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DENALI BOROUGH
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2024



DENALI BOROUGH
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the Borough Assembly
Denali Borough

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Denali Borough (Borough), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Denali Borough's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the 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 unit, each major fund, and the aggregate remaining fund information of Denali Borough, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Denali Borough School District, a discretely presented component unit of Denali Borough. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Denali Borough School District, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Denali 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.

To the Honorable Mayor and
Members of the Borough Assembly
Denali Borough

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Denali 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 Denali 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.

To the Honorable Mayor and
Members of the Borough Assembly
Denali Borough

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages M1-M12, the budgetary comparison information for Denali Borough on pages 52 through 54, and pension and OPEB liabilities and contribution information for Denali Borough and Denali Borough School District on pages 55 through 66 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, and other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

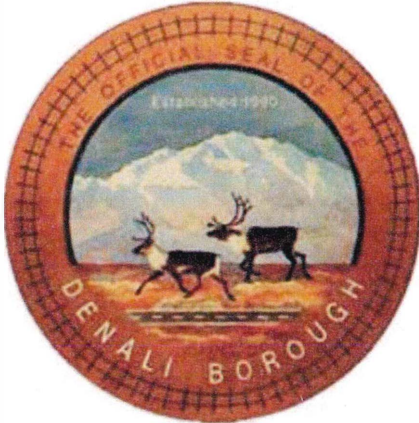
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Denali Borough's basic financial statements. The accompanying combining and individual non-major fund financial statements and the special revenue funds statements of revenues and expenditures – budget and actual, 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 auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2024, on our consideration of the Denali 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 Denali 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 Denali Borough's internal control over financial reporting and compliance.

Alliance CPAs LLC

Fairbanks, Alaska
December 31, 2024



DENALI BOROUGH
Management's Discussion and Analysis
Year Ended June 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Denali Borough offers readers of our financial statements this narrative overview and analysis of the financial activities of the Denali Borough for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements, which immediately follows this section. The Denali Borough School District is a component unit of the Denali Borough. Requests for information regarding the School District's financial statements may be addressed to the Superintendent or Business Manager, Denali Borough School District, P.O. Box 280, Healy, Alaska 99743.

FINANCIAL HIGHLIGHTS

- At the close of Fiscal Year 2024 (FY2024), assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$39.1 million (net position). Of this amount, \$13.8 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Borough's total net position increased \$1.8 million when compared to the net position at the beginning of the fiscal year.
- The total fund balance for the General Fund at current fiscal year end was \$12.6 million, an increase of \$1.8 million from FY2023. The unassigned fund balance for the current fiscal year is \$3.9 million, compared to prior year balance of \$3.7 million, a six percent increase from prior year. The FY2024 unassigned fund balance represents approximately 75 percent of the total General Fund expenditures and transfers balance, compared to 64 percent in FY2023.
- At the close of the current fiscal year, the Borough's governmental funds reported a combined ending fund balance of \$17.8 million, an increase of \$2.2 million over the prior year. Most of this increase is due to an increase in overnight accommodations tax revenues and investment earnings.

OVERVIEW OF FINANCIAL STATEMENTS

Basic Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the Denali Borough's basic financial statements. The Denali Borough's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements, and 3) the notes to the financial statements. This report also includes other supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The Borough's basic financial statements include two government-wide financial statements, the *Statement of Net Position* and the *Statement of Activities*. The government-wide financial statements are designed to provide readers with a broad overview of the Denali Borough's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents financial information on all of the Denali Borough's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Denali Borough is improving or deteriorating.

The *Statement of Activities* presents information showing how the Denali Borough'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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

DENALI BOROUGH
Management's Discussion and Analysis
Year Ended June 30, 2024

Government-wide Financial Statements, continued

Both of the government-wide financial statements distinguish governmental activities of the Denali Borough that are principally supported by taxes and intergovernmental revenues from the business-type activities that are intended to recover all or a portion of their costs through user fees and charges. The governmental activities of the Denali Borough include general administration and education. The business-type activities of the Denali Borough include solid waste and land management enterprise operations, and may be supplemented by transfers appropriated in the general fund annual budget.

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

The government-wide financial statements can be found on pages 7-9 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 Denali Borough, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Denali Borough can be divided into 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 financial statements, governmental fund financial statements provide a detailed short-term view of the Borough's operations and balances of spendable resources available at the end of the fiscal year. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Borough's programs. The relationship (or differences) between governmental activities and governmental funds is described in reconciliations following the fund financial statements.

The Denali Borough maintains eight 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 three major funds: the general fund, the permanent investment fund, and the capital improvements fund. Data from the other five governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The Denali 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.

The governmental funds financial statements can be found on pages 10-13 of this report.

DENALI BOROUGH
Management's Discussion and Analysis
Year Ended June 30, 2024

Proprietary Funds

Proprietary funds are reported in the governmental fund financial statements and generally report services for which the Borough charges customers a fee. There are two types of proprietary funds: enterprise funds and internal service funds. The Borough has no internal service funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The Denali Borough uses enterprise funds to account for its solid waste and land management operations.

Proprietary fund statements provide financial information consistent with the focus provided by the government-wide financial statements, but with more detail. The proprietary fund financial statements provide separate information for solid waste and land enterprise operations, both of which are major funds.

The proprietary funds financial statements can be found on pages 14-16 of this report.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes are a required part of the basic financial statements and can be found on pages 17-50 of this report.

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and other information. Budgetary to actual comparison on the general fund on pages 52-54 is required supplementary information.

The combining statements and individual fund budget to actual comparison schedules of the non-major governmental funds are presented on pages 67-75 of this report.

DENALI BOROUGH
Management's Discussion and Analysis
Year Ended June 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Over time, net position may serve as a useful indicator of a government's overall financial condition. In the case of the Denali Borough, assets and deferred outflows exceeded liabilities and deferred inflows by \$39.1 million at June 30, 2024.

The following table reflects the condensed Statement of Net Position for fiscal years ending June 30, 2024 and 2023:

Denali Borough's Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets \$	19,553,063	19,040,822	1,737,664	2,995,048	21,290,727	22,035,870
Restricted cash	2,770,460	-	174,814	69,962	2,945,274	69,962
Capital assets	19,029,510	19,496,326	2,554,495	1,353,011	21,584,005	20,849,337
Total assets	41,353,033	38,537,148	4,466,973	4,418,021	45,820,006	42,955,169
Total deferred outflows of resources	153,678	158,149	91,500	74,203	245,178	232,352
Long-term liabilities	771,191	884,058	1,555,440	1,440,890	2,326,631	2,324,948
Other liabilities	4,190,001	3,130,055	114,984	107,476	4,304,985	3,237,531
Total liabilities	4,961,192	4,014,113	1,670,424	1,548,366	6,631,616	5,562,479
Total deferred inflows of resources	18,949	29,910	242,093	262,222	261,042	292,132
Net position						
Net investment in capital assets	18,880,205	19,316,262	2,554,495	1,331,441	21,434,700	20,647,703
Restricted						
Permanent investment	3,895,068	3,685,893	-	-	3,895,068	3,685,893
Grant Funded Projects	-	23,585	-	-	-	23,585
Unrestricted	13,751,297	11,625,534	91,461	1,350,195	13,842,758	12,975,729
Total net position	\$ 36,526,570	34,651,274	2,645,956	2,681,636	39,172,526	37,332,910

The largest portion of the Denali Borough's net position, \$21.4 million, or 55 percent, reflects its investment in capital assets (e.g., land, buildings, equipment, right-to-use leased assets, subscription assets). The Borough uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the Denali Borough's net position, \$3.8 million, or 10 percent, represents resources that are subject to restrictions on how they may be used, including the non-spendable permanent investment fund balance. The remaining balance of \$13.8 million, or 35 percent, which is a \$0.9 million increase from the prior fiscal year of \$12.9 million, is unrestricted and may be used to meet the Borough's ongoing obligations to its citizens and creditors.

At the end of FY2024, the Denali Borough is able to report positive balances in all reported categories of net assets, both for the Borough as a whole, as well as for its business-type activities.

DENALI BOROUGH
Management's Discussion and Analysis
Year Ended June 30, 2024

Changes in Net Position

The tables below provide a summary of the changes in net position for the years ending June 30, 2024 and 2023. During the fiscal year, the Borough's net position increased by \$1.8 million. Differences from the prior year's change in net position are discussed in the following sections.

Schedule of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Charges for services	\$ -	-	547,772	475,075	547,772	475,075
Operating grants and contributions	306,750	149,186	8,574	15,949	315,324	165,135
Taxes	5,789,583	4,914,926	-	-	5,789,583	4,914,926
Other	1,803,468	4,920,765	33,120	6,390	1,836,588	4,927,155
Total revenue	<u>7,899,801</u>	<u>9,984,877</u>	<u>589,466</u>	<u>497,414</u>	<u>8,489,267</u>	<u>10,482,291</u>
Expenses						
Governance	2,100,182	2,289,135	-	-	2,100,182	2,289,135
School District	3,186,373	3,210,788	-	-	3,186,373	3,210,788
General government	212,315	173,556	-	-	212,315	173,556
Solid waste	-	-	965,547	733,529	965,547	733,529
Land management	-	-	185,234	118,861	185,234	118,861
Total expenses	<u>5,498,870</u>	<u>5,673,479</u>	<u>1,150,781</u>	<u>852,390</u>	<u>6,649,651</u>	<u>6,525,869</u>
Change in net position						
before transfers	2,400,931	4,311,398	(561,315)	(354,976)	1,839,616	3,956,422
Transfers	(525,635)	(943,000)	525,635	943,000	-	-
Change in net position	<u>1,875,296</u>	<u>3,368,398</u>	<u>(35,680)</u>	<u>588,024</u>	<u>1,839,616</u>	<u>3,956,422</u>
Net position, beginning	<u>34,651,274</u>	<u>31,282,876</u>	<u>2,681,636</u>	<u>2,093,612</u>	<u>37,332,910</u>	<u>33,376,488</u>
Net position, ending	<u>\$ 36,526,570</u>	<u>34,651,274</u>	<u>2,645,956</u>	<u>2,681,636</u>	<u>39,172,526</u>	<u>37,332,910</u>

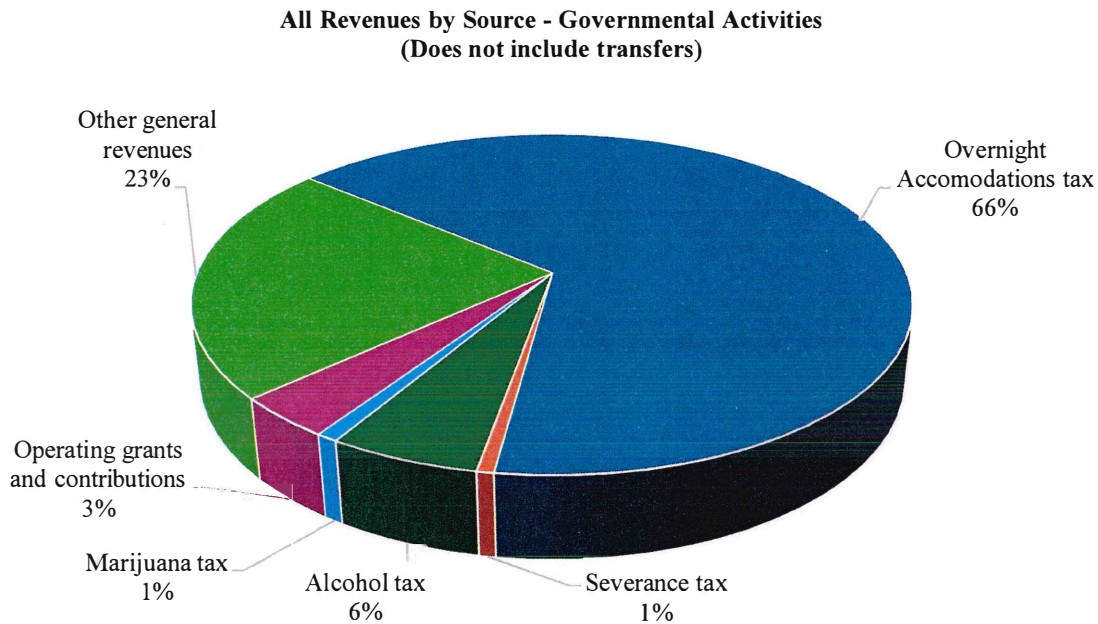
DENALI BOROUGH
Management's Discussion and Analysis
Year Ended June 30, 2024

Governmental Activities

The FY2024 results for the governmental activities showed an increase of \$1.8 million in the net position. This compares to an increase of \$3.3 million for the year ended June 30, 2023. The ending net position for governmental activities was \$36.5 million. Significant elements of this change are listed below:

- An increase of \$0.4 million in investment earnings for general fund reserve accounts due to reserve account restructuring into investment money market accounts.
- Overnight accommodations tax revenue in the amount of \$5.2 million increased by \$0.8 million, or 19 percent from FY2023 amount of \$4.3 million due to an increase in tourism visitation numbers to the Borough.
- \$3.1 million decrease in other revenues largely due to the revenue receipt of the Local Government Lost Revenue (LGLR) Relief Program federal grant funding in FY2023 in the amount of \$3.1 million as compared to the revenue receipt of \$0.1 million in FY2024.

The following chart presents governmental activities revenues by source as a percentage of total governmental activities revenue.



DENALI BOROUGH
Management's Discussion and Analysis
Year Ended June 30, 2024

Business-type Activities

Denali Borough business-type activities' net position as of June 30, 2024 was \$2.6 million. Business-type activities ended FY2024 with a negative change in net position in the amount of \$35,680, although an operating loss of \$0.5 million is shown prior to transfers in the amount of \$0.5 million from the general fund. Significant current year activity includes the following:

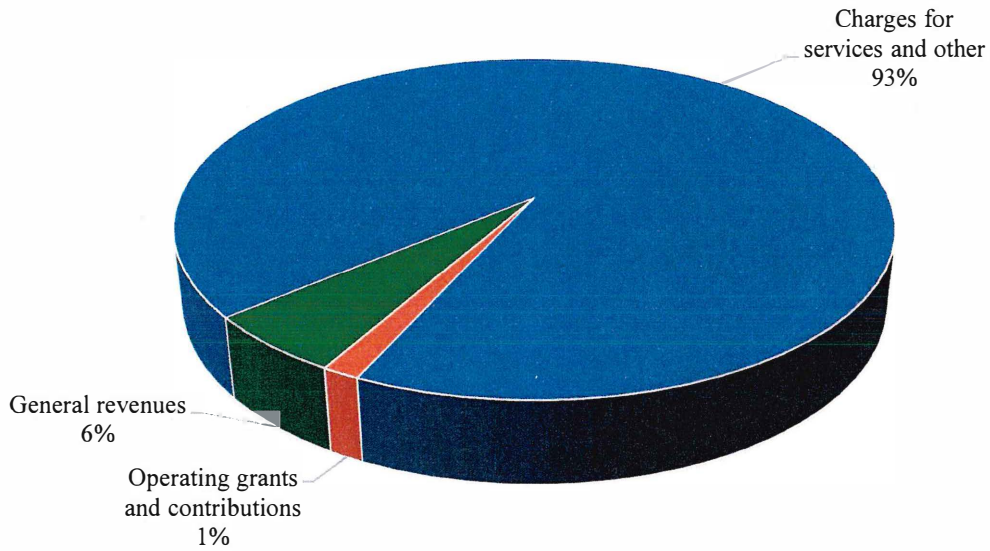
- Solid Waste operation revenues totaled \$0.5 million, a 14 percent increase from FY2023. However, Solid Waste operating expenses totaled \$0.9 million in FY2024, resulting in an operating loss of \$0.4 million, as compared to an operating loss of \$0.2 million in FY2023. Significant key factors driving these results include:
 - An increase in tipping fee revenues of around \$61,000 resulting from the Assembly approved increase to tipping fees effective April 2024.
 - Staff wages and benefits increased due to the addition of a full-time operator at the Landfill, showing an increase of nearly \$85,000, or 23 percent, from FY2023.
 - Net investment in capital assets increased by over \$1.0 million from the prior year. The increase included \$1.1 million for the purchase of a D8 dozer equipment for the Landfill. This was partially offset by an increase of nearly \$65,000 in accumulated depreciation.
- Land management revenues totaling nearly \$27,000 showed an increase of around \$1,000, or nearly 5 percent, over the previous year. Land management operating expenses totaling \$185,000 showed an increase of \$66,000, or 55 percent over FY2023, resulting in an operating loss of \$159,000. Key factors driving these results include:
 - Operating expenses related to contractual and professional services increased by \$27,000, primarily related to projects specific to subdivision design and planning.

Operating losses in business-type activities totaled \$0.5 million. However, a governmental funds transfer of \$0.5 million to the business-type funds increased net assets. In total, net position from business-type activities decreased from the previous fiscal year by \$35,000, or 1 percent, ending FY2024 with total net assets of \$2.6 million.

