,454,627	1,064,752,600	1,352,207,227	955,020,461	397,186,766	671,836,674	20,937,969,910	22,006,993,350	1.799
2020	327,011,800	1,606,114,200	1,933,126,000	1,096,858,575	836,267,425	276,156,903	20,976,791,630	22,089,215,958	1.799
2021	350,848,100	1,401,550,300	1,752,398,400	1,125,024,538	627,373,862	280,077,654	21,562,678,020	22,470,129,536	1.799
2022	405,864,900	1,553,001,400	1,958,866,300	1,180,386,745	778,479,555	272,077,279	20,866,357,530	21,916,914,364	1.799
2023	475,381,700	1,574,721,500	2,050,103,200	1,268,406,581	781,696,619	248,058,800	20,953,122,300	21,982,877,719	1.799
2024	744,684,700	1,755,310,400	2,499,995,100	1,710,456,217	789,538,883	236,572,793	22,754,647,650	23,780,759,326	1.799
2025	4,041,988,900	1,891,352,500	5,933,341,400	5,057,263,435	876,077,965	266,004,602	24,272,196,820	25,414,279,387	1.799

Source: Municipal Tax Assessor

Note: Property in the Borough is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value.
Tax rates are per \$1,000 of assessed value.

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Property Tax Rates

Last Ten Fiscal Years
(rate per \$100 of assessed value)

(1) Fiscal year	North Slope Borough General Fund		
	Operating	Debt service	Total
2016	1.250	0.600	1.850
2017	1.340	0.510	1.850
2018	1.465	0.334	1.799
2019	1.392	0.407	1.799
2020	1.441	0.358	1.799
2021	1.415	0.384	1.799
2022	1.446	0.353	1.799
2023	1.478	0.321	1.799
2024	1.456	0.343	1.799
2025	1.437	0.362	1.799

(1) Represents fiscal year in which taxes were assessed (assessed January 1, due June 30)

Note: There are no overlapping governmental units.

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Principal Taxpayers

Current Year and Nine Years Ago
(modified accrual basis of accounting)

	2025			2016		
	Assessed value	Tax levy	Percent of total tax levy	Assessed value	Tax levy	Percent of total tax levy
State assessed/received in fiscal year:						
Hilcorp North Slope LLC	\$ 13,214,314,510	237,725,518	45.24 %	7,897,372,142	146,101,384	36.94 %
ConocoPhillips Alaska, Inc.	9,389,338,660	168,914,202	32.15	5,529,706,210	102,299,565	25.87
Alyeska Pipeline Service Co.	2,226,418,800	40,053,274	7.62	2,226,400,000	41,188,400	10.41
Oil Search Alaska, LLC	1,810,639,930	32,573,412	6.20	—	—	—
Doyon Drilling Inc.	172,396,760	3,101,418	0.59	129,381,130	2,393,551	0.61
Arctic Slope Regional Corporation and subsidiaries	159,433,670	2,868,212	0.55	—	—	—
Schlumberger Companies	142,373,970	2,561,308	0.49	—	—	—
Ukpeagvik Inupiat Corporation and subsidiaries	127,047,852	2,285,591	0.43	—	—	—
Nabors Alaska Drilling, Inc.	111,911,550	2,013,289	0.38	—	—	—
Halliburton Energy Services, Inc.	109,687,440	1,973,277	0.38	132,115,140	2,444,130	0.62
Total of state assessed	27,463,563,142	494,069,501	94.03	15,914,974,622	294,427,030	74.45
Locally assessed/received in fiscal year:						
Arctic Slope Regional Corporation and subsidiaries	74,266,730	1,336,058	0.25	156,473,189	2,894,754	0.73
Ukpeagvik Inupiat Corporation and subsidiaries	117,754,352	2,118,401	0.40	83,998,270	1,553,968	0.39
Colville, Inc.	75,827,250	1,364,132	0.26	27,846,108	515,153	0.13
Alaska Frontier Construction Inc	71,744,925	1,290,691	0.25	27,510,486	508,944	0.13
ICE Services, Inc.	46,984,580	845,253	0.16	50,110,432	927,043	0.23
Worley Alaska, Inc.	46,489,400	836,344	0.16	—	—	—
Schlumberger Companies	35,877,300	645,433	0.12	—	—	—
Halliburton Energy Services Inc	33,642,700	605,232	0.12	37,243,514	689,005	0.17
Quintillion Holdings, LLC	29,053,260	522,668	0.10	—	—	—
Deadhorse Aviation Center, LLC	26,792,900	482,004	0.09	26,756,378	94,993	0.13
Total of locally assessed	558,433,397	10,046,216	1.91	409,938,377	7,183,860	1.91
	\$ 28,021,996,539	504,115,717	95.94 %	\$ 16,324,912,999	301,610,890	76.36 %