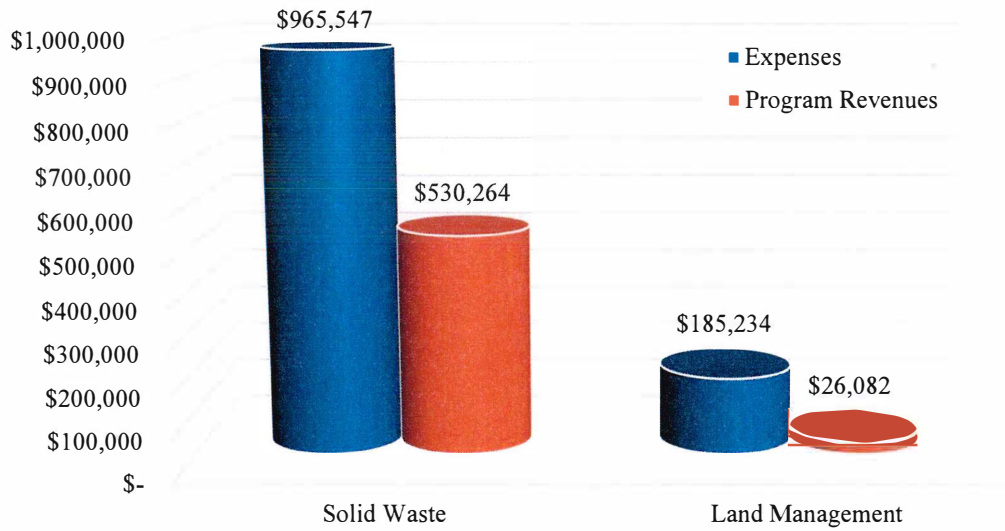
The following charts presents business-type activities revenues by source as a percentage of total business-type activities revenue and expense and program revenues by function for business-type activities.

DENALI BOROUGH
 Management's Discussion and Analysis
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All Revenues by Source - Business-type Activities
 (Does not include transfers)



Expense and Program Revenues - Business-type Activities
 (Does not include transfers and general revenues such as investment earnings)



DENALI BOROUGH
Management's Discussion and Analysis
Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

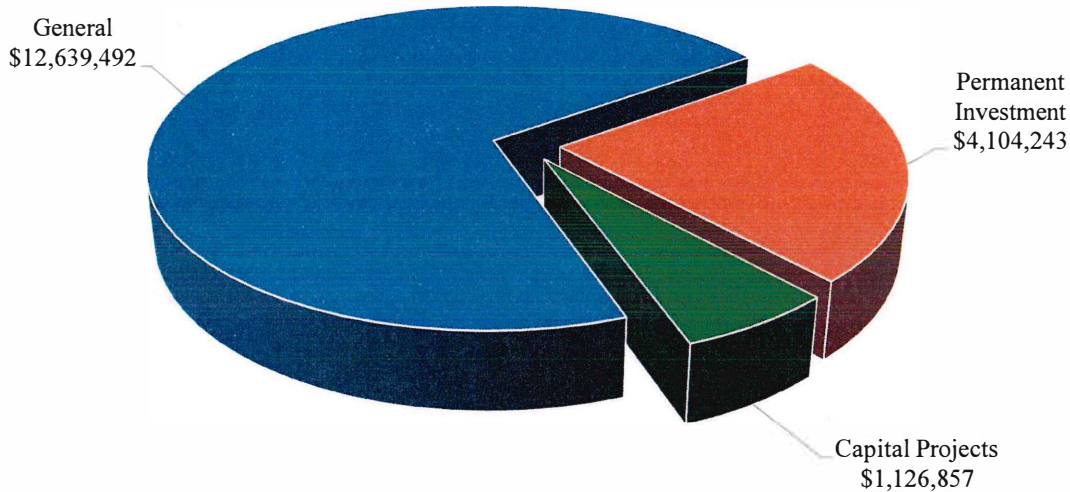
Denali Borough uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Denali Borough's governmental funds is to provide information on how money flows into and out of those funds and the balances left at year end that are non-spendable, restricted, committed, assigned, or unassigned. These classifications show the nature and extent of constraints placed on fund balances by law, creditors, Borough assembly, and the Borough's annually adopted budget. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the Borough's governmental funds reported combined ending fund balance of \$17.8 million at June 30, 2024, an increase of \$2.2 million over the prior year. Approximately 22 percent of the fund balance, \$3.9 million, constitutes unassigned fund balance, which is available for spending at the Borough's discretion. The remainder of the fund balance is either non-spendable, committed, or assigned to indicate that it is: 1) not in spendable form such as the \$3.8 million permanent investment fund; 2) committed to specific purposes such as \$8.0 million for FY2025 expenditures, \$0.2 million spendable permanent fund earnings, \$0.7 million for major school maintenance projects and \$0.3 million for capital improvements; or 3) \$0.5 million assigned for parks and recreation, emergency response apparatus, and disaster contingency.

Total Fund Balances of Governmental Funds¹



⁽¹⁾ Other governmental fund balance is \$0 and is not included in the charts.

The *General Fund* is the chief operating fund of the Denali Borough. At June 30, 2024, the unassigned fund balance of the general fund was \$3.9 million, while the total general fund balance increased by \$1.8 million during FY2024 to end the year at \$12.6 million. Unassigned fund balance represents approximately 75 percent of total general fund expenditures and transfers for FY2024.

The *Permanent Investment Fund*, a major fund, increased \$0.4 million in fund balance during FY2024, ending the year with \$4.1 million. Denali Borough code allows for up to one-half the permanent investment fund earnings from the prior audited fiscal year to be allocated to the general fund. Spendable earnings from FY2023 were reinvested into the permanent fund.

DENALI BOROUGH
Management's Discussion and Analysis
Year Ended June 30, 2024

The *Capital Projects Fund* ended the year with a total fund balance of \$1.1 million. The funds reflected a surplus of revenues over expenditures in the amount of \$8,000 due to investment earnings nearly doubling from the prior year.

Other Governmental Funds, which represent a summarization of all the other non-major governmental funds, ended the year with a total fund balance of \$0. This fund contains special revenue funds that are restricted by grant agreements and typically will not maintain a fund balance at year end.

Proprietary Funds

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

Unrestricted net position for solid waste enterprise fund and land management enterprise fund at June 30, 2024 amounted to a net loss of \$0.3 million and \$0.4 million, respectively. Solid waste enterprise fund shows a change in unrestricted fund balance from prior year of \$1.0 million, largely due to the decrease of \$1.1 million in cash assets for the purchase of equipment assets in FY2024. Land management enterprise fund experienced a decrease in unrestricted net position of \$0.2 million, due to use of cash assets for capital asset investment.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original Budget Compared to Final Budget

During FY2024, the general fund operating budget increased revenues by nearly \$0.5 million and decreased budgetary expenditures and transfers out by \$1.1 million. The decrease in expenditures is primarily from the adjustment to the budgetary reserve, where the unused portion of the budgetary reserve is amended to reflect actual expenditures in the budgetary reserve authorized separate from the budget appropriation. The primary reasons for amending the budget were as follows:

- Projected general fund revenues were adjusted upward \$0.5 million in total, primarily due to an increase in tax revenue projections by \$340,000 in response to high tourism visitor numbers and an increase in interest earnings due to strategic placement of reserve funds into investment and interest earning accounts.
- General fund budgeted expenditures including transfers decreased in the amount of \$1.1 million, largely due to the deletion of the budgetary reserve in the amount of \$1.2 million. Upward adjustments increased other budget line items including staff wages and benefits for planned position replacement training costs and insurance expenditures to reflect the increase in insurance premium costs.
- Operating transfers to borough fund accounts were increased by over \$34,000, a match contribution to the Emergency Management Performance Grant non-major governmental fund.

Final Budget Compared to Actual Results

General fund actual revenues amount of \$7.1 million exceeded budgeted revenues of \$6.0 million, a positive variance of nearly 19 percent, or \$1.1 million. Once again, conservative overnight accommodations tax revenue projections resulted in a larger amount of actual revenue compared to that budgeted. Interest income exceeded the budgeted amount by nearly \$170,000 due to market conditions and utilization of investment accounts.

General fund actual expenditures and transfers of \$5.3 million were \$0.2 million below the final budgeted amount of \$5.5 million, a positive variance of 4 percent. Wages and benefits made up a large portion of the positive variance due to planned overlap of positions for departing staff training of new staff that did not occur in FY2024.

DENALI BOROUGH
Management's Discussion and Analysis
Year Ended June 30, 2024

CAPITAL ASSETS

The Denali Borough's investment in capital assets for its governmental and business-type activities as of June 30, 2024 amounted to \$21.5 million (net of accumulated depreciation), an increase of \$0.7 million, or 4 percent, from the previous year. This investment in capital assets includes land, buildings, building improvements, leasehold improvements, machinery, vehicles, equipment, furniture, right-to-use leased assets, and subscription based information technology arrangements.

Major additions to capital assets during FY2024 include the following:

Landfill D8 dozer equipment, paid for from the solid waste equipment reserve fund, funded primarily through transfers from the general fund	\$1.1 million
Borough-wide street signage, paid for with grant funding and land management enterprise funds	\$0.2 million

Capital Assets (net of depreciation)							
		Governmental Activities		Business-type Activities		Total	
		2024	2023	2024	2023	2024	2023
Land improvements	\$	-	-	39,116	68,065	39,116	68,065
Buildings		18,804,044	19,293,444	1,073,660	1,125,095	19,877,704	20,418,539
Equipment		49,820	22,818	1,441,719	138,280	1,491,539	161,098
Leasehold improvements		26,341	-	-	-	26,341	-
Right-to-use lease		129,888	180,064	-	21,571	129,888	201,635
Subscription based information technology arrangements		19,417	-	-	-	19,417	-
Total		19,029,510	19,496,326	2,554,495	1,353,011	21,584,005	20,849,337

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

While developing the FY2025 general fund budget, the Denali Borough kept the following factors under consideration:

- Passing a FY2025 general fund operating budget that is below the forward funding maximum allowable expenditures. The forward funding requirement states that expenditures shall not exceed the total available reserves and the revenues collected but not expended or allocated.
- Maintain a sufficient level of funding for programs and services to continue to meet the needs of Borough residents and visitors.
- Nonprofit funding is limited to not more than 9 percent of the amount of funds available for budgeting on January 1 by DBC 3.05.040(E). Applications under this grant program are capped at \$25,000 per eligible nonprofit applicant and there is no cap for eligible emergency service applicants. 17 grant applicants were awarded funding under this grant program by the assembly for FY2025.
- Provide the highest level of local educational funding that can be reasonably sustained within the budget. The Borough's contribution to the Denali Borough School District is based upon an amount included in the School District's budget provided to the Borough the previous spring.

DENALI BOROUGH
Management's Discussion and Analysis
Year Ended June 30, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET, CONTINUED

- Fund accounts allow the Borough to prepare for future expenses in a methodical manner. The equipment reserve fund received a transfer of \$200,000 to build the fund balance for necessary repairs and planned replacement of equipment. The capital project fund received a transfer of \$450,000 for the local required share of the Tri Valley Roof Replacement project funded through the State of Alaska Major School Maintenance program. The land management capital projects fund received \$250,000 in accordance with planned projects listed on the Borough's FY2025 Capital Improvements Plan.

At June 30, 2024, the Denali Borough committed \$8.0 million to subsequent year expenditures, and the unassigned fund balance in the general fund was \$3.9 million.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Denali 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 financial information should be addressed to:

Mayor
Denali Borough
P.O. Box 480
Healy, Alaska 99743
(907) 683-1330
dbgov@denaliborough.com

BASIC FINANCIAL STATEMENTS

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements



DENALI BOROUGH
STATEMENT OF NET POSITION
June 30, 2024

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit School District
<u>ASSETS</u>				
Cash and cash equity	\$ 9,887,794	837,376	10,725,170	3,871,661
Investments	7,110,125	493,428	7,603,553	-
Receivables	2,119,778	315,884	2,435,662	596,107
Interfund balances	105,453	(105,453)	-	-
Inventory	-	-	-	37,467
Restricted cash and equivalents	2,770,460	174,814	2,945,274	-
Net pension and OPEB retirement asset	329,913	196,429	526,342	2,345,655
Capital assets, net of accumulated depreciation	19,029,510	2,554,495	21,584,005	2,559,489
Total assets	<u>41,353,033</u>	<u>4,466,973</u>	<u>45,820,006</u>	<u>9,410,379</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred pensions and other postemployment benefits	153,678	91,500	245,178	674,105
Total assets and deferred outflows of resources	<u>\$ 41,506,711</u>	<u>4,558,473</u>	<u>46,065,184</u>	<u>10,084,484</u>
<u>LIABILITIES</u>				
Accounts payable	207,127	37,434	244,561	93,062
Accrued payroll and accrued expenses	43,482	75,758	119,240	188,691
Grant advances	3,515,534	-	3,515,534	-
Unearned revenue	356,875	1,792	358,667	-
Due to student groups	-	-	-	41,206
Current portion of lease liability	66,983	-	66,983	132,230
Long-term liabilities				
Due in more than one year				
Lease liability	82,322	-	82,322	189,393
Net pension and OPEB retirement liability	688,869	410,151	1,099,020	4,183,741
Estimated liability for landfill closure and postclosure care costs	-	1,145,289	1,145,289	-
Total liabilities	<u>4,961,192</u>	<u>1,670,424</u>	<u>6,631,616</u>	<u>4,828,323</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred amount on leases receivable	-	230,811	230,811	-
Deferred pensions and other postemployment benefits	18,949	11,282	30,231	115,516
	<u>18,949</u>	<u>242,093</u>	<u>261,042</u>	<u>115,516</u>
<u>NET POSITION</u>				
Net investment in capital assets	18,880,205	2,554,495	21,434,700	280,041
Restricted for:				
School District assets to be contributed to the Borough	-	-	-	1,957,825
Permanent investment	3,895,068	-	3,895,068	-
Unrestricted	13,751,297	91,461	13,842,758	2,902,779
Total net position	<u>36,526,570</u>	<u>2,645,956</u>	<u>39,172,526</u>	<u>5,140,645</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 41,506,711</u>	<u>4,558,473</u>	<u>46,065,184</u>	<u>10,084,484</u>

See accompanying notes to financial statements.

DENALI BOROUGH
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Other</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Governance	\$ 2,100,182	-	-	-
School district	3,186,373	-	-	-
General government	212,315	-	306,750	-
Total governmental activities	<u>5,498,870</u>	<u>-</u>	<u>306,750</u>	<u>-</u>
Business-type activities:				
Solid Waste	965,547	523,363	6,901	-
Land Management	185,234	24,409	1,673	-
Total business-type activities	<u>1,150,781</u>	<u>547,772</u>	<u>8,574</u>	<u>-</u>
Total primary government	<u>\$ 6,649,651</u>	<u>547,772</u>	<u>315,324</u>	<u>-</u>
Component unit:				
School District	<u>\$ 10,432,416</u>	<u>-</u>	<u>1,885,219</u>	<u>-</u>

General revenues:

Taxes, grants and revenues not restricted to specific purposes:

Overnight accommodation tax

Severance tax

Alcohol tax

Marijuana tax

E-Rate reimbursement

Federal and State grants not restricted to specific programs

Borough appropriations

Investment earnings

Other

Transfers

Total general revenues

Changes in net position

Net position, July 1

Net position, June 30

Net (Expense) Revenue and Changes in Net Position			Component Unit
Governmental Activities	Business-type Activities	Total	School District
(2,100,182)		(2,100,182)	
(3,186,373)		(3,186,373)	
94,435		94,435	
<u>(5,192,120)</u>		<u>(5,192,120)</u>	
	(435,283)	(435,283)	
	<u>(159,152)</u>	<u>(159,152)</u>	
	<u>(594,435)</u>	<u>(594,435)</u>	
<u>(5,192,120)</u>	<u>(594,435)</u>	<u>(5,786,555)</u>	
			<u>(8,547,197)</u>
5,218,716	-	5,218,716	-
50,838	-	50,838	-
453,987	-	453,987	
66,042	-	66,042	
-	-	-	16,079
833,221	-	833,221	6,632,538
-	-	-	2,696,714
950,360	31,088	981,448	142,116
19,887	2,032	21,919	77,948
<u>(525,635)</u>	<u>525,635</u>	<u>-</u>	<u>-</u>
<u>7,067,416</u>	<u>558,755</u>	<u>7,626,171</u>	<u>9,565,395</u>
1,875,296	(35,680)	1,839,616	1,018,198
<u>34,651,274</u>	<u>2,681,636</u>	<u>37,332,910</u>	<u>4,122,447</u>
<u>\$ 36,526,570</u>	<u>2,645,956</u>	<u>39,172,526</u>	<u>5,140,645</u>

See accompanying notes to financial statements.

DENALI BOROUGH
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2024

	General	Permanent Investment	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equity	\$ 8,580,240	99,726	1,207,828	2,770,460	12,658,254
Taxes receivable, net	2,009,306	-	-	-	2,009,306
Due from other funds	245,896	22,029	-	-	267,925
Receivables from other governments	51,686	-	-	58,786	110,472
Interest receivable	28,273	15,194	-	-	43,467
Investments	3,099,364	3,967,294	-	-	7,066,658
Total assets	<u>\$ 14,014,765</u>	<u>4,104,243</u>	<u>1,207,828</u>	<u>2,829,246</u>	<u>22,156,082</u>
<u>LIABILITIES</u>					
Accounts payable	207,127	-	-	-	207,127
Grant advances	745,074	-	-	2,770,460	3,515,534
Unearned revenue	356,875	-	-	-	356,875
Due to other funds	22,715	-	80,971	58,786	162,472
Other accrued expenses	43,482	-	-	-	43,482
Total liabilities	<u>1,375,273</u>	<u>-</u>	<u>80,971</u>	<u>2,829,246</u>	<u>4,285,490</u>
<u>FUND BALANCES</u>					
Fund balances:					
Nonspendable					
Permanent investment	-	3,895,068	-	-	3,895,068
Committed to					
Subsequent year expenditures	8,074,961	-	-	-	8,074,961
Spendable permanent investment	-	209,175	-	-	209,175
School major maintenance	-	-	727,279	-	727,279
Capital projects	-	-	399,578	-	399,578
Assigned to					
Parks and recreation	227,235	-	-	-	227,235
Emergency response apparatus	207,039	-	-	-	207,039
Disaster contingency	145,372	-	-	-	145,372
Unassigned	3,984,885	-	-	-	3,984,885
Total fund balances	<u>12,639,492</u>	<u>4,104,243</u>	<u>1,126,857</u>	<u>-</u>	<u>17,870,592</u>
Total liabilities and fund balances	<u>\$ 14,014,765</u>	<u>4,104,243</u>	<u>1,207,828</u>	<u>2,829,246</u>	<u>22,156,082</u>

See accompanying notes to financial statements.

DENALI BOROUGH
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2024

Total fund balances for governmental funds		\$ 17,870,592
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		19,029,510
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
Current and long-term lease liability		(149,305)
Long-term liabilities/assets related to the PERS pension and other postemployment benefits (OPEB) are not due and payable in the current period and therefore are not reported as fund liabilities. Deferred inflows and deferred outflows recorded in relation to these PERS pension and OPEB liabilities/assets are also not reported as fund assets and liabilities.		
These liabilities/assets, deferred inflows and deferred outflows consist of:		
PERS pension liability	\$ (688,869)	
OPEB retirement asset	329,913	
Deferred outflows of resources	153,678	
Deferred inflows of resources	(18,949)	(224,227)
Net position of governmental activities in the Statement of Net Position		\$ <u>36,526,570</u>

See accompanying notes to financial statements.

DENALI BOROUGH
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended June 30, 2024

	General	Permanent Investment	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 5,789,583	-	-	-	5,789,583
Intergovernmental	848,806	-	-	306,750	1,155,556
Investment earnings	487,412	418,350	44,598	-	950,360
Miscellaneous	19,887	-	-	-	19,887
Total revenues	<u>7,145,688</u>	<u>418,350</u>	<u>44,598</u>	<u>306,750</u>	<u>7,915,386</u>
EXPENDITURES					
Assembly	2,230,553	-	-	-	2,230,553
School district	2,696,714	-	-	-	2,696,714
Special revenue and capital projects	-	-	36,341	212,315	248,656
Total expenditures	<u>4,927,267</u>	<u>-</u>	<u>36,341</u>	<u>212,315</u>	<u>5,175,923</u>
Excess (deficiency) of revenues over expenditures	2,218,421	418,350	8,257	94,435	2,739,463
OTHER FINANCING SOURCES (USES)					
Operating transfers in (out)	(407,615)	-	-	(118,020)	(525,635)
Net changes in fund balances	1,810,806	418,350	8,257	(23,585)	2,213,828
FUND BALANCES, July 1	<u>10,828,686</u>	<u>3,685,893</u>	<u>1,118,600</u>	<u>23,585</u>	<u>15,656,764</u>
FUND BALANCES, June 30	<u>\$ 12,639,492</u>	<u>4,104,243</u>	<u>1,126,857</u>	<u>-</u>	<u>17,870,592</u>

See accompanying notes to financial statements.

DENALI BOROUGH
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

Net change in fund balance - total governmental funds	\$	2,213,828
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources, however such outlays are capitalized in the Statement of Activities.

Capital outlays and expenditures		100,343
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The Statement of Activities reports the cost of capital assets allocated over their estimated useful lives as depreciation expense.		(567,159)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds. Similarly, lease liability payments in the governmental funds are not reported as expenses in the Statement of Activities.

Changes in long-term liabilities are:

Lease payments		11,340
Subscription payments		19,417
Amount recorded as an expense in relation to the change in the PERS pension and OPEB assets and the related deferred inflows and outflows.		97,527

Change in net position of governmental activities	\$	1,875,296
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See accompanying notes to financial statements.

DENALI BOROUGH
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 June 30, 2024

	Business-type Enterprise Funds		
	Solid Waste	Land Management	Total
<u>ASSETS</u>			
Current assets			
Cash and cash equity	\$ 194,680	642,696	837,376
Accounts receivable, net	75,931	239,953	315,884
Due from other funds	686	-	686
Investments	493,428	-	493,428
Total current assets	<u>764,725</u>	<u>882,649</u>	<u>1,647,374</u>
Non-current assets			
Restricted cash	174,814	-	174,814
OPEB retirement asset	158,590	37,839	196,429
Capital assets, net of accumulated depreciation	2,337,895	216,600	2,554,495
Total non-current assets	<u>2,671,299</u>	<u>254,439</u>	<u>2,925,738</u>
Total assets	<u>3,436,024</u>	<u>1,137,088</u>	<u>4,573,112</u>
<u>DEFERRED OUTFLOWS</u>			
Deferred pensions and other postemployment benefits	73,874	17,626	91,500
Total assets and deferred outflows	<u>\$ 3,509,898</u>	<u>1,154,714</u>	<u>4,664,612</u>
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	16,722	20,712	37,434
Accrued liabilities	62,199	13,559	75,758
Unearned revenue	-	1,792	1,792
Due to other funds	-	106,139	106,139
Total current liabilities	<u>78,921</u>	<u>142,202</u>	<u>221,123</u>
Non-current liabilities			
Estimated liability for landfill closure and postclosure care costs	1,145,289	-	1,145,289
PERS retirement liability	331,142	79,009	410,151
Total non-current liabilities	<u>1,476,431</u>	<u>79,009</u>	<u>1,555,440</u>
Total liabilities	<u>1,555,352</u>	<u>221,211</u>	<u>1,776,563</u>
<u>DEFERRED INFLOWS</u>			
Deferred amount on lease	-	230,811	230,811
Deferred pension and other postemployment benefits	9,109	2,173	11,282
<u>NET POSITION</u>			
Net investment in capital assets	2,337,895	216,600	2,554,495
Unrestricted	(392,458)	483,919	91,461
Total net position	<u>1,945,437</u>	<u>700,519</u>	<u>2,645,956</u>
Total liabilities, deferred inflows and net position	<u>\$ 3,509,898</u>	<u>1,154,714</u>	<u>4,664,612</u>

See accompanying notes to financial statements.

DENALI BOROUGH
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 Year Ended June 30, 2024

	Business-type Enterprise Funds		
	Solid Waste	Land Management	Total
OPERATING REVENUES			
Charges for services	\$ 523,363	-	523,363
Land sales and usage fees	-	24,409	24,409
Intergovernmental	6,901	1,673	8,574
Other	1,182	850	2,032
Total operating revenue	<u>531,446</u>	<u>26,932</u>	<u>558,378</u>
OPERATING EXPENSES			
Wages and benefits	458,745	96,838	555,583
PERs expense	(7,440)	(10,020)	(17,460)
Planning Commission stipends	-	8,400	8,400
Transfer stations hauling fees	32,878	-	32,878
Well monitoring	42,669	-	42,669
Repairs and maintenance	26,024	2,514	28,538
Landfill closure and postclosure care costs	76,143	-	76,143
Equipment fuel	30,213	-	30,213
Rent	-	8,047	8,047
Heating fuel	8,379	-	8,379
Insurance	16,545	-	16,545
Professional fees	-	44,864	44,864
DEC inspections	4,210	-	4,210
Utilities	12,879	1,034	13,913
IT services	10,790	12,228	23,018
Dues and subscriptions	1,048	-	1,048
Training and travel	827	6,457	7,284
Equipment	15,661	-	15,661
Supplies	2,111	88	2,199
Janitorial	-	1,047	1,047
Miscellaneous	33,289	5,377	38,666
Depreciation	200,576	8,360	208,936
Total operating expenses	<u>965,547</u>	<u>185,234</u>	<u>1,150,781</u>
Operating income (loss)	(434,101)	(158,302)	(592,403)
NONOPERATING REVENUES			
Interest income	17,891	2,376	20,267
Investment gains	8,256	2,565	10,821
Income (loss) before transfers	<u>(407,954)</u>	<u>(153,361)</u>	<u>(561,315)</u>
Operating transfers in	<u>373,000</u>	<u>152,635</u>	<u>525,635</u>
Change in net position	(34,954)	(726)	(35,680)
NET POSITION - July 1,	<u>1,980,391</u>	<u>701,245</u>	<u>2,681,636</u>
NET POSITION - June 30	<u>\$ 1,945,437</u>	<u>700,519</u>	<u>2,645,956</u>

See accompanying notes to financial statements.

DENALI BOROUGH
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 Year Ended June 30, 2024

	Business-type Enterprise Funds		
	Solid Waste	Land Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 815,527	112,399	927,926
Operating grants	6,901	1,687	8,588
Cash payments to suppliers	(244,981)	(53,352)	(298,333)
Cash payments to employees	(449,489)	(112,435)	(561,924)
Net cash provided (used) by operating activities	<u>127,958</u>	<u>(51,701)</u>	<u>76,257</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments	(248,210)	-	(248,210)
Interest received on investments	26,147	4,941	31,088
Net cash provided (used) by investing activities	<u>(222,063)</u>	<u>4,941</u>	<u>(217,122)</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers from General Fund	73,000	-	73,000
Net cash provided (used) by non-capital and related financing activities	<u>73,000</u>	<u>-</u>	<u>73,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers from other funds	300,000	152,635	452,635
Acquisition of capital assets	(1,211,601)	(220,389)	(1,431,990)
Capital lease payments	-	(8,072)	(8,072)
Interest on capital lease payments	-	(506)	(506)
Net cash provided (used) by capital and related financing activities	<u>(911,601)</u>	<u>(76,332)</u>	<u>(987,933)</u>
Net increase (decrease) in cash	(932,706)	(123,092)	(1,055,798)
Cash and cash equity and restricted cash, July 1	1,302,200	765,788	2,067,988
Cash and cash equity and restricted cash, June 30	<u>\$ 369,494</u>	<u>642,696</u>	<u>1,012,190</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (434,101)	(158,302)	(592,403)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Lease payments	-	8,578	8,578
Depreciation	200,576	8,360	208,936
Changes in assets and liabilities:			
(Increase) decrease in net accounts receivable	21,984	26,878	48,862
(Increase) decrease in due from other funds	268,998	-	268,998
(Increase) decrease in OPEB retirement asset	(47,249)	(3,307)	(50,556)
(Increase) decrease in deferred outflows	(17,237)	(60)	(17,297)
Increase (decrease) in due to other funds	-	77,640	77,640
Increase (decrease) in accounts payable	(7,458)	19,726	12,268
Increase (decrease) in accrued liabilities	9,255	(7,197)	2,058
Increase (decrease) in unearned revenue	-	14	14
Increase (decrease) in PERS retirement liability	58,649	(5,504)	53,145
Increase (decrease) in estimated liability for landfill closure and postclosure care costs	76,143	-	76,143
Increase (decrease) in deferred amount on lease	-	(17,378)	(17,378)
Increase (decrease) in pension/OPEB benefits	(1,602)	(1,149)	(2,751)
Net cash provided (used) by operating activities	<u>\$ 127,958</u>	<u>(51,701)</u>	<u>76,257</u>
RECONCILIATION OF CASH AND CASH EQUITY TO STATEMENT OF NET POSITION			
Cash and cash equity, unrestricted	\$ 194,680	642,696	837,376
Cash and cash equity, restricted	174,814	-	174,814
	<u>\$ 369,494</u>	<u>642,696</u>	<u>1,012,190</u>

See accompanying notes to financial statements.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Financial Reporting Entity

Denali Borough was organized December 7, 1990, and operates under an elected mayor/assembly form of government. The Borough powers include general administration, solid waste, education and land use planning. The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely presented component unit – The Denali Borough School District (School District or DBSD) is responsible for elementary and secondary education within the government's jurisdiction. The School District is governed by an independently elected school board. The Denali Borough government is accountable for the School District because the government's assembly approves the local contribution designated in the district's budget, levies taxes (if necessary) and is responsible for providing local funds for school operations.

The School District's audited financial statements may be obtained directly from the School District's administrative offices by addressing a request to PO BOX 280, Healy, Alaska 99743.

b) Basis of Presentation

Government-Wide and Fund Financial Statements - The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component unit. 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 the legally separate component unit for which the primary government is financially accountable.

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

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Overnight accommodations, alcohol tax, marijuana tax, and severance taxes, licenses, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the primary operating fund of the Borough and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

The *permanent investment fund*, a major fund, accounts for the investments purchased with funding designated by the Denali Borough.

The *capital projects fund* is used to track revenues and expenditures associated with construction and major repair of Borough owned buildings which include the school buildings.

The government reports the following major proprietary funds:

The *solid waste enterprise fund* accounts for the activities of the government's landfill and transfer station operation. The *land management enterprise fund* accounts for sales and management of Borough land.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

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, including special assessments. 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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the solid waste enterprise fund and the land management enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

d) Assets, Liabilities, Deferred Outflows and Inflows, and Equity

Cash and cash equity - The government's cash and cash equity are considered to be cash on hand, demand deposits, savings accounts, and short-term investments with an original maturity of three months or less.

Investments - The Borough's formal policy governing types of investments it is authorized to hold requires that necessary cash balances be maintained in demand deposit accounts. Excess cash is invested in securities of the United States, any state or local government, commercial paper, time certificates of deposit or any other form of security as may be authorized by law commensurate with the following stipulations: 1) preference is to be given to Alaskan securities and financial institutions, 2) investment in corporate stocks and bonds is prohibited, 3) all transactions will be made and held in the name of the Borough.

In 1993, a permanent investment fund was established with a \$1 million transfer from the general fund. The following securities are authorized for investment of the permanent investment fund: 1) obligations of the United States Treasury, 2) obligations of agencies of the United States government including FDIC insured certificates of deposit, 3) certificates of deposit that do not exceed the current FDIC insurance limit, 4) exchange traded funds or stock mutual funds, 5) bank deposits or money market mutual funds, 6) state investment pool formed within the State of Alaska and comprised of agencies of the state and/or its political subdivisions, 7) common and preferred stock of U.S. domiciled corporations listed on a national exchange or NASDAQ or a mutual fund that invests in these stocks. No investment shall be made in any one security in excess of five percent of the total investment portfolio except for obligations of the United States Treasury and its agencies.

One-half the annual income earned by the fund may be appropriated by the Borough Assembly for the general fund in the following fiscal year. Disbursement of the principal requires an ordinance by the Assembly and voter approval. The permanent investment fund had a net gain in 2023, however, there was no appropriation to the general fund from the permanent fund in 2024.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

d) Assets, Liabilities, Deferred Outflows and Inflows, and Equity, continued

Investments are carried at fair value. Fair value is based on quoted market prices.

Receivables and Payables - During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include overnight accommodation taxes, severance taxes, alcohol and marijuana taxes, and state and federal grants. Business-type activities report fees for operation of the landfill, and land sales as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals for overnight accommodation taxes, severance taxes, alcohol and marijuana taxes, grants, and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions, collectible but not available, are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Fees for operation of the landfill and land sales comprise the majority of proprietary fund receivables.

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Capital Assets - Capital assets, which include property, plant, equipment, leasehold improvements, and capitalized right-of-use leases, are reported under governmental or business-type activities in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The accounting treatment over property, plant, and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are accounted for as assets. All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

d) Assets, Liabilities, Deferred Outflows and Inflows, and Equity, continued

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

The capital assets of the School District consist of equipment, furnishings, vehicles, and capitalized right-of-use leased assets. The Borough owns and provides to the School District all land, buildings and improvements. Capital assets are valued at cost or estimated historical cost when the original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received.

The range of estimated useful lives by type of asset is as follows:

<u>Assets</u>	<u>Years</u>
School buildings	70-80
Infrastructure	25-50
Landfill building	40
Transfer stations	10-40
Improvements	10-80
School equipment	3-10
Machinery and equipment	5-15

Capitalized right-of-use assets are amortized on a straight-line basis over the shorter of the life of the lease term or the useful life of the underlying asset. Subscription-based information technology arrangements assets are amortized over the life of the associated contract.

Land - Under AS 29.65.030, when a municipality is incorporated, it is entitled to 10 percent of the vacant, unappropriated and unreserved lands within its boundaries. It has been determined that the Denali Borough is entitled to receive 49,789 acres. A total of 48,650 acres have been approved for conveyance to the Borough. Once all the management authority land has been surveyed and patented to the Borough the State will determine if they need to fill the entitled difference of 1,139 acres with any conditionally conveyed lands on hold. The Borough holds the patent to 5,908.63 acres and has 42,741.37 acres under management authority. In the Panguingue Creek Subdivision, 127.66 acres (21 lots) of the patented land have been offered for sale. Of those, 117.66 acres (19 lots) have been sold. The financial statements do not reflect the value of the land at this time as the value is not reasonably determinable.