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal year	Taxes levied for the fiscal year	Collected within, or prior to, the fiscal year of the levy		Collections in subsequent years	Total collections to date	
		Amount	Percentage of Levy		Total tax collections	Percentage of levy
2016	395,652,032	389,366,804	98.41	6,085,532	395,452,336	99.95
2017	396,818,246	394,349,717	99.38	1,850,172	396,199,889	99.84
2018	392,984,204	390,377,166	99.34	2,140,600	392,517,766	99.88
2019	398,300,485	396,794,920	99.62	1,402,771	398,197,691	99.97
2020	405,151,328	402,015,767	99.23	2,600,132	404,615,899	99.87
2021	394,285,289	392,500,778	99.55	876,380	393,377,158	99.77
2022	395,471,970	393,241,777	99.44	1,812,658	395,054,435	99.89
2023	427,815,860	425,517,036	99.46	1,953,749	427,470,785	99.92
2024	457,202,884	454,099,632	99.32	1,409,145	455,508,777	99.63
2025	525,431,572	522,332,901	99.41	—	522,332,901	99.41

Note: Penalties, interest, legal fees, and receipts arising from property tax audits of prior years' returns are not included in the tax amounts presented above.

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Water Sold by Type of Customer

Last Ten Fiscal Years

(In gallons)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Type of customer:										
Residential	17,297,850	16,989,984	16,965,222	16,590,395	16,440,612	16,325,020	13,341,496	11,706,304	10,587,884	10,274,482
Commercial	6,173,158	6,605,275	6,771,613	6,805,849	6,247,803	5,399,274	4,503,898	4,818,423	5,490,291	5,183,907
Total	23,471,008	23,595,259	23,736,835	23,396,244	22,688,415	21,724,294	17,845,394	16,524,727	16,078,175	15,458,389

Source: North Slope Borough Utilities Division.

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Water and Electric Rates

Last Ten Fiscal Years

	Water		Electricity-residential Villages except Nuiqsut and Utqiagvik		Electricity-commercial Villages except Nuiqsut and Utqiagvik			Electricity- residential Nuiqsut	Electricity-commercial Nuiqsut		
	Delivered rate per gallon	Utilidor flat rate up to 3,000 gallons ¹	Rate per KW hours 0-600 ²	Rate per KW hours over 601 ³	Rate per KW hours 0-1,000 ⁴	Rate per KW hours 1,001-10,000	Rate per KW hours over 10,000 ⁵	Rate per KW hours All	Rate per KW hours 0-1,000 ⁴	Rate per KW hours 1,001-10,000	Rate per KW hours over 10,000 ⁵
2016	\$ 0.08	69.00	0.15	0.35	0.20	0.30	0.35	0.08	0.20	0.30	0.08
2017	0.08	69.00	0.15	0.35	0.20	0.30	0.35	0.08	0.20	0.30	0.08
2018	0.08	69.00	0.15	0.35	0.20	0.30	0.35	0.08	0.20	0.30	0.08
2019	0.08	69.00	0.15	0.35	0.20	0.30	0.35	0.08	0.20	0.30	0.08
2020	0.08	69.00	0.15	0.35	0.20	0.30	0.35	0.08	0.20	0.30	0.08
2021	0.08	69.00	0.15	0.35	0.20	0.30	0.35	0.08	0.20	0.30	0.08
2022	0.08	69.00	0.15	0.35	0.20	0.30	0.35	0.08	0.20	0.30	0.08
2023	0.08	69.00	0.15	0.35	0.20	0.30	0.35	0.08	0.20	0.30	0.08
2024	0.08	69.00	0.15	0.35	0.20	0.30	0.35	0.08	0.20	0.30	0.08
2025	0.08	69.00	0.15	0.35	0.20	0.30	0.35	0.08	0.20	0.30	0.08