Long-term Debt - The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as a liability in the government-wide statements. The long-term debt consists primarily of estimated liability for landfill closure and post closure costs and pension and Other Postemployment Benefit (OPEB) liabilities.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for long-term debt in the proprietary funds is the same as it is in the government-wide statements.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

d) Assets, Liabilities, Deferred Outflows and Inflows, and Equity, continued

Deferred Outflows – In the Statement of Net Position, the Borough may report a separate section for deferred outflows in addition to assets. Deferred outflows represent a consumption of net position that applies to a future period. The Borough has deferred outflows related to pension plans and OPEB assets.

Deferred Inflows – In the Statement of Net Position, the Borough may report a separate section for deferred inflows in addition to liabilities. Deferred inflows represent an acquisition of net position that applies to a future period. The Borough has deferred inflows related to pension plans and OPEB liabilities.

Net Position – In the government-wide financial statements net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if any.
- b. Restricted
 - i. Permanent investment – Borough ordinances require that only the earnings of the permanent fund, not principal, may be used for purposes that support the Borough's programs.
 - ii. Forward funding of subsequent year expenditures - Borough ordinances require the forward funding of general fund expenditures. The reserve for subsequent year expenditures is the amount of budgeted expenditures for the next fiscal year.
- c. Unrestricted - All other amounts that do not meet the definition of "restricted" or "net investment in capital assets."

Proprietary net position is classified the same as in the government-wide financial statements.

Fund Balance - In the fund financial statements, governmental fund balance is classified into five specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the Borough is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. The Borough's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of nonspendable, restricted, committed, assigned, or unassigned. The Borough's spending policy is for funds to be expended in the following order: Restricted, Committed, Assigned, and Unassigned.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

d) Assets, Liabilities, Deferred Outflows and Inflows, and Equity, continued

The Borough reports the following classifications:

Nonspendable – The amounts of fund balance that cannot be spent because they are either (a) not in spendable form, such as consumable inventories or prepaid items, or (b) required to be maintained intact legally or contractually.

Restricted – The amounts of fund balance constrained for specific purpose by external parties, such as contractors, or imposed by law through constitutional provisions or enabling legislation.

Committed – The amounts of fund balance constrained for specific purposes imposed by formal action of the Borough Assembly. Commitments may only be changed by the Assembly taking the same formal action that imposed the constraint originally. Commitments of fund balance must be in place before the end of the fiscal year.

Assigned – The amounts of fund balance constrained for a specific purpose by the Borough Assembly, such as departmental budgets. These amounts are not restricted or committed, and are intended to be used for the purpose of the fund. An assigned fund balance can never be negative.

Unassigned – The residual classification of fund balance that represents amounts not assigned to other funds, and not restricted, committed, or assigned to specific purposes within the general fund.

e) Leases

The Borough is a lessee for non-cancellable leases of office space and recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The lease liabilities are recognized with an initial, individual value of \$5,000 or more or immaterial component leases that aggregate to a total value of \$5,000 or more. 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 certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. If a lease contains a purchase option that the Borough has determined is reasonably certain of being exercised, the lease asset is amortized over the estimated useful life of the underlying asset.

Key estimates and judgements related to leases include how the Borough determines (a) the discount rate it uses to discount the expected lease payments to present value, (b) the lease term, and (c) lease payment amounts.

- a. 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 current borrowing rate is used as the discount rate for leases.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

e) Leases, continued

- b. The lease term includes the non-cancellable period of the lease; the term of the lease contract, including options to extend, must be more than 12 months.
- c. Lease payments included in the measurement of the lease liability are composed of fixed payment amounts and the purchase option price that the Borough is reasonably certain to exercise.

The Borough monitors changes in circumstances that would require a remeasurement of its leases 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 other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

f) Lessor

The Borough is a lessor for non-cancellable leases and recognizes a lease receivable and a deferred inflow of resources in the financial statements. 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 judgements include how the Borough determines (a) the discount rate it uses to discount the expected lease receipts to present value, (b) the lease term, and (c) lease receipts.

- a. The Borough uses its current borrowing rate as the discount rate for leases.
- b. The lease term includes the non-cancellable period of the lease; the term of the lease contract, including options to extend, must be more than 12 months.
- c. Lease receipts included in the measurement of the lease receivable are composed of fixed payment amounts from the lessee.

The Borough monitors changes in circumstances that would require a remeasurement of its leases 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.

Lease receivables are reported with other receivables on the statement of net position.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

g) Subscription-Based Information Technology Arrangements

The Borough has noncancelable subscription-based information technology arrangements. These arrangements are recognized with a subscription liability and an intangible, right-to-use subscription asset in the financial statements. The Borough recognizes subscription liabilities with an initial value of at least a cost of \$5,000 per year in the agreement. At commencement of a subscription, the Borough initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to subscriptions include how the Borough determines (a) the discount rate it uses to discount the expected subscription payments to present value, (b) subscription term, and (c) subscription payment amounts.

- a. The Borough uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the current borrowing rate is used as the discount rate for subscriptions.
- b. The subscription term includes the non-cancellable period of the subscription; the term of the subscription contract, including options to extend, must be more than 12 months.
- c. Subscription payments included in the measurement of the subscription liability are composed of fixed payment amounts and the purchase option price that the Borough is reasonably certain to exercise.

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

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term liabilities on the statement of net position.

h) Revenues, Expenditures and Expenses

Overnight accommodation, severance tax, and alcohol and marijuana tax - Denali Borough collects overnight accommodation taxes, which represented approximately 73 percent of the Borough's general fund revenue in FY24. The overnight accommodation tax is assessed at 7.5 percent of gross rental sales. The severance tax is assessed on coal, gravel and limestone extracted within the Borough at \$.05 per yard/ton. Severance taxes generated approximately \$51,000 in revenue in FY24. The Borough also collects alcohol and marijuana taxes which are assessed at 5 percent of taxable sales and generated approximately \$454,000 and \$66,000 of revenue in FY24, respectively.

In-kind support to the School District - Certain services are provided by the Borough to the School District. These include use of various Borough facilities. The costs of the facilities have not been charged to the School District.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

a. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

i) Pensions and Other Post-Employment Benefits (OPEB)

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

b. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a) Budgetary Information

Budgets for the general fund are adopted annually and all unencumbered appropriations lapse at the end of the fiscal year. Budgets are presented as originally adopted or as amended by the Assembly.

The budgetary data for the general fund presented in the financial statements was established by Assembly ordinance. A proposed operating budget for the following fiscal year is submitted to the Borough Assembly. The operating budget includes proposed expenditures and the means of financing them. At least one public hearing is held, and the Assembly adopts the budget no later than June 15. Transfers between categories within a fund require Borough Assembly approval. Budget amendments are adopted by Assembly Ordinance.

b) Budget Variances

During fiscal year 2024, the Borough had budget lines with expenditures greater than the budgeted amounts for the following line items: mayor salary, interest, equipment, supplies and community events.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

3. DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS

a) Cash and Cash Equity

At June 30, 2024, the Borough's cash and cash equity were as follows:

Governmental activities	
Petty cash	\$ 200
General Fund checking	1,139,899
General Fund repurchase agreement account	8,841,294
AMLIP Disaster Contingency Fund	145,987
TVI/ProEquities cash	35,723
Capital Projects Fund	438,493
AMLIP Major School Maintenance Reserve	769,335
AMLIP Parks and Recreation	752,446
Permanent Investment Fund money market	99,727
Parks and Recreation Fund checking	227,235
AMLIP Emergency Response Apparatus Fund	207,915
	12,658,254
 Business-type activities	
Petty cash	1,100
Solid Waste Fund checking	127,282
AMLIP Solid Waste Equipment Reserve	42,965
Solid Waste Fund savings	23,333
Land Sales savings	48,678
AMLIP Land Management Capital	265,640
Land Management Fund savings	254,039
Land Management Fund checking	74,339
	837,376
Total cash and cash equity	\$ 13,495,630

The Borough also had cash of \$174,814 in the Solid Waste proprietary fund's Landfill Closure account that is restricted for future landfill closure and postclosure expenses.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

3. DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS, CONTINUED

b) Investments

Investments at fair value consisted of the following as of June 30, 2024:

<u>Investment Type</u>	<u>General</u>	<u>Permanent Investment</u>	<u>Solid Waste</u>	<u>Total</u>
Mutual Funds	\$ -	1,877,774	-	1,877,774
Certificates of deposit	1,243,202	430,964	-	1,674,166
Government Securities	1,884,435	1,673,750	493,428	4,051,613
Total fair value	<u>\$ 3,127,637</u>	<u>3,982,488</u>	<u>493,428</u>	<u>7,603,553</u>

The Solid Waste Fund had a certificate of deposit for landfill closure in the amount of \$249,000 that was closed and transferred to the Solid Waste Fund and invested in government securities in FY24. The General Fund had certificates of deposit and investments in government securities totaling \$3,127,637 which are intended to be used for general operations. All investments in government securities held have a Moody rating of Aaa.

Fair Value Measurements:

Investments are measured at fair value on a recurring basis. Fair value measurements are categorized by the valuation inputs used to measure an asset's fair value in accordance with generally accepted accounting principles. Categories are as follows: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Borough Level 1 investments are valued using quoted market prices. Level 2 investments are valued using matrix pricing techniques that value securities on a summary basis and not on an individual basis. As of June 30, 2024, the Borough had the following recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds	\$ 1,877,774	1,877,774	-	-
Certificates of deposit	1,674,166	1,674,166	-	-
Government Securities	4,051,613	4,051,613	-	-
AMLIP Money Market Fund	1,124,082	-	1,124,082	-
Total investments by fair value level	<u>8,727,635</u>	<u>7,603,553</u>	<u>1,124,082</u>	<u>-</u>

Investments measured at Net Asset Value

AMLIP Cash Enhanced Series II	<u>1,498,700</u>
	<u>\$ 10,226,335</u>

AMLIP investments are included in cash and cash equity on the balance sheet.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

3. DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS, CONTINUED

b) Investments, continued

Investment Risk

Interest rate risk: The Borough does not have any investments that are sensitive to changes in interest rates, which would affect their fair value.

Credit Risk: The Borough's formal policy governing types of investments it is authorized to hold requires that necessary cash balances be maintained in demand deposit accounts. Excess cash is invested in securities of the United States, any state or local government, commercial paper, time certificates of deposit or any other form of security as may be authorized by law. The Alaska Municipal League Investment Pool (AMLIP) is considered to be an external investment pool as defined by GASB Statement No. 31. AMLIP is not SEC-registered, but is a 2a-7 like pool, operating in a manner consistent with that rule. Stand-alone financial statements can be obtained by writing to the investment advisor, AML Investment Pool, Alaska Permanent Capital Management Co., 900 West Fifth Avenue, Suite 601, Anchorage, Alaska 99501 or through the internet at www.apcm.net/amlip/.

Regulatory oversight of the Pool is established by Alaska Statute 37.23. The law sets forth numerous requirements regarding authorized investments and reporting. The Pool is incorporated in the State of Alaska as a nonprofit corporation and reports to a board of directors. Alaska Statute 37.23.050 requires the retention of an investment manager. The manager is required to produce monthly disclosure statements for the Pool. The Pool also has retained an investment advisor who monitors the performance of the investment manager to ensure compliance with investment policies. All participation in the Pool is voluntary. The Pool typically maintains a dollar-weighted average maturity of 90 days or less, and only purchases instruments having remaining maturities of 13 months or less. On a monthly basis, the investments in the Pool are reviewed for fair value by an independent pricing service. As of June 30, 2024, the fair value of the investments in the Pool approximates the amortized cost at which the investments were reported. The fair value of the Borough's investments in the Pool is the same as the value of its Pool units.

Concentration of credit risk: The Borough investment policies provide for investment of excess cash in securities of the United States, any state or local governments, commercial paper, time certificates of deposit, or the Alaska Municipal League Investment Pool. Borough investment policies for the Borough Permanent Investment Fund provide guidelines for investment allocation as follows: FDIC insured debt instruments, and/or obligations of the U.S. Government and agencies – 40 to 45 percent; diversified index mutual funds or exchange traded funds – 55 to 60 percent. No investment shall be made in any one security in excess of five percent of the total investment portfolio except for obligations of the United States Treasury and its agencies.

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Neither the government nor the School District, a discretely presented component unit, has a deposit policy for custodial credit risk. As of June 30, 2024 \$10,540,146 of the government's bank balance of \$10,790,146 was exposed to custodial credit risk because it was uninsured. However, the uninsured balance of \$10,540,146 was covered by collateral. All of the School District's bank balances were insured or collateralized at June 30, 2024, in accordance with District policy.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

3. DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS, CONTINUED

c) Receivables

Accounts receivable of the business-type activities consists of land sales, amounts receivable from solid waste transfer sites, and landfill receivables. Governmental activities accounts receivable consist primarily of overnight accommodation tax, alcohol and marijuana tax, severance tax and amounts receivable from state and federal grants.

Management believes accounts receivable balances are fully collectible and therefore no allowance for uncollectible receivables has been recorded.

d) Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Primary Government				
Governmental Activities				
School Buildings	\$ 34,859,739	-	-	34,859,739
Equipment	133,803	34,878	-	168,681
Leasehold improvements	9,110	30,396	-	39,506
Right-to-use lease	266,925	7,411	-	274,336
Subscription-based information technology arrangements	-	27,658	-	27,658
	<u>\$ 35,269,577</u>	<u>100,343</u>	<u>-</u>	<u>35,369,920</u>
Less accumulated depreciation and amortization				<u>(16,340,410)</u>
				<u>\$ 19,029,510</u>
Business-type Activities				
Landfill	\$ 892,969	-	-	892,969
Landfill building	709,993	-	-	709,993
Landfill equipment	1,102,045	1,211,601	(5,661)	2,307,985
Healy transfer station	676,851	-	-	676,851
Cantwell transfer station	266,115	-	-	266,115
Land management	22,755	220,390	-	243,145
Right-to-use lease	34,248	-	(34,248)	-
	<u>\$ 3,704,976</u>	<u>1,431,991</u>	<u>(39,909)</u>	<u>5,097,058</u>
Less accumulated depreciation				<u>(2,542,563)</u>
				<u>\$ 2,554,495</u>

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

3. DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS, CONTINUED

d) Capital Assets, continued

	Beginning Balance	Additions	Deletions	Ending Balance
Component Unit-School District				
Construction in progress	\$ 1,129,164	828,661	-	1,957,825
Equipment	579,097	68,266	-	647,363
Vehicles	411,432	-	-	411,432
Right-to-use lease	352,771	280,272	(228,503)	404,540
	<u>\$ 2,472,464</u>	<u>1,177,199</u>	<u>(228,503)</u>	<u>3,421,160</u>
Less accumulated depreciation				<u>(861,671)</u>
				<u>\$ 2,559,489</u>

Depreciation and amortization expense was charged to governmental activities as follows: General Government \$77,500; Education \$489,659. Depreciation expense was charged to business activities as follows: Solid Waste \$200,576, Land Management \$8,360.

The School District had \$1,957,825 in construction in progress at June 30, 2024, which will be transferred to the Borough when the school building projects are complete.

e) Lease Receivables

The Borough has entered into agreements to lease land for use by third parties. The lease terms are between twelve and thirty-five years. The Borough received \$17,745 in lease payments for the year ended June 30, 2024. The lease receivable at June 30, 2024 was \$230,811. The Borough has deferred inflows of resources associated with these leases that will be recognized as revenue over the lease terms. At June 30, 2024, the deferred inflows of resources associated with these leases was \$230,811.

f) Lease Liabilities

The Borough leases office space from the Tri-Valley Volunteer Fire Department. The Borough was required to make principal and interest payments for these leases in the amount of \$57,585 for governmental activities, and \$8,553 for business-type activities for the year ended June 30, 2024. The Borough uses an interest rate of 2.27% and 2.71% for the respective lease calculations. The value of the lease liabilities at June 30, 2024, was \$129,888 for governmental activities. The value of the right-to-use assets at June 30, 2024, was \$274,336 for governmental activities. The right-to-use assets are amortized over the respective lease terms. The accumulated amortization at June 30, 2024, was \$144,448 for governmental activities.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

3. DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS, CONTINUED

f) Lease Liabilities, continued

The future principal and interest lease payments as of June 30, 2024 for the Borough Governmental Activities were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 61,156	3,418	64,574
2026	63,351	1,224	64,575
2027	5,381	-	5,381
Total	\$ 129,888	4,642	134,530

The School District has operating leases for buildings and available space. The School District was required to make principal and interest payments for these leases in the amount of \$141,387 for the year ended June 30, 2024. The School District uses an interest rate of 5% for its lease calculations. The buildings and available space are amortized over the respective lease terms. The value of the lease liability at June 30, 2024 was \$321,623. The value of the right-to-use assets at June 30, 2024 was \$317,287, net. The accumulated amortization at June 30, 2024 was \$87,253.

The future principal and interest lease payments as of June 30, 2024 for the School District were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 132,230	13,078	145,308
2026	131,561	6,329	137,890
2027	57,832	968	58,800
Total	\$ 321,623	20,375	341,998

g) Subscription-Based Information Technology Arrangements

The Borough has entered into subscription-based information technology arrangements (SBITA) for managing their website. The subscription assets are recorded at a cost of \$27,658, less accumulated amortization of \$8,241.

The future subscription payments under SBITA agreements recorded in Governmental Activities are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 5,827	523	6,350
2026	6,456	274	6,730
2027	7,134	-	7,134
Total	\$ 19,417	797	20,214

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

3. DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS, CONTINUED

h) Long-Term Liabilities

The Denali Borough's long term liability activity for the year ended June 30, 2024, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
PERS Pension Liability	\$ 1,117,900	-	(18,880)	1,099,020	-
Landfill closure and postclosure	1,069,146	76,143	-	1,145,289	-
Lease liability	199,058	8,993	(78,163)	129,888	61,156
Subscription-based arrangements	-	19,417	-	19,417	5,827
	<u>\$ 2,386,104</u>	<u>104,553</u>	<u>(97,043)</u>	<u>2,393,614</u>	<u>66,983</u>

i) Interfund Balances and Transfers

Interfund balances for the purposes of the entity-wide financial statements have been eliminated with the exception of balances that represent amounts receivable/payable between the governmental and business-type activities, resulting primarily from revenues and expenses recorded in general fund cash, but accounted for in other funds. The composition of interfund balances are as follows:

	Due from other funds	Due to other funds
General Fund	\$ 245,896	22,715
Permanent investment	22,029	-
Capital projects	-	80,971
Other governmental funds	-	58,786
Solid waste fund	686	-
Land management fund	-	106,139
	<u>\$ 268,611</u>	<u>268,611</u>

Transfers are used to (a) move revenues from the funds where statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between funds consisted of the following:

	General Fund	Other Governmental Funds	Proprietary Funds
Transfer in (out)			
Solid waste	\$ (373,000)	-	373,000
Land management	-	(152,635)	152,635
Special revenue	(34,615)	34,615	-
	<u>\$ (407,615)</u>	<u>(118,020)</u>	<u>525,635</u>

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

3. DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS, CONTINUED

j) Grant Advances

The grant advances of \$3,515,534 consisted of: the Local Assistance and Tribal Consistency funds received from the U.S. Treasury of \$745,074; Congressionally Directed Spending funds in the amount of \$2,761,489 that were received by the Borough resulting from the fiscal year 2023 and 2024 Senate appropriations bills and zero initiative grant of \$8,971. The Borough plans to spend these funds in fiscal year 2025.

4. OTHER NOTES

a) Risk Management

The Borough and its component unit the School District are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Borough has joined the Alaska Municipal League Joint Insurance Association, Inc., a public entity risk pool, to insure against these potential losses. The Borough pays the Association an annual premium for general liability, workers' compensation, and property insurance. Public Officials liability is included in general liability. The Association insures general liability losses up to \$5,000,000 per occurrence; workers compensation losses up to statutory limits; property losses up to \$500,000,000 per occurrence with deductibles of \$500 to \$10,000 for most assets; \$50,000,000 per earthquake occurrence with a \$100,000 minimum deductible; and \$125,000,000 per flood occurrence with deductibles from \$100,000 to \$250,000. As a member of the public entity risk pool, the Borough is subject to premiums based on its loss experience and also the loss experience of the other pool members. However, Borough management believes future premium increases, if any, due to loss claims would have an immaterial impact on the financial statements.

The School District participates in the Alaska Public Entity Insurance (APEI) which provides insurance coverage for property and contents, torts, general and auto liability, school leaders' errors and omissions, workers' compensation, and earthquakes and floods. APEI is a risk pool organized to share risks among its members. The APEI's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year or at the discretion of the Board. Supplemental contributions are based on each member's annual contribution in comparison to the aggregate annual deposit contribution of all members. No supplemental contributions have been assessed for the last several years. The District has no coverage for environmental damages. The School District participates in the Public Education Health Trust which provides insurance coverage for a health and medical benefit program which covers all permanent full-time employees.

The District has elected the reimbursable method of payment for Employment Security Compensation (ESC). Under this arrangement, the actual costs of ESC claims are reimbursed to the State of Alaska.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. OTHER NOTES, CONTINUED

b) Denali Borough Landfill

Under an agreement with the State of Alaska Department of Environmental Conservation, the Borough has accepted ownership and responsibility for operation and maintenance of a landfill and two transfer stations. The Borough is required to assess user fees to ensure the system is self-supporting, and select individuals trained to operate and maintain the facility. The Borough will also be required to maintain and monitor the landfill for 30 years after closure.

The Borough operates the landfill. Revenue earned from operations is used to cover operating costs and future required closure and postclosure costs. In fiscal year 2024, the Borough earned net tipping fees of \$523,363.

State and federal laws and regulations require that the Borough cover its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to current expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs is \$1,145,289 as of June 30, 2024, which is based on 37.58 percent usage (capacity) of the landfill airspace based on the Landfill Closure Plan and Cost Estimate dated January 11, 2019. The 2019 Landfill Closure Plan and Cost Estimate dated January 11, 2019, projects the estimated remaining landfill life at twenty-nine years at June 30, 2024, based on the revised landfill site design.

It is estimated an additional \$2,132,010 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity in 2053. The estimated total current cost of the landfill closure and postclosure care (\$3,277,299) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2024. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Estimated landfill closure and postclosure costs were increased significantly with the January 11, 2019 plan estimate. The Borough recognized an additional \$76,143 in closure and postclosure costs during fiscal year 2024, the same amount by which the liability increased based on the revised landfill design.

The Borough is required by state and federal laws and regulations to provide financial assurance for closure and post closure care. The Borough is in compliance with these requirements. It is anticipated that future inflation costs will be financed in part from earnings on investments held by the Borough for the landfill. The remaining portion of anticipated future inflation costs, including inadequate earnings on investments, if any, and additional costs that might arise from changes in postclosure requirements due to changes in technology or more rigorous environmental regulations, for example, may need to be covered by charges to future landfill users.

c) Employee Retirement Systems, Pension and Other Postemployment Plans

As of June 30, 2024, all permanent employees and participating assembly members of the Denali Borough and of the School District component unit are members of either the Alaska Public Employees Retirement System (PERS) or of the Alaska Teachers Retirement System (TRS). Stand-alone financial statements for either plan can be obtained by contacting the Alaska Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska 99811-0203, or by calling 1-907-465-4460. The financial statements are also available on the web at www.state.ak.us/drb. Actuarial and valuation reports, audited financial statements, and other detailed plan information are also available on this website. The Borough and the School District participate in the PERS under separate agreements.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. OTHER NOTES, CONTINUED

c) Employee Retirement Systems, Pension and Other Postemployment Plans, continued

Defined Benefit Pension (DB) Plan

Plan Description

Both the Public Employees Retirement System (PERS) and the Teachers Retirement System (TRS) are administered by the State of Alaska (State) and were established to provide pension, postemployment healthcare, survivor, and disability benefits to eligible employees. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. Tiers I, II, and III are a defined benefit plan. Effective July 1, 2006, the State Legislature (Senate Bill 141) closed the defined benefit plans of PERS and TRS to new members and new employees after that date participate in the Tier IV PERS/TRS Defined Contribution (DC) Plans described later in these notes. Historically, the TRS plan has been a cost-sharing plan. Effective July 1, 2008, the State Legislature (Senate Bill 125) converted the PERS plan from an agent multiple-employer to a cost sharing multiple-employer plan.

Employee Contribution Rates

Regular Borough employees are required to contribute 6.75 percent of their annual covered salary. Non-teacher School District employees are required to contribute 9.6 percent of their annual covered salary for PERS. Teachers and other certificated employees are required to contribute 8.65 percent of annual covered salary to TRS.

Employer and Other Contribution Rates

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

Employer Effective Rate: This is the actual employer pay-in-rate. Under current legislation, this rate is statutorily capped at 22 percent of eligible wages for PERS and 12.56 percent of eligible wages for TRS, subject to a wage floor, and other termination events. These rates are applied to PERS/TRS participating wages, respectively, including those wages attributable to employees in the defined contribution plan. Contributions, derived from the defined contribution employees, are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

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

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment as mandated under current statute. Under state law, subject to annual appropriation, the state will contribute an on-behalf payment into the plan in an amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. However, in 2015, the State Legislature appropriated a one-time contribution to the plans in the amount of \$1 billion for PERS and \$2 billion for TRS. On-behalf contribution amounts are recognized in the fund financial statements in the year they are appropriated by the State.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. OTHER NOTES, CONTINUED

c) Employee Retirement Systems, Pension and Other Postemployment Benefit Plans, continued

Employer and Other Contribution Rates, continued

Contribution rates for the year ended June 30, 2024, were determined in the June 30, 2022 actuarial valuation.

	<u>Employer Effective Rate</u>	<u>ARM Board Adopted Rate</u>	<u>State Contribution Rate</u>
PERS			
Pension	22.00%	25.10%	3.10%
Post employment healthcare	0.00%	0.00%	0.00%
Total PERS contribution rate	<u>22.00%</u>	<u>25.10%</u>	<u>3.10%</u>
TRS			
Pension	12.56%	25.52%	12.96%
Post employment healthcare	0.00%	0.00%	0.00%
Total TRS contribution rate	<u>12.56%</u>	<u>25.52%</u>	<u>12.96%</u>

In 2024, the Borough was credited with the following contributions into the pension plan. Employee contributions were \$5,975.

	<u>PERS Pension</u>
Employer Contributions (including DBUL)	\$ 112,270
On-behalf Contributions	<u>24,159</u>
	<u>\$ 136,429</u>

In 2024, the School District was credited with the following contributions into the pension plans.

	<u>PERS Pension</u>	<u>TRS Pension</u>
Employer Contributions (including DBUL)	\$ 112,726	166,285
On-behalf Contributions	<u>33,279</u>	<u>320,405</u>
	<u>\$ 146,005</u>	<u>486,690</u>

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. OTHER NOTES, CONTINUED

c) Employee Retirement System, Pension and Other Postemployment Benefit Plans, continued

Pension Liabilities, Pension Expense, and Deferred outflows of Resources and Deferred Inflows of Resources Related to Pension - Denali Borough

At June 30, 2024, the Borough reported a liability of \$1,099,020 for its proportionate share of the PERS employer pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date. The Borough's proportion of the net pension liability was based on the present value of contributions for FY2025-FY2039, as determined by projections based on the June 30, 2022 valuation. At June 30, 2024, the Borough's proportion was .02120 percent for the employer portion which was a decrease of .00073 percent from its proportion measured as of the prior year.

For the year ended June 30, 2024, the Borough recognized a pension expense decrease of \$30,615. At June 30, 2024, the Borough reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on pension plan investments	\$ 28,686	-
Difference between expected and actual experience	-	-
Changes in assumptions	-	-
Changes in proportion and differences between employer contributions	-	-
Borough contributions subsequent to the measurement date	150,172	-
	\$ 178,858	-

\$150,172 reported as deferred outflows of resources resulting from Borough contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2024. Amounts recognized as deferred inflows of resources will be recognized in pension expense as follows:

Years ended June 30,	Amount to be recognized:
2024	\$ (10,880)
2025	(24,062)
2026	65,096
2027	(1,468)

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. OTHER NOTES, CONTINUED

c) Employee Retirement System, Pension and Other Postemployment Benefit Plans, continued

Pension Liabilities, Pension Expense, and Deferred outflows of Resources and Deferred Inflows of Resources Related to Pension - Denali Borough School District

At June 30, 2024, the School District reported a liability of \$1,883,720 for its proportionate share of the PERS employer pension liability and \$2,300,021 for its proportionate share of the TRS employer pension liability. The net pension liabilities were measured as of June 30, 2023 and the total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of June 30, 2022, rolled forward to that measurement date. The School District's proportion of the net pension liabilities were based on the present value of contributions for FY2024-FY2039, as determined by projections based on the June 30, 2022 valuation. At June 30, 2024, the School District's proportion for the PERS liability was .03633 percent for the employer portion which was an decrease of .01474 percent from its proportion measured as of the prior measurement date. For TRS the School District's proportion was .1308 percent representing an decrease of .02416 percent from the prior year.

For the year ended June 30, 2024, the School District recognized pension expense of (\$484,999) for PERS and pension expense/(benefit) of \$353,070 for TRS. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	-
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	143,476	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	279,011	-
	\$ 422,487	-

\$279,011 reported as deferred outflows of resources resulting from School District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the year ended June 30, 2024. Amounts recognized as deferred inflows of resources will be recognized in pension expense as follows:

Years ended June 30,	Amount to be recognized:
2024	\$ (58,782)
2025	(128,947)
2026	337,878
2027	(6,673)
2028	-0-

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. OTHER NOTES, CONTINUED

c) Employee Retirement Systems, Pension and Other Postemployment Benefit Plans, continued

Actuarial assumptions

The actuarial valuation for the year ended June 30, 2022, was prepared by Buck, A Gallagher Company. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study performed for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experiences and are effective June 30, 2023. Generally, both PERS and TRS follow the same assumptions, except as noted:

Inflation rate	2.50%
Investment Return/Discount Rate	7.25% per year (geometric), compound annually net of expenses. This is based on average inflation rate of 2.50% and a real return rate of 4.75%.
Salary Scale	Salary increases graded by age and service, from 6.75% to 2.85% for PERS non-peace officers/fire fighters. Salary increases graded by age and service, from 6.75% to 2.75% for TRS.
Mortality	Pre-commencement and post-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree Table generational improvement. For TRS, the post termination rates were based on 97% of males and 97% of female rates. Deaths are assumed to be occupational 35% of the time for PERS Others (non-peace officers/firefighters) and 15% for TRS Others (non-peace officers/firefighters).

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. OTHER NOTES, CONTINUED

c) Employee Retirement Systems, Pension and Other Postemployment Benefit Plans, continued

The long-term expected rate of return on pension 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 best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (note that the rates shown exclude the inflation component of 2.50%):

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	27%	6.17%
Global equity (non-U.S.)	22%	6.55%
Aggregate bonds	23%	1.63%
Private equity	14%	11.57%
Real assets	14%	4.87%
Cash equivalents	0%	0.49%

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that Employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. OTHER NOTES, CONTINUED

c) Employee Retirement Systems, Pension and Other Postemployment Benefit Plans, continued

Discount Rate Sensitivity

The following presents the Retirement System's net pension liability and the Borough and School District's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

Borough-PERS	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
System Net Pension	100.00%	\$ 6,961,145,000	5,185,222,000	3,685,090,000
Borough's proportionate share of the net pension liability	.02120%	1,475,431	1,099,020	781,063

School District-PERS	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
System Net Pension	100.00%	\$ 6,961,145,000	5,185,222,000	3,685,090,000
School District's proportionate share of the net pension liability	.03633%	2,528,888	1,883,720	1,338,742

School District-TRS	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
System Net Pension	100.00%	\$ 2,588,539,000	1,758,444,000	1,057,182,000
School District's proportionate share of the net pension liability	.15496%	3,385,775	2,300,021	1,382,780

Pension plan fiduciary net position

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

Defined Contribution Pension (DC) Plan

Employees hired after July 1, 2006, participate in PERS Tier IV or TRS Tier III, defined contribution plans. These plans are administered by the State of Alaska, Department of Administration as with the defined benefit plans noted above. 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, a 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. This Plan is included in the comprehensive annual financial reports for PERS and TRS, as noted above.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. OTHER NOTES, CONTINUED

- c) Employee Retirement System, Pension and Other Postemployment Benefit Plans, continued

Employee Contribution Rates

Borough and School District employees are required to contribute 8 percent of their annual covered salaries for both PERS and TRS. This amount goes directly to the individual's account.

Employer Contribution Rates

For the year ended June 30, 2024, the Borough and School District were required to contribute 5 percent of covered salaries into the plan for PERS and 7 percent of covered salaries for TRS.

However, the total employer contribution must equal 22 percent of covered payroll. After subtracting the defined contribution (DC) pension rates, Occupational Death and Disability, Retiree medical, and the Health Reimbursement Arrangement contribution, any residual amount of the 22 percent is deposited into the defined benefit (DB) plan. Locally known as the defined benefit unfunded liability (DBUL) payment, this amount is intended to mitigate the declining payroll base that resulted from the creation of the DC plan.

Employees are immediately vested in their own contributions and vested 25 percent with two years of service, plus an additional 25 percent per year thereafter for full vesting at five years of service. The Borough contributions to PERS for the year ended June 30, 2024, was \$37,971. The Borough and School District contribution amounts were recognized as pension expense. The School District contribution to PERS for the year ended June 30, 2024, was \$116,963 which included forfeitures of \$10,913. The School District TRS contribution for the year ended June 30, 2024, was \$159,303.

Other Postemployment Benefit (OPEB) Plans

Defined Benefit OPEB - Alaska Retiree Healthcare Trust (ARHCT)

As part of its participation in the PERS and TRS DB Plans (Tiers I, II, III for PERS and Tiers I and II for TRS) the Borough and School District participate in the Alaska Retiree Healthcare Trust (ARHCT). The ARHCT provides major medical coverage to retirees of the System's Defined Benefit Pension Plan (DB). Benefits vary by Tier level. The Plan is self-funded and self-insured. The plan is administered by the State of Alaska, Department of Administration. Employer contribution rates are established in concert with the Defined Benefit Plan described earlier in these notes. The Borough and School District are required to contribute .00 percent and .00 percent of covered payroll into the PERS and TRS OPEB plans, respectively. Employees do not contribute to the DB OPEB plans. Borough contributions for the PERS DB OPEB plan were \$0 for the year ended June 30, 2024. The School District contributed \$15,301 and \$13,846 for the PERS and TRS DB OPEB plans, respectively, for the year ended June 30, 2024.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. OTHER NOTES, CONTINUED

c) Employee Retirement Systems, Pension and Other Postemployment Benefit Plans, continued

Defined Contributions OPEB - Retiree Medical Plan (RMP)

Defined Contribution Pension Plan participants (PERS Tier IV and TRS Tier III) participate in the Retiree Medical Plan. The Retiree Medical Plan is a self-insured plan that provides major medical coverage to eligible employees who participate in the System's Defined Contribution Retirement Plan (DC). Members are not eligible to use this plan until they have at least ten years of service and are Medicare age eligible. Employees do not contribute to the DC OPEB plan. Employer contribution rates were 1.01 percent for PERS Tier IV and .82 percent for TRS Tier III for the year ended June 30, 2024.