Notes: Rates are based on 5/8" meter, which is the standard household meter size. The authority charges an excess-use rate above normal demand.

¹ Utilidor flat rate for seniors is \$14.00 per month.

² There is a minimum charge of \$15.00 for residential usage less than 100 KW hours.

³ The differential for residential usage greater than 601 KW hours per month applies to all villages except Utqiagvik.

⁴ There is a minimum charge of \$15.00 for commercial usage less than 75 KW hours.

⁵ The differential for commercial usage greater than 1,001 KW hours per month applies to all villages except Utqiagvik.

See accompanying independent auditors' report.

DEBT CAPACITY

NORTH SLOPE BOROUGH, ALASKA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal year ended June 30	Governmental activities			Business-type activities		Total	Percentage of personal income ^a	Per capita ^a
	General obligation bonds**	Leases	Subscriptions	Revenue bonds**	Leases			
2016	307,464,375	—	—	63,406,863	—	370,871,238	*	20,953
2017	277,661,795	—	—	42,521,890	—	320,183,685	*	20,010
2018	162,747,417	—	—	—	—	162,747,417	*	17,871
2019	185,531,665	—	—	—	—	185,531,665	*	16,302
2020	210,470,357	—	—	—	—	210,470,357	*	17,591
2021	205,129,057	—	—	—	—	205,129,057	*	16,546
2022	227,250,293	7,371,945	—	—	202,610	234,824,848	*	17,924
2023	261,996,678	6,053,004	—	—	138,340	268,188,022	*	15,898
2024	288,140,303	3,722,970	—	—	70,857	291,934,130	*	15,939
2025	343,134,529	3,609,160	68,895	—	—	346,812,584	*	15,832

Notes: Details regarding the Borough's outstanding debt can be found in the notes to the financial statements.

^a See Exhibit E-1 for personal income and population data.

* Information not available

** Inclusive of related premiums, discounts, and adjustments.

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal year ended June 30	General obligation bonds*	Revenue bonds*	Percentage of actual taxable value of property	Per capita ^b
2016	307,464,375	63,406,863	1.7	20,953
2017	277,661,795	42,521,890	1.5	20,010
2018	162,747,417	—	0.7	17,871
2019	185,531,665	—	0.8	16,302
2020	210,470,357	—	0.9	17,591
2021	205,129,057	—	0.9	16,546
2022	227,250,293	—	1.0	17,924
2023	261,996,678	—	1.1	15,898
2024	288,140,404	—	1.0	15,939
2025	343,134,529	—	1.2	15,832

Note: Details regarding the Borough's outstanding debt can be found in the notes to the financial statements.

^a See Exhibit C-1 for property tax data.

^b Population data can be found in Exhibit E-1.

* Inclusive of related premiums, discounts, and adjustments.

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Governmental Activities Debt

June 30, 2025

Jurisdiction	Debt outstanding	Percentage applicable to North Slope Borough	Amount applicable to North Slope Borough
Direct:			
North Slope Borough:			
General obligation bonds*	\$ 343,134,529	100 %	343,134,529
Leases	3,609,160	100 %	3,609,160
Subscriptions	68,895	100 %	68,895
Total direct debt	<u>\$ 346,812,584</u>		<u>346,812,584</u>

Note: There are no overlapping governmental units.

* Inclusive of related premiums, discounts, and adjustments.

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Legal Debt Margin Information

Last Ten Fiscal Years

There is no legal debt margin for municipalities in the State of Alaska.