In addition, PERS and TRS defined contribution members also participate in the Health Reimbursement Arrangement (HRA). Per Alaska Statute 39.30.370 this contribution amount is "three percent of the average annual employee compensation of all employees of all employers in the plan". As of July 1, 2023, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee and approximates \$2,303 per year for each full-time employee and \$1.48 per hour for part-time employees for both PERS and TRS.

For the year ended June 30, 2024, the Borough contributed \$7,670 in RMP costs to PERS. The School District contributed \$11,797 in RMP costs to PERS and \$12,615 in RMP costs to TRS. The Borough also contributed \$26,271 to the HRA. These amounts were recognized as expense.

Occupational Death and Disability OPEB (ODD)

All active members of the PERS and TRS plans participate in the Occupational Death and Disability Plan. The Plan provides death benefits for beneficiaries of Plan participants and long-term disability benefits to all active members within the system. Employers contribute a rate of 0.30 percent for PERS and 0.08 percent for TRS. For the year ended June 30, 2024, the Borough contributed \$2,278 in ODD costs. The School District contributed \$3,504 in ODD costs for PERS and \$1,231 in ODD costs for TRS.

OPEB Liabilities, OPEB Expense, and Deferred outflows of Resources and Deferred inflows of Resources Related to OPEB - Denali Borough

At June 30, 2024, the Borough reported a net total OPEB asset of (\$526,342) for its proportionate shares of the employer OPEB liability. This total net asset consisted of a net OPEB asset of (\$491,243) for the Defined Benefit Retiree Medical OPEB Plan (ARHCT), net OPEB asset of (\$18,452) for the Defined Contribution Retiree Medical (RMP) and a net OPEB asset of (\$16,647) for the Occupational Death and Disability Plan (ODD). The net OPEB liability(asset) was measured as of June 30, 2023, and the total OPEB liability(asset) used to calculate the net OPEB liability(asset) was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date. The State of Alaska proportionate share of the net OPEB liability(asset) for ARHCT was \$164,988 measured at June 30, 2023.

The Borough's proportion of the net OPEB liability(asset) for the ARHCT Plan was based on the present value of contributions for FY2025 – FY2039, as determined by projections based on the June 30, 2022 valuation. At June 30, 2024, the Borough's proportion was .02135 percent for the ARHCT Plan. This was a decrease of .00051 percent from the prior year.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. OTHER NOTES, CONTINUED

c) Employee Retirement Systems, Pension and Other Postemployment Benefit Plans, continued

The Borough's proportion of the net OPEB liability(asset) for the RMP and ODD Plans was based on each employer's retiree medical contributions relative to the projected contributions of all participating entities. At June 30 2024, the Borough's proportion was .03886 percent for the RMP Plan and .03245 for the ODD Plan. This was a increase of .00184 for the RMP Plan and a increase of .00099 for the ODD Plan from the prior year.

For the year ended June 30, 2024, the Borough recognized OPEB expense reduction of \$84,370. At June 30, 2024, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on OPEB plan investments	\$ 24,289	-
Difference between expected and actual experience	1,582	(5,274)
Changes in assumptions	1,984	(24,114)
Changes in proportion and differences between employer contributions	2,175	(843)
Borough contributions subsequent to measurement date	36,290	-
	\$ 66,320	(30,231)

\$36,290 reported as deferred outflows of resources resulting from Borough contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability(asset) for the year ended June 30, 2024. Amounts recognized as deferred inflows of resources will be recognized in OPEB expense as follows:

Years ended June 30,	Amount to be recognized:
2024	\$ (19,530)
2025	(24,002)
2026	53,117
2027	(4,930)
2028	(2,615)
Thereafter	(2,241)

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. OTHER NOTES, CONTINUED

c) Employee Retirement Systems, Pension and Other Postemployment Benefit Plans, continued

OPEB Liabilities, OPEB Expense, and Deferred outflows of Resources and Deferred inflows of Resources Related to OPEB - Denali Borough School District

At June 30, 2024, the School District reported a total net liability(asset) of (\$897,879) for its proportionate shares of the PERS employer net OPEB liability(asset) and (\$1,447,776) for the TRS employer net OPEB liability(asset). This total net liability(asset) for PERS consisted of net liability(asset) of (\$834,865) for the ARHCT PERS, (\$33,129) net liability(asset) for the RMP PERS and net liability(asset) of (\$29,885) for the ODD PERS. The net OPEB liability(asset) for TRS consisted of net OPEB liability(asset) of (\$1,361,810) for the ARHCT TRS, net OPEB liability(asset) of (\$65,516) for the RMP TRS and net OPEB liability(asset) of (\$20,450) for the ODD TRS. The net OPEB liability(asset) was measured as of June 30, 2023, and the total OPEB liability(asset) used to calculate the net OPEB liability(asset) was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date.

The School District's proportion of the net OPEB liability(asset) for the ARHCT Plan was based on the present value of contributions for FY2024 – FY2039, as determined by projections based on the June 30, 2022 valuation. At June 30, 2024, the School District's proportion was .03628 percent for PERS and .13475 percent for TRS which was a decrease of .01452 percent and .02365 percent for the PERS and TRS plans, respectively.

The School District's proportion of the net OPEB liability(asset) for the RMP Plan was based on each employer's retiree medical contribution relative to the total employer retiree contributions made in FY2023. At June 30, 2024, the School District's proportion was .06977 and .29577 percent for the PERS and TRS plans respectively which was a decrease of .01151 and .01311 percent for the PERS and TRS plans, respectively.

The School District's proportion of the net OPEB liability(asset) at June 30, 2024, for the ODD Plan was .05825 and .29556 for the PERS and TRS plans respectively, which was a decrease of .01081 and .0139 percent for the PERS and TRS plans respectively.

For the year ended June 30, 2024, the School District recognized OPEB expense of \$37,824 and (\$205,007) for the PERS and TRS plans, respectively. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB for PERS and TRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on OPEB plan investments	\$ 17,867	(15,018)
Difference between expected and actual experience	6,304	(95,619)
Changes in assumptions	101,731	-
Changes in proportion and differences between employer contributions	96,569	(4,879)
School District contributions subsequent to measurement date	29,147	-
	\$ 251,618	(115,516)

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. OTHER NOTES, CONTINUED

c) Employee Retirement Systems, Pension and Other Postemployment Benefit Plans, continued

\$29,147 reported as deferred outflows of resources resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability(asset) for the year ended June 30, 2024. Amounts recognized as deferred inflows of resources will be recognized in OPEB expense as follows:

Years ended June 30,	Amount to be recognized:
2024	\$ 3,456
2025	(92,450)
2026	222,678
2027	(14,908)
2028	(7,036)
Thereafter	(4,785)

Actuarial Assumptions

The actuarial valuation for the year ended June 30, 2023, was prepared by Buck, A Gallagher Company. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study performed for the period July 1, 2017 to June 30, 2021. Generally, both PERS and TRS follow the same assumptions, except as noted:

Investment rate of return	7.25%, net of postretirement healthcare plan investment expenses. This is based on average inflation of 2.50% and real return rate of 4.75%.
Inflation rate	2.50%
Salary increases	Increases range from 2.85% to 8.50% based on service.
Healthcare cost trend rates - Alaska Retiree Healthcare Trust and Alaska Retiree Medical	Pre-65 medical: 6.7% grading down to 4.5%. Post-65 medical: 5.5% grading down to 4.5%. Prescription drugs: 7.2% grading down to 4.5%. Employer Group Waiver Plan: 7.2% grading down to 4.5%. Ultimate trend rates reached in FY2050.
Mortality	Pre-termination and post-termination mortality rates are based upon the 2017-2021 actual experience study and applicable tables contained in Pub-2010, projected with MP-2021 generational improvements.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. OTHER NOTES, CONTINUED

c) Employee Retirement Systems, Pension and Other Postemployment Benefit Plans, continued

Long-term Expected Rate of Return

The long-term expected rate of return on pension and OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized below for the PERS and TRS plans (rates shown below exclude an annual inflation component of 2.82%):

Asset Class	Long-Term Expected Real Rate of Return
Broad domestic equity	6.17%
Global equity (non-U.S.)	6.55%
Aggregate bonds	1.63%
Private equity	11.57%
Real assets	4.87%
Cash equivalents	0.49%

Discount Rate

The discount rate used to measure the total OPEB liability(asset) as of June 30, 2023, was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State's statutes. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability(asset).

The following represents the Borough and School District's net OPEB liability(asset) and the proportionate share of the net OPEB liability(asset) calculated using the discount rate of 7.25 percent, as well as what the Borough and School District's proportionate share of the net OPEB liability(asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. OTHER NOTES, CONTINUED

c) Employee Retirement Systems, Pension and Other Postemployment Benefit Plans, continued

Discount Rate Sensitivity

	1% Decrease (6.25%)	Current Rate Rate (7.25%)	1% Increase (8.25%)
Borough PERS-ARHCT	\$ (326,526)	(491,243)	(629,614)
School District PERS-ARHCT	(554,929)	(834,865)	(1,070,026)
School District-TRS-ARHCT	(963,096)	(1,361,810)	(1,694,946)
Borough PERS-RMP	(641)	(18,452)	(32,058)
School District PERS-RMP	(1,151)	(33,129)	(57,558)
School District TRS-RMP	(24,034)	(65,516)	(96,797)
Borough PERS-ODD	(15,642)	(16,647)	(17,430)
School District PERS-ODD	(28,080)	(29,885)	(31,290)
School District TRS-ODD	(20,521)	(20,450)	(20,412)

Health Trend Rate Sensitivity

The following represents the Borough and School District's net OPEB liability(asset) and the proportionate share of the net OPEB liability(asset) at the current health trend rate, as well as what the Borough and School District's proportionate share of the net OPEB liability(asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower and one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Rate Rate (7.25%)	1% Increase (8.25%)
Borough PERS-ARHCT	\$ (645,442)	(491,243)	(307,634)
School District PERS-ARHCT	(1,096,925)	(834,865)	(522,822)
School District-TRS-ARHCT	(1,731,797)	(1,361,810)	(918,581)
Borough PERS-RMP	(33,884)	(18,452)	2,276
School District PERS-RMP	(60,836)	(33,129)	4,087
School District TRS-RMP	(100,642)	(65,516)	(17,865)
Borough PERS-ODD	N/A	(16,647)	N/A
School District PERS-ODD	N/A	(29,885)	N/A
School District TRS-ODD	N/A	(20,450)	N/A

5. CONTINGENCIES AND COMMITMENTS

a) PERS Pension Liability

The Borough has recorded its allocated percentage of the PERS Employer Net Pension Liability. However, there is an additional allocation of the PERS Non-Employer Net Pension Liability which the Borough has not recorded, because a special funding arrangement exists with the State of Alaska on this portion. If this PERS Non-Employer Net Pension Liability had been recorded, there would have been an additional PERS Non-Employer Net Pension Liability of \$365,974.

DENALI BOROUGH
NOTES TO FINANCIAL STATEMENTS, CONTINUED

5. CONTINGENCIES AND COMMITMENTS, CONTINUED

b) Other Contingencies

The Borough, from time to time, may be a participant in legal proceedings related to the conduct of business. In the normal course of business, it also has various commitments and contingent liabilities, which are not reflected in the accompanying financial statements. In the opinion of management, any current legal proceedings, commitments or contingent liabilities will not materially affect the financial position of the Borough.

6. CHANGE IN ACCOUNTING PRINCIPLE

In 2024, the Borough implemented GASB Statement No. 100, Accounting Changes and Error Corrections, which established new guidance to enhance accounting and financial reporting requirements for accounting changes and error corrections. There were no significant accounting changes or error corrections for the Borough in 2024, however there were error corrections made to prior numbers reported in the Schedule of Denali Borough Information on Net OPEB Liability-PERS and the Schedule of Denali Borough Contributions (OPEB) PERS.

7. NEW ACCOUNTING PRONOUNCEMENTS:

The Governmental Accounting Standards Board passed several new accounting standards with upcoming implementation dates. The following Statements will be in effect for fiscal year 2025:

- GASB 101 *Compensated Absences* becomes effective for fiscal years beginning after December 15, 2023. This Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model will eliminate potential comparability issues between governments that offer different types of arrangements with employees regarding compensated leave. The model will also result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.
- GASB 102 *Certain Risk Disclosures* becomes effective for fiscal years beginning after June 15, 2024. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

Management is currently evaluating the impact on future financial statements resulting from the implementation of these new accounting standards.

REQUIRED SUPPLEMENTARY INFORMATION (RSI)

Required Supplementary Information (RSI)

- Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-General Fund
- Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-General Fund
- Schedule of Denali Borough Information on Net Pension Liability-PERS
- Schedule of Denali Borough Contributions (Pension)-PERS
- Schedule of Denali Borough Information on Net OPEB Liability-PERS
- Schedule of Denali Borough Contributions (OPEB) PERS
- Schedule of Denali Borough School District Information on Net Pension Liability-PERS
- Schedule of Denali Borough School District Contributions (Pension)-PERS
- Schedule of Denali Borough School District Information on Net OPEB Liability-PERS
- Schedule of Denali Borough School District Contributions (OPEB)-PERS
- Schedule of Denali Borough School District Information on Net Pension Liability-TRS
- Schedule of Denali Borough School District Contributions (Pension)-TRS
- Schedule of Denali Borough School District Information on Net OPEB Liability- TRS
- Schedule of Denali Borough School District Contributions (OPEB)-TRS

DENALI BOROUGH
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2024

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Overnight accommodation tax	\$ 4,140,000	4,400,000	5,218,716	818,716
Severance tax	50,000	50,000	50,838	838
Alcohol tax	320,000	400,000	453,987	53,987
Marijuana tax	70,000	70,000	66,042	(3,958)
	<u>4,580,000</u>	<u>4,920,000</u>	<u>5,789,583</u>	<u>869,583</u>
Intergovernmental:				
Federal				
PILT Act	410,000	337,533	337,533	-
State of Alaska				
PERS on-behalf payment	15,874	15,874	15,585	(289)
Shared taxes				
LGLRRG	32,207	65,996	65,996	-
Community Assistance	347,543	368,623	368,623	-
Electric/telephone co-op	42,000	42,000	51,186	9,186
	<u>847,624</u>	<u>830,026</u>	<u>838,923</u>	<u>8,897</u>
Other:				
Miscellaneous	6,580	13,750	19,887	6,137
Gains (losses) on investments	-	-	77,497	77,497
Interest income	80,000	240,000	409,915	169,915
	<u>86,580</u>	<u>253,750</u>	<u>507,299</u>	<u>253,549</u>
 Total revenues	 <u>5,514,204</u>	 <u>6,003,776</u>	 <u>7,135,805</u>	 <u>1,132,029</u>
EXPENDITURES				
Governance:				
Nonstaff stipends	20,600	20,600	20,200	400
Mayor salary	103,744	120,100	122,101	(2,001)
Staff salaries	416,288	421,298	378,431	42,867
Mayor benefits	98,839	98,839	67,446	31,393
Staff benefits	360,825	366,375	330,946	35,429
Nonstaff benefits	1,576	1,576	1,545	31
Workers compensation	2,168	2,645	2,537	108
Nonstaff training and travel	9,000	9,000	3,978	5,022
Staff training and travel	22,000	22,000	16,538	5,462
Mayor conference and travel	11,000	11,000	7,475	3,525
Rent	56,663	54,618	53,504	1,114
Utilities	15,000	15,000	12,728	2,272
Interest expense - lease	3,927	4,034	4,830	(796)
IT services	60,000	60,000	50,845	9,155
Janitorial services	6,000	6,000	5,740	260
Elections	12,000	15,000	14,973	27
Equipment	20,000	20,000	21,673	(1,673)
Repairs and maintenance	80,000	80,000	56,167	23,833
Supplies	7,000	7,000	8,020	(1,020)
Dues/subscriptions/advertisement	7,000	7,000	3,738	3,262
Postage	3,000	3,000	1,336	1,664
Bank fees	3,000	3,000	1,057	1,943
Vehicle insurance	1,058	1,058	1,058	-
Property insurance	1,782	1,782	1,782	-
Bonding insurance	20,330	24,586	22,797	1,789

See accompanying notes to required supplementary information.