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Pledged Revenue Coverage

Last Ten Fiscal Years

Water and Waste Water Revenue Bonds

There is no non-general obligation debt that is secured by a pledge of a specific revenue stream.

See accompanying independent auditors' report.

DEMOGRAPHIC AND ECONOMIC INFORMATION

NORTH SLOPE BOROUGH, ALASKA

Demographic and Economic Statistics

Last Ten Fiscal Years

Year	Population		Per capita income (3)			School enrollment (4)	Unemployment rate (5)
	(1) North Slope Borough	(2) State of Alaska	North Slope Borough	State of Alaska	Total personal income		
2016	20,953	742,874	*	*	*	2,050	6.8
2017	20,010	741,509	*	*	*	2,145	6.9
2018	17,871	738,300	*	*	*	2,160	7.4
2019	16,302	736,012	*	*	*	2,527	6.9
2020	17,591	733,932	*	*	*	2,328	7.0
2021	17,924	736,105	*	*	*	2,266	6.7
2022	15,898	736,556	*	*	*	2,064	6.3
2023	15,393	738,873	*	*	*	2,185	4.6
2024	15,832	741,147	*	*	*	2,158	5.1
2025	*	*	*	*	*	2,055	3.4

* Information not available.

Sources:

- (1) State of Alaska, Department of Community and Economic Development
- (2) State of Alaska, Department of Community and Economic Development
- (3) U.S. Department of Commerce, Bureau of Economic Analysis
- (4) Alaska Department of Education and Early Development, Office of Data Management
- (5) Alaska Department of Labor, Employment Security Division

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKABorough Employment By Industry ⁽¹⁾

Last 10 Fiscal Years

Industrial classification	2015 Avg. Empl.	% of Total	2016 Avg. Empl.	% of Total	2017 Avg. Empl.	% of Total	2018 Avg. Empl.	% of Total	2019 Avg. Empl.	% of Total
Natural resource and mining	9,290	58.8 %	7,419	54.1 %	6,293	50.7 %	6,016	50.5 %	6,539	52.0 %
Construction	258	1.6	214	1.6	146	1.2	106	0.9	105	0.8
Trade, trans and utilities	663	4.2	607	4.4	589	4.7	582	4.9	609	4.8
Information	50	0.3	52	0.4	55	0.4	54	0.5	55	0.4
Financial activities	69	0.4	98	0.7	73	0.6	73	0.6	90	0.7
Professional and business services	1,992	12.6	1,973	14.4	1,879	15.1	1,580	13.3	1,716	13.6
Educational and health services	434	2.7	440	3.2	449	3.6	473	4.0	497	4.0
Leisure and hospitality	780	4.9	643	4.7	676	5.4	671	5.6	658	5.2
Other services	172	1.1	137	1.0	115	0.9	116	1.0	139	1.1
Federal government	21	0.1	21	0.2	20	0.2	19	0.2	18	0.1
State government	60	0.4	58	0.4	58	0.5	56	0.5	53	0.4
Local government	2,006	12.7	2,061	15.0	2,069	16.7	2,157	18.1	2,097	16.7
Total average employment	<u>15,795</u>	<u>99.8 %</u>	<u>13,723</u>	<u>100.1 %</u>	<u>12,422</u>	<u>100.0 %</u>	<u>11,903</u>	<u>100.1 %</u>	<u>12,576</u>	<u>99.8 %</u>

⁽¹⁾ Annual average based upon quarterly Area Employment and Payroll Industry Series Reports, State of Alaska, Department of Labor and Workforce Development.

Source: State of Alaska, Department of Labor and Workforce Development, Research and Analysis Section.