DENALI BOROUGH
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2024

EXPENDITURES, CONTINUED	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Governance, continued				
Consultant fees	\$ 72,000	72,000	32,601	39,399
Attorney fees	18,000	18,000	15,028	2,972
Audit Fees	53,000	48,000	47,300	700
Budgetary reserve	1,213,230	-	-	-
Contingency	4,000	4,000	3,506	494
Hazard mitigation	12,000	12,000	4,907	7,093
Public safety per capita	48,756	48,756	48,756	-
E911 Dispatch	23,660	23,660	23,660	-
Nonprofit contributions	199,439	199,349	193,534	5,815
Matching grants	75,000	75,000	75,000	-
Nonprofit emergency services	381,680	381,680	374,351	7,329
Revenue sharing distribution	47,367	47,367	47,367	-
Municipal assistance	60,000	60,000	60,000	-
Community events	4,000	4,000	4,215	(215)
Economic development	49,000	49,000	49,000	-
	<u>3,603,932</u>	<u>2,418,323</u>	<u>2,190,670</u>	<u>227,653</u>
School District:				
School operating fund				
Mandatory contribution	1,056,375	1,056,375	1,056,375	-
Additional contribution	1,640,339	1,640,339	1,640,339	-
	<u>2,696,714</u>	<u>2,696,714</u>	<u>2,696,714</u>	<u>-</u>
Total expenditures	<u>6,300,646</u>	<u>5,115,037</u>	<u>4,887,384</u>	<u>227,653</u>
Excess (deficiency) of revenues over expenditures	<u>(786,442)</u>	<u>888,739</u>	<u>2,248,421</u>	<u>1,359,682</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in(out)				
To Solid Waste Enterprise Fund	(373,000)	(373,000)	(373,000)	-
To Emergency Management Performance Grant Fund	-	(34,615)	(34,615)	-
Total other financing sources (uses)	<u>(373,000)</u>	<u>(407,615)</u>	<u>(407,615)</u>	<u>-</u>
Net change in fund balance	(1,159,442)	481,124	1,840,806	1,359,682
FUND BALANCE, July 1	<u>10,828,686</u>	<u>10,828,686</u>	<u>10,828,686</u>	<u>-</u>
FUND BALANCE, June 30	<u>\$ 9,669,244</u>	<u>11,309,810</u>	<u>12,669,492</u>	<u>1,359,682</u>

DENALI BOROUGH
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year ended June 30, 2024

1. BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the Borough is prepared on the modified accrual basis of accounting.

2. EXCESS OF EXPENDITURES OVER BUDGET

At June 30, 2024, the Borough had expenditures in budget line accounts that exceeded the budget; however, this does not constitute a violation of any legal provisions.

3. RECONCILIATION OF BUDGETARY BASIS WITH GAAP BASIS

The following schedule reconciles revenues and expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balances presented in accordance with generally accepted accounting principles (GAAP) to revenues and expenditures on the Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual for the general fund:

Revenues reported on the basis of budgeting - intergovernmental	\$	838,923
Adjustment for Local Assistance and Tribal Consistency Funds in the Parks and Recreation Fund		9,883
Revenues reported on the basis of GAAP	\$	848,806
Expenditures reported on the basis of budgeting		2,190,670
Adjustment for Local Assistance and Tribal Consistency Funds in the Parks and Recreation Fund		9,883
Adjustment for Disaster Contingency Fund		30,000
Expenditures reported on the basis of GAAP	\$	2,230,553

SCHEDULE OF DENALI BOROUGH INFORMATION ON NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
June 30, 2024

Year Ended June 30	Borough's Proportion of the Net Pension Liability	Borough's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	Borough's Covered Payroll	Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	.02120%	\$ 1,099,020	\$ 365,974	\$ 1,464,994	\$ 858,697	127.99%	68.23%
2023	.02193%	1,117,901	308,074	1,425,975	774,355	144.37%	67.97%
2022	.02246%	824,112	110,485	934,597	662,247	124.44%	76.46%
2021	.01659%	978,952	407,404	1,386,356	644,316	151.94%	61.61%
2020	.01446%	791,747	314,370	1,106,117	571,433	138.55%	63.42%
2019	.01512%	751,477	220,098	971,575	540,755	138.97%	65.19%
2018	.01566%	809,716	303,046	1,112,762	469,502	172.46%	63.37%
2017	.01863%	1,041,398	129,285	1,170,683	477,103	218.28%	59.55%
2016	.01294%	627,705	170,003	797,708	464,937	135.01%	63.96%
2015	.00958%	447,123	466,509	913,632	449,225	99.53%	62.37%

Notes:

Information presented for 2024 is based on the plan measurement date.
For June 30, 2024, the plan measurement date is June 30, 2023.

SCHEDULE OF DENALI BOROUGH CONTRIBUTIONS (PENSION)
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
June 30, 2024

Year Ended June 30	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Borough's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 186,462	\$ 186,462	\$ -	\$ 858,697	22%
2023	169,693	169,693	-	754,355	22%
2022	146,150	146,150	-	662,247	22%
2021	141,739	141,739	-	644,316	22%
2020	125,715	125,715	-	571,433	22%
2019	118,965	118,965	-	540,755	22%
2018	103,291	103,291	-	469,502	22%
2017	104,962	104,962	-	477,103	22%
2016	102,286	102,286	-	464,937	22%
2015	98,861	98,861	-	449,225	22%

Notes:

Information in this table reports the Borough's pension contributions to PERS during fiscal year 2024. These contributions are reported as a deferred outflow on the June 30, 2024 basic financial statements.

SCHEDULE OF DENALI BOROUGH INFORMATION ON NET OPEB LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
June 30, 2024

Year Ended June 30	Borough's Proportion of the Net OPEB Liability(Asset)	Borough's Proportionate Share of the Net OPEB Liability(Asset)	State of Alaska Proportionate Share of the Net OPEB Liability(Asset)	Total Net OPEB Liability(Asset)	Borough's Covered Payroll	Borough's Proportionate Share of the Net OPEB Liability(Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability(Asset)
<i>Alaska Retiree Healthcare Trust (ARHCT)</i>							
2024	0.02135%	\$ (491,243)	\$ (164,988)	\$ (656,231)	\$ 768,538	-63.92%	133.96%
2023	0.02186%	(430,129)	(123,324)	(553,453)	688,011 *	-62.52% *	128.51%
2022	0.02267%	(581,469)	(75,844)	(657,313)	582,630 *	-99.80% *	135.54%
2021	0.01660%	(75,138)	(31,249)	(106,387)	567,386 *	-13.24% *	106.15%
2020	0.01440%	21,392	8,535	29,927	500,589	4.27%	98.13%
2019	0.01520%	156,034	44,732	200,766	472,493	33.02%	88.12%
2018	0.01559%	131,661	49,373	181,034	370,504	35.54%	89.68%
<i>Retiree Medical Plan (RMP)</i>							
2024	0.03886%	\$ (18,452)	\$ -	\$ (18,452)	\$ 768,538	-2.40%	124.29%
2023	0.03702%	(12,858)	-	(12,858)	688,011 *	-1.87% *	120.08%
2022	0.03749%	(10,063)	-	(10,063)	582,630 *	-1.73% *	115.10%
2021	0.03724%	2,641	-	2,641	567,386 *	0.47% *	95.23%
2020	0.03800%	9,091	-	9,091	500,589	1.82%	83.17%
2019	0.03259%	4,147	-	4,147	472,493	0.88%	88.71%
2018	0.03019%	1,574	-	1,574	370,504	0.42%	93.98%
<i>Occupational Death and Disability Plan (ODD)</i>							
2024	0.03245%	\$ (16,647)	\$ -	\$ (16,647)	\$ 768,538	-2.17%	349.24%
2023	0.03146%	(13,790)	-	(13,790)	688,011 *	-2.00% *	348.80%
2022	0.03184%	(14,032)	-	(14,032)	582,630 *	-2.41% *	374.22%
2021	0.02984%	(8,134)	-	(8,134)	567,386 *	-1.43% *	283.80%
2020	0.03015%	(7,311)	-	(7,311)	500,589	-1.46%	297.43%
2019	0.03259%	(6,329)	-	(6,329)	472,493	-1.34%	270.62%
2018	0.03019%	(4,283)	-	(4,283)	370,504	-1.16%	212.97%

* Restated amounts, due to error in original calculation.

Notes:

Information presented for 2024 is based on the plan measurement date. For June 30, 2024, the plan measurement date is June 30, 2023. The Borough is not reporting any changes in benefit terms or assumptions from the prior measurement period.

This schedule is intended to present 10 years of information. Information has been provided since the implementation of GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Additional years will be displayed as they are available.

SCHEDULE OF DENALI BOROUGH CONTRIBUTIONS (OPEB)
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
June 30, 2024

Year Ended June 30	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Borough's Covered Payroll	Contributions as a Percentage of Covered Payroll
<i>Alaska Retiree Healthcare Trust (ARHCT)</i>					
2024	\$ -	\$ -	\$ -	768,538	0.00%
2023	-	-	-	688,011 *	0.00%
2022	5,094	5,094	-	582,630 *	0.87% *
2021	6,320	6,320	-	567,386 *	1.11% *
2020	20,862	20,862	-	500,589	4.17%
2019	18,809	18,809	-	472,493	3.98%
2018	14,108	14,108	-	370,544	3.81%
<i>Retiree Medical Plan (RMP)</i>					
2024	\$ 7,670	\$ 7,670	\$ -	768,538	1.00%
2023	7,287	7,287	-	688,011 *	1.06% *
2022	6,264	6,264	-	582,630 *	1.08% *
2021	7,215	7,215	-	567,386 *	1.27% *
2020	6,643	6,643	-	500,589	1.33%
2019	4,459	4,459	-	472,493	0.94%
2018	3,799	3,799	-	370,544	1.03%
<i>Occupational Death and Disability (ODD)</i>					
2024	\$ 2,278	\$ 2,278	\$ -	768,538	0.30%
2023	1,988	1,988	-	688,011 *	0.29% *
2022	1,815	1,815	-	582,630 *	0.31% *
2021	1,749	1,749	-	567,386 *	0.31% *
2020	1,309	1,309	-	500,589	0.26%
2019	1,231	1,231	-	472,493	0.26%
2018	590	590	-	370,544	0.16%

* Restated amounts, due to error in original calculation.

Notes:

Information in this table reports the Borough's PERS-OPEB contributions during fiscal year 2024. These contributions are reported as deferred outflow on the June 30, 2024 basic financial statements.

This schedule is intended to present 10 years of information. Information has been provided since the implementation of GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Additional years will be displayed as they are available.

SCHEDULE OF DENALI BOROUGH SCHOOL DISTRICT INFORMATION ON NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
June 30, 2024

Year Ended June 30	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.0363%	\$ 1,883,720	\$ 630,837	\$ 2,514,557	\$ 1,238,532	152%	68.23%
2023	0.0511%	2,602,773	718,085	3,320,858	1,290,359	202%	67.97%
2022	0.0482%	1,767,765	241,800	2,009,565	1,437,718	123%	74.46%
2021	0.0395%	2,329,881	962,419	3,292,300	1,246,195	187%	61.61%
2020	0.0416%	2,277,439	905,853	3,183,292	1,212,280	188%	63.42%
2019	0.0516%	2,564,663	744,140	3,308,803	2,216,402	116%	65.19%
2018	0.0547%	2,829,703	1,053,491	3,883,194	3,032,644	93%	63.37%
2017	0.0469%	2,618,915	334,481	2,953,396	2,847,636	92%	59.55%
2016	0.0292%	1,417,006	378,304	1,795,310	2,767,329	51%	63.96%
2015	0.0328%	1,111,796	1,072,400	2,184,196	1,975,177	56%	62.37%

Notes:

Information presented for 2024 is based on the plan measurement date. For June 30, 2024, the plan measurement date is June 30, 2023.

SCHEDULE OF DENALI BOROUGH SCHOOL DISTRICT CONTRIBUTIONS (PENSION)
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
June 30, 2024

Year Ended June 30	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 126,706	\$ 112,726	\$ 13,980	\$ 1,113,591	11.38%
2023	128,712	137,688	(8,976)	1,238,532	10.39%
2022	136,713	136,713	-	1,290,359	10.59%
2021	150,817	148,789	2,028	1,437,718	10.49%
2020	92,229	92,644	(415)	1,246,195	7.40%
2019	87,083	84,932	2,151	1,212,280	7.18%
2018	264,070	264,070	-	2,216,402	11.91%
2017	183,851	183,851	-	3,032,644	6.06%
2016	174,505	174,505	-	2,847,636	6.13%
2015	157,251	157,251	-	2,767,329	5.68%

Notes:

Information in this table reports the District's pension contributions to PERS during fiscal year 2024. These contributions are reported as a deferred outflow on the June 30, 2024 basic financial statements.

SCHEDULE OF DENALI BOROUGH SCHOOL DISTRICT INFORMATION ON NET OPEB LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
June 30, 2024

Year Ended June 30	District's Proportion of the Net OPEB Liability(Asset)	District's Proportionate Share of the Net OPEB Liability(Asset)	State of Alaska Proportionate Share of the Net OPEB Liability(Asset)	Total Net OPEB Liability(Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability(Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability(Asset)
Alaska Retiree Healthcare Trust Plan (ARHCT)							
2024	0.0363%	\$ (834,865)	\$ (282,837)	\$ (1,117,702)	\$ 1,238,532	-67.41%	133.96%
2023	0.0508%	(998,621)	(283,745)	(1,282,366)	1,290,359	-77.39%	128.51%
2022	0.0485%	(1,242,996)	(158,710)	(1,401,706)	1,437,718	-86.46%	135.54%
2021	0.0395%	(178,891)	(73,733)	(252,624)	1,246,195	-14.35%	106.15%
2020	0.0416%	61,692	24,525	86,217	1,212,280	5.09%	98.13%
2019	0.0516%	529,741	153,921	683,662	2,216,402	23.90%	88.12%
2018	0.0547%	461,909	172,256	634,165	3,032,644	15.23%	89.68%
Retiree Medical Plan (RMP)							
2024	0.0698%	\$ (33,129)	\$ -	\$ (33,129)	\$ 536,986	-6.17%	124.29%
2023	0.0813%	(28,229)	-	(28,229)	588,314	-4.80%	120.08%
2022	0.0985%	(26,434)	-	(26,434)	656,823	-4.02%	115.10%
2021	0.0921%	6,531	-	6,531	568,314	1.15%	92.23%
2020	0.0979%	23,416	-	23,416	628,671	3.72%	83.17%
2019	0.1025%	13,038	-	13,038	603,292	2.16%	88.71%
2018	0.0943%	4,916	-	4,916	616,628	0.80%	93.98%
Occupational Death and Disability (ODD)							
2024	0.0583%	\$ (29,885)	\$ -	\$ (29,885)	\$ 1,238,532	-2.41%	349.24%
2023	0.0691%	(30,275)	-	(30,275)	1,290,359	-2.35%	348.80%
2022	0.0836%	(36,863)	-	(36,863)	1,437,718	-2.56%	374.22%
2021	0.0738%	(20,111)	-	(20,111)	1,246,195	-1.61%	283.80%
2020	0.0778%	(18,866)	-	(18,866)	1,212,280	-1.56%	297.43%
2019	0.1025%	(19,900)	-	(19,900)	2,216,402	-0.90%	270.62%
2018	0.0943%	(13,374)	-	(13,374)	3,032,644	-0.44%	212.97%

Notes:

Information presented for 2024 is based on the plan measurement date. For June 30, 2024, the plan measurement date is June 30, 2023.

This schedule is intended to present 10 years of information. Information has been provided since the implementation of GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Additional years will be displayed as they are available.

SCHEDULE OF DENALI BOROUGH SCHOOL DISTRICT CONTRIBUTIONS (OPEB)
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
June 30, 2024

Year Ended June 30	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
<i>Alaska Retiree Healthcare Trust (ARHCT)</i>					
2024	\$ -	\$ -	\$ -	1,113,591	0.00%
2023	-	-	-	1,238,532	0.00%
2022	-	-	-	1,290,359	0.00%
2021	270	270	-	1,437,718	0.02%
2020	36,830	36,830	-	1,246,195	2.96%
2019	28,799	28,799	-	1,212,280	2.38%
2018	34,464	34,464	-	2,216,402	1.55%
<i>Retiree Medical Plan (RMP)</i>					
2024	\$ 11,797	\$ 11,797	\$ -	531,650	2.22%
2023	13,084	13,084	-	536,986	2.44%
2022	13,753	13,753	-	588,314	2.34%
2021	18,277	18,277	-	656,823	2.78%
2020	16,425	16,425	-	568,314	2.89%
2019	11,486	11,486	-	628,671	1.83%
2018	11,945	11,945	-	603,292	1.98%
<i>Occupational Death and Disability (ODD)</i>					
2024	\$ 3,504	\$ 3,504	\$ -	1,113,591	0.31%
2023	3,568	3,568	-	1,238,532	0.29%
2022	3,984	3,984	-	1,290,359	0.31%
2021	4,461	4,461	-	1,437,718	0.31%
2020	3,235	3,235	-	1,246,195	0.26%
2019	3,177	3,177	-	1,212,280	0.26%
2018	1,856	1,856	-	2,216,402	0.08%

Notes:

Information in this table reports the Borough's PERS-OPEB contributions during fiscal year 2024. These contributions are reported as deferred outflow on the June 30, 2024 basic financial statements.

This schedule is intended to present 10 years of information. Information has been provided since the implementation of GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Additional years will be displayed as they are available.