NORTH SLOPE BOROUGH, ALASKABorough Employment By Industry ⁽¹⁾

Last 10 Fiscal Years

Industrial classification	2020 Avg. Empl.	% of Total	2021 Avg. Empl.	% of Total	2022 Avg. Empl.	% of Total	2023 Avg. Empl.	% of Total	2024 Avg. Empl.	% of Total
Natural resource and mining	4,995	46.5 %	4,404	45.1 %	4,745	47.1 %	5,043	47.3 %	5,742	48.1 %
Construction	99	0.9	138	1.4	85	0.8	306	2.9	490	4.1
Trade, trans and utilities	604	5.6	597	6.1	584	5.8	590	5.5	638	5.3
Information	54	0.5	53	0.5	51	0.5	57	0.5	54	0.5
Financial activities	77	0.7	72	0.7	76	0.8	89	0.8	101	0.8
Professional and business services	1,643	15.3	1,430	14.6	1,530	15.2	1,522	14.3	1,750	14.7
Educational and health services	483	4.5	489	5.0	478	4.7	482	4.5	478	4.0
Leisure and hospitality	547	5.1	457	4.7	455	4.5	475	4.5	526	4.4
Other services	139	1.3	95	1.0	89	0.9	112	1.0	137	1.1
Federal government	19	0.2	16	0.2	16	0.2	17	0.2	17	0.1
State government	57	0.5	64	0.7	58	0.6	55	0.5	54	0.5
Local government	2,033	18.9	1,957	20.0	1,900	18.9	1,925	18.0	1,956	16.4
Total average employment	<u>10,750</u>	<u>100.0 %</u>	<u>9,772</u>	<u>100.0 %</u>	<u>10,067</u>	<u>100.0 %</u>	<u>10,673</u>	<u>100.0 %</u>	<u>11,943</u>	<u>100.0 %</u>

⁽¹⁾ Annual average based upon quarterly Area Employment and Payroll Industry Series Reports, State of Alaska, Department of Labor and Workforce Development.

Source: State of Alaska, Department of Labor and Workforce Development, Research and Analysis Section.

See accompanying independent auditors' report.

OPERATING INFORMATION

NORTH SLOPE BOROUGH, ALASKA
Full-Time Equivalent Borough Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Primary government:										
General government	296	297	295	310	316	322	312	320	321	337
Public works	307	315	315	343	313	313	298	306	305	305
Public safety:										
Fire	58	60	59	59	54	63	62	66	66	67
Police	82	80	83	83	86	87	84	82	82	80
Search and rescue	27	27	29	28	31	32	32	32	33	33
Health and social services	171	174	178	183	181	162	158	154	154	168
Wildlife management	31	31	31	33	30	34	33	33	33	32
Total	<u>972</u>	<u>984</u>	<u>990</u>	<u>1,039</u>	<u>1,011</u>	<u>1,013</u>	<u>979</u>	<u>993</u>	<u>994</u>	<u>1,022</u>

Source: Borough departmental records

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police:										
Arrests	395	189	368	470	410	355	273	290	235	334
Fire:										
Fire responses	128	126	124	169	148	173	153	191	165	104
Emergency responses	1,513	2,641	2,627	3,694	4,041	3,774	3,923	4,388	3,401	1,788
Aeromedical responses	345	225	227	388	429	359	375	439	441	257
Search and Rescue:										
Medevac (# of flights)	189	268	287	189	355	359	198	251	253	239
Search and Rescue (# of flights)	11	41	60	27	42	26	34	33	27	14
Training (# of flights)	85	162	88	93	159	95	134	78	77	114
Other-including training and maintenance (# of flights)	51	147	134	88	264	119	153	109	109	104
Landfill:										
Barrow Landfill-Tons per year	5,786	5,779	4,812	3,668	4,045	3,141	3,256	3,210	3,034	3,532
Public works:										
Roads maintained – all villages (miles)	101	101	106	106	106	110	110	110	110	110
Water:										
Water/Sewer hookups	2,291	2,309	2,379	2,388	2,397	2,388	2,373	2,375	2,377	2,375
Health and social services :										
Arctic Women in Crisis (AWIC) Program:										
Safe Shelter placements (nights)	3,741	4,145	5,271	5,137	4,352	5,193	2,109	2,081	2,278	4,890
Emergency client air transportation	83	122	84	70	114	164	95	65	99	70
Crisis calls	608	430	490	446	551	965	1,307	2,014	390	477
Integrated behavioral services:										
Adult/Adolescent outpatient substance abuse treatment	4,023	4,230	4,332	4,508	6,264	2,135	*	97	105	809
Psychiatric emergency services	1,455	1,873	1,873	2,879	844	250	*	56	75	—
Women, Infants & Children (WIC) Program:										
Participants	4,209	4,800	4,500	5,025	3,600	3,000	*	2,676	2,413	2,676
Children's Youth Services (CYS) Program:										
Placements (nights)	3,290	3,434	3,348	3,410	3,476	2,766	2,119	1,723	2,299	2,457
Senior Citizens Programs:										
Number of congregate meals served	17,913	18,357	16,079	7,711	16,132	23,121	28,997	55,516	17,536	11,086
Number of Meals on Wheels delivered	20,966	23,559	10,401	15,757	32,997	22,308	28,644	30,937	28,807	26,477
Total number of rides in Senior Vans	54,667	105,982	75,942	51,743	78,184	33,557	26,982	59,173	53,322	59,115
Assisted living: number of bed nights	2,367	2,367	—	—	—	—	—	—	—	—
Veterinary Clinic :										
Rabies vaccinations	941	835	697	951	797	1,240	924	640	202	167
Spays/Neuters	96	97	79	138	100	153	93	73	3	89
Appointments	1,040	1,159	1,248	1,487	1,393	1,397	1,402	779	287	480
Stray impounds	166	155	252	200	163	135	139	95	22	87
Animal control calls	280	288	374	441	239	267	182	177	107	133
Rabies testing (Arctic Fox)	15	12	4	8	7	1	1	8	1	1
Euthanasias	70	49	59	75	59	60	48	3	19	35
Community Health Aides (CHAP) Program:										
Clinic visits	12,167	13,163	10,415	11,360	10,220	12,000	10,857	13,000	7,076	6,848
Medevacs	371	393	292	265	187	186	214	500	272	270
Public Health Nursing (PHN) Program:										
Immunizations (flu, pneumovax, Td, childhood)	3,290	3,322	3,606	3,851	3,465	4,494	5,379	162	1,824	124
TB screenings	1,863	1,911	1,889	1,873	130	161	128	55	65	4
STI screenings	284	111	146	96	121	97	65	36	43	—
Child health screenings including EPSDT	2,523	2,030	2,087	1,956	480	1,951	1,944	*	211	345
Community education/classes/trainings	192	186	92	88	90	220	178	*	5	28

* Information not available

Source: North Slope Borough Department records

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH, ALASKA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police:										
Stations	8	8	8	9	9	9	9	9	9	9
Patrol units ¹	56	56	66	75	73	71	68	69	81	76
Fire:										
Stations	9	9	9	9	9	9	9	9	9	9
Fire trucks	23	23	23	20	20	20	20	19	19	19
Ambulances	—	—	—	—	—	9	9	9	9	9
Search and rescue:										
Helicopters	2	3	3	2	2	2	2	2	2	2
King air plane	1	1	1	1	1	1	1	1	1	1
Lear jet	1	1	1	1	1	—	—	—	—	—
Pilatus	—	—	—	—	1	1	1	1	1	1
Public Works:										
Streets – miles	101	101	106	106	106	110	110	110	110	110
Water line – linear feet ²	150,440	150,440	231,359	231,359	232,684	381,215	381,215	381,215	381,215	381,215
Water tank storage – gallons ²	36,662,898	36,934,078	43,001,245	43,001,245	43,001,245	43,001,245	42,017,305	42,009,805	42,009,805	42,009,805
Power:										
Grids	7	7	7	8	8	8	8	8	8	8
Generators	33	33	55	93	93	95	90	90	90	90
Power lines (miles)	118	118	118	53	53	53	53	53	53	53
Health and social services:										
Clinics and shelters	17	17	17	14	14	11	11	11	6	6
Primary and secondary education:										
Schools	11	11	11	11	11	12	12	12	11	11

Source: Borough departmental records

¹ Including four-wheelers and snow machines.

² Includes Utqiagvik.

See accompanying independent auditors' report.