SCHEDULE OF DENALI BOROUGH SCHOOL DISTRICT INFORMATION ON NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM (TRS)
June 30, 2024

Year Ended June 30	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.1308%	\$ 2,300,021	\$ 3,638,870	\$ 5,938,891	\$ 2,731,067	84.22%	77.62%
2023	0.1550%	2,582,999	3,445,429	6,028,428	2,902,460	88.99%	78.33%
2022	0.2000%	1,592,044	1,350,271	2,942,315	2,963,774	53.72%	89.43%
2021	0.1370%	2,784,830	4,834,728	7,619,558	2,677,699	104.00%	72.81%
2020	0.1328%	2,481,492	3,682,988	6,164,480	2,512,890	98.75%	74.68%
2019	0.1240%	2,372,779	3,526,228	5,899,007	3,615,917	65.62%	74.09%
2018	0.1099%	2,227,519	3,888,687	6,116,206	4,600,632	48.42%	72.39%
2017	0.1148%	2,622,302	3,115,493	5,737,795	4,709,751	55.68%	68.40%
2016	0.1091%	2,029,491	3,242,563	5,272,054	4,540,371	44.70%	73.82%
2015	0.0328%	983,255	6,482,144	7,465,399	1,936,415	50.78%	55.70%

Notes:

Information presented for 2024 is based on the plan measurement date. For June 30, 2024, the plan measurement date is June 30, 2023.

SCHEDULE OF DENALI BOROUGH SCHOOL DISTRICT CONTRIBUTIONS (PENSION)
TEACHERS RETIREMENT SYSTEM (TRS)
June 30, 2024

Year Ended June 30	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 166,285	\$ 166,285	\$ -	\$ 2,702,500	6.15%
2023	172,108	172,146	38	2,731,067	6.30%
2022	106,485	106,485	-	2,902,460	3.67%
2021	102,437	104,268	1,831	2,963,774	3.46%
2020	121,235	119,234	(2,001)	2,677,699	4.53%
2019	123,134	110,107	(13,027)	2,512,890	4.90%
2018	120,394	120,394	-	3,615,917	3.33%
2017	94,972	94,972	-	4,600,632	2.06%
2016	84,272	84,272	-	4,709,751	1.79%
2015	81,755	81,755	-	4,540,371	1.80%

Notes:

Information in this table reports the District's pension contributions to TRS during fiscal year 2024. These contributions are reported as a deferred outflow on the June 30, 2024 basic financial statements.

SCHEDULE OF DENALI BOROUGH SCHOOL DISTRICT INFORMATION ON NET OPEB LIABILITY
TEACHERS RETIREMENT SYSTEM (TRS)
June 30, 2024

Year Ended June 30	District's Proportion of the Net OPEB Liability(Asset)	District's Proportionate Share of the Net OPEB Liability(Asset)	State of Alaska Proportionate Share of the Net OPEB Liability(Asset)	Total Net OPEB Liability(Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability(Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability(Asset)
<i>Alaska Retiree Healthcare Trust Plan (ARHCT)</i>							
2024	0.13%	\$ (1,361,810)	\$ (2,049,096)	\$ (3,410,906)	\$ 2,731,067	-49.86%	140.49%
2023	0.16%	\$ (1,388,404)	\$ (1,782,563)	\$ (3,170,967)	\$ 2,902,460	-47.84%	134.84%
2022	0.21%	\$ (2,418,673)	\$ (1,888,059)	\$ (4,306,732)	\$ 2,963,774	-81.61%	145.41%
2021	0.14%	\$ (489,192)	\$ (851,451)	\$ (1,340,643)	\$ 2,677,699	-18.27%	113.78%
2020	0.13%	\$ (202,861)	\$ (301,736)	\$ (504,597)	\$ 2,512,890	-8.07%	105.50%
2019	0.12%	\$ 385,037	\$ 574,765	\$ 959,802	\$ 3,615,917	10.65%	90.23%
2018	0.11%	\$ 201,444	\$ 353,410	\$ 554,854	\$ 4,600,632	4.38%	93.75%
<i>Retiree Medical Plan (RMP)</i>							
2024	0.30%	\$ (65,516)	\$ -	\$ (65,516)	\$ 1,245,613	-5.26%	140.71%
2023	0.31%	\$ (59,818)	\$ -	\$ (59,818)	\$ 1,230,318	-4.86%	140.73%
2022	0.33%	\$ (65,784)	\$ -	\$ (65,784)	\$ 1,208,702	-5.44%	142.54%
2021	0.31%	\$ (31,035)	\$ -	\$ (31,035)	\$ 1,063,909	-2.92%	125.59%
2020	0.32%	\$ (12,082)	\$ -	\$ (12,082)	\$ 1,059,992	-1.14%	110.03%
2019	0.33%	\$ (10,553)	\$ -	\$ (10,553)	\$ 1,117,532	-0.94%	109.56%
2018	0.35%	\$ (16,412)	\$ -	\$ (16,412)	\$ 695,358	-2.36%	118.16%
<i>Occupational Death and Disability (ODD)</i>							
2024	0.30%	\$ (20,450)	\$ -	\$ (20,450)	\$ 2,731,067	-0.75%	1268.28%
2023	0.31%	\$ (18,691)	\$ -	\$ (18,691)	\$ 2,902,460	-0.64%	12.6828
2022	0.33%	\$ (19,999)	\$ -	\$ (19,999)	\$ 2,963,774	-0.67%	1254.36%
2021	0.31%	\$ (13,500)	\$ -	\$ (13,500)	\$ 2,677,699	-0.50%	931.08%
2020	0.32%	\$ (12,674)	\$ -	\$ (12,674)	\$ 2,512,890	-0.50%	1409.77%
2019	0.33%	\$ (11,570)	\$ -	\$ (11,570)	\$ 3,615,917	-0.32%	1304.81%
2018	0.35%	\$ (11,315)	\$ -	\$ (11,315)	\$ 4,600,632	-0.25%	1342.59%

Notes:

Information presented for 2024 is based on the plan measurement date. For June 30, 2024, the plan measurement date is June 30, 2023. The District is not reporting any changes in benefit terms or assumptions from the prior measurement period.

This schedule is intended to present 10 years of information. Information has been provided since the implementation of GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Additional years will be displayed as they are available.

SCHEDULE OF DENALI BOROUGH SCHOOL DISTRICT CONTRIBUTIONS (OPEB)
TEACHERS RETIREMENT SYSTEM (TRS)
June 30, 2024

Year Ended June 30	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
<i>Alaska Retiree Healthcare Trust (ARHCT)</i>					
2024	\$ -	\$ -	\$ -	2,702,500	0.00%
2023	-	-	-	2,731,067	0.00%
2022	89,698	89,698	-	2,902,460	3.09%
2021	101,169	101,169	-	2,963,774	3.41%
2020	68,393	68,393	-	2,677,699	2.55%
2019	61,676	61,676	-	2,512,890	2.45%
2018	59,625	59,625	-	3,615,917	1.65%
<i>Retiree Medical Plan (RMP)</i>					
2024	\$ 12,615	\$ 12,615	\$ -	1,268,336	0.99%
2023	13,212	13,212	-	1,245,613	1.06%
2022	12,621	12,621	-	1,230,318	1.03%
2021	13,814	13,814	-	1,208,702	1.14%
2020	14,035	14,035	-	1,063,909	1.32%
2019	9,717	9,717	-	1,059,992	0.92%
2018	10,794	10,794	-	1,117,532	0.97%
<i>Occupational Death and Disability (ODD)</i>					
2024	\$ 1,231	\$ 1,231	\$ -	2,702,500	0.05%
2023	1,215	1,215	-	2,731,067	0.04%
2022	1,217	1,217	-	2,902,460	0.04%
2021	1,188	1,188	-	2,963,774	0.04%
2020	1,030	1,030	-	2,677,699	0.04%
2019	984	984	-	2,512,890	0.04%
2018	-	-	-	3,615,917	0.00%

Notes:

Information in this table reports the District's TRS OPEB contributions during fiscal year 2024.

This schedule is intended to present 10 years of information. Information has been provided since the implementation of GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Additional years will be displayed as they are available.

SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

Combining and Individual Fund Statements and Schedules

Combining Balance Sheet – Non-Major Governmental Funds

Combining Statement of Revenues, Expenditures and Changes
In Fund Balances – Non-Major Governmental Funds

Statements of Revenues and Expenditures – Budget and Actual
Special Revenue Funds

Emergency Management Performance Grant
Division of Forestry Cooperative Agreement
Healthy and Equitable Communities MOA Grant
Rural Business Development Grant
Congressionally Directed Spending
Zero Landfill Initiative Grant

DENALI BOROUGH
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2024

	Special Revenue Funds					Total
	Emergency Management Performance Grant	Division of Forestry Cooperative Agreement	Healthy and Equitable Communities MOA Grant	Congressionally Directed Spending	Zero Landfill Initiative Grant	
 <u>ASSETS</u>						
Cash and cash equity	\$ -	-	-	2,761,489	8,971	2,770,460
Receivables from other governments	11,785	43,222	3,779	-	-	58,786
Total assets	\$ 11,785	43,222	3,779	2,761,489	8,971	2,829,246
 <u>LIABILITIES</u>						
Grant advance	-	-	-	2,761,489	8,971	2,770,460
Payables to other governments	11,785	43,222	3,779	-	-	58,786
Total liabilities	11,785	43,222	3,779	2,761,489	8,971	2,829,246
 <u>FUND EQUITY</u>						
Restricted	-	-	-	-	-	-
Total fund balances	-	-	-	-	-	-
Total liabilities and fund balances	\$ 11,785	43,222	3,779	2,761,489	8,971	2,829,246

See independent auditors' report.

DENALI BOROUGH
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2024

	Special Revenue Funds						Total
	Emergency Management Performance Grant	Division of Forestry Cooperative Agreement	Healthy and Equitable Communities MOA Grant	Rural Business Development Fund	Congressionally Directed Spending	Zero Landfill Initiative Grant	
REVENUES							
Intergovernmental	\$ 74,904	54,603	22,883	91,820	58,511	4,029	306,750
Total revenues	<u>74,904</u>	<u>54,603</u>	<u>22,883</u>	<u>91,820</u>	<u>58,511</u>	<u>4,029</u>	<u>306,750</u>
EXPENDITURES							
Current							
General government	70,489	54,603	22,883	1,800	58,511	4,029	212,315
Total expenditures	<u>70,489</u>	<u>54,603</u>	<u>22,883</u>	<u>1,800</u>	<u>58,511</u>	<u>4,029</u>	<u>212,315</u>
Excess (deficiency) of revenues over expenditures	4,415	-	-	90,020	-	-	94,435
OTHER FINANCING SOURCES (USES)							
Operating transfer (to) from							
Land management fund	(39,660)	-	-	(112,975)	-	-	(152,635)
General fund	34,615	-	-	-	-	-	34,615
	<u>(5,045)</u>	<u>-</u>	<u>-</u>	<u>(112,975)</u>	<u>-</u>	<u>-</u>	<u>(118,020)</u>
Net change in fund balances	(630)	-	-	(22,955)	-	-	(23,585)
FUND BALANCE, July 1	<u>630</u>	<u>-</u>	<u>-</u>	<u>22,955</u>	<u>-</u>	<u>-</u>	<u>23,585</u>
FUND BALANCE, June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See independent auditors' report.

DENALI BOROUGH
SPECIAL REVENUE FUND
EMERGENCY MANAGEMENT PERFORMANCE GRANT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
Year Ended June 30, 2024

	Award	Actual		Total	Variance
		Prior	Current		Favorable (Unfavorable)
REVENUES					
State of Alaska -					
Division of Homeland Security and Emergency Management					
State Homeland Security Grant Program '22	\$ 100,340	60,680	39,660	100,340	-
State Homeland Security Grant Program '23	197,750	-	-	-	197,750
Emergency Management Performance Grant '22	29,615	24,371	5,244	29,615	-
Emergency Management Performance Grant '23	30,000	-	30,000	30,000	-
Total revenues	357,705	85,051	74,904	159,955	197,750
EXPENDITURES					
State of Alaska -					
Division of Homeland Security and Emergency Management					
State Homeland Security Grant Program '22	100,340	60,680	-	60,680	39,660
State Homeland Security Grant Program '23	197,750	-	-	-	197,750
Emergency Management Performance Grant '22	29,615	48,741	10,489	59,230	(29,615)
Emergency Management Performance Grant '23	30,000	-	60,000	60,000	(30,000)
Total expenditures	357,705	109,421	70,489	179,910	177,795
Excess (deficiency) of revenues over expenditures	-	(24,370)	4,415	(19,955)	(19,955)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	25,000	34,615	59,615	59,615
Transfers out	-	-	(39,660)	(39,660)	(39,660)
	-	25,000	(5,045)	19,955	19,955
Excess of revenues over expenditures and other financing sources	\$ -	630	(630)	-	-

See independent auditors' report.

DENALI BOROUGH
SPECIAL REVENUE FUND
DIVISION OF FORESTRY COOPERATIVE AGREEMENT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
Year Ended June 30, 2024

	Award	Prior	Actual Current	Total	Variance Favorable (Unfavorable)
REVENUES					
State of Alaska -					
Division of Forestry Cooperative Agreement \$	40,000	4,715	11,381	16,096	23,904
Division of Forestry Cooperative Agreement	90,000	-	43,222	43,222	46,778
Total revenues	<u>130,000</u>	<u>4,715</u>	<u>54,603</u>	<u>59,318</u>	<u>70,682</u>
EXPENDITURES					
Division of Forestry Cooperative Agreement	40,000	4,715	11,381	16,096	23,904
Division of Forestry Cooperative Agreement	90,000	-	43,222	43,222	46,778
Total expenditures	<u>130,000</u>	<u>4,715</u>	<u>54,603</u>	<u>59,318</u>	<u>70,682</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See independent auditors' report.

DENALI BOROUGH
SPECIAL REVENUE FUND
HEALTHY AND EQUITABLE COMMUNITIES MOA GRANT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
Year Ended June 30, 2024

	Award	Prior	Actual Current	Total	Variance Favorable (Unfavorable)
REVENUES					
State of Alaska -					
Department of Health and Social Services					
MOA C0622-584-F	\$ 35,556	12,673	22,883	35,556	-
Total revenues	<u>35,556</u>	<u>12,673</u>	<u>22,883</u>	<u>35,556</u>	<u>-</u>
EXPENDITURES					
State of Alaska -					
Department of Health and Social Services					
MOA C0622-584-F	35,556	12,673	22,883	35,556	-
Total expenditures	<u>35,556</u>	<u>12,673</u>	<u>22,883</u>	<u>35,556</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See independent auditors' report.

DENALI BOROUGH
SPECIAL REVENUE FUND
RURAL BUSINESS DEVELOPMENT GRANT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
Year Ended June 30, 2024

	Award	Actual		Total	Variance Favorable (Unfavorable)
		Prior	Current		
REVENUES					
Department of Agriculture					
Rural Business Development Grant	\$ 91,820	-	91,820	91,820	-
Total revenues	<u>91,820</u>	<u>-</u>	<u>91,820</u>	<u>91,820</u>	<u>-</u>
EXPENDITURES					
Department of Agriculture					
Rural Business Development Grant	91,820	-	1,800	1,800	90,020
Total expenditures	<u>91,820</u>	<u>-</u>	<u>1,800</u>	<u>1,800</u>	<u>90,020</u>
Excess (deficiency) of revenues over expenditures	-	-	90,020	90,020	90,020
OTHER FINANCING SOURCES (USES)					
Transfers in	-	22,955	-	22,955	22,955
Transfers out	-	-	(112,975)	(112,975)	(112,975)
	-	22,955	(112,975)	(90,020)	(90,020)
Excess of revenues over expenditures and other financing sources	<u>\$ -</u>	<u>22,955</u>	<u>(22,955)</u>	<u>-</u>	<u>-</u>

See independent auditors' report.

DENALI BOROUGH
SPECIAL REVENUE FUND
CONGRESSIONALLY DIRECTED SPENDING
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
Year Ended June 30, 2024

	<u>Award</u>	<u>Prior</u>	<u>Actual Current</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES					
Congressionally Directed Spending					
National Park Service					
Alaska Trails Association for Pedestrian Pathway	\$ 2,180,000	-	58,511	58,511	2,121,489
Total revenues	<u>2,180,000</u>	<u>-</u>	<u>58,511</u>	<u>58,511</u>	<u>2,121,489</u>
EXPENDITURES					
Congressionally Directed Spending					
National Park Service					
Alaska Trails Association for Pedestrian Pathway	2,180,000	-	58,511	58,511	2,121,489
Total expenditures	<u>2,180,000</u>	<u>-</u>	<u>58,511</u>	<u>58,511</u>	<u>2,121,489</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See independent auditors' report.

DENALI BOROUGH
SPECIAL REVENUE FUND
ZERO LANDFILL INITIATIVE GRANT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
Year Ended June 30, 2024

	Award	Prior	Actual Current	Total	Variance Favorable (Unfavorable)
REVENUES					
National Park Foundation Zero Landfill Initiative	\$ 13,000	-	4,029	4,029	8,971
Total revenues	13,000	-	4,029	4,029	8,971
EXPENDITURES					
National Park Foundation Zero Landfill Initiative	13,000	-	4,029	4,029	8,971
Total expenditures	13,000	-	4,029	4,029	8,971
Excess (deficiency) of revenues over expenditures	\$ -	-	-	-	-

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COMPLIANCE
REPORT





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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and
Members of the Borough Assembly
Denali Borough

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Denali Borough, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Denali Borough's basic financial statements, and have issued our report thereon dated December 31, 2024. Our report includes reference to other auditors who audited the financial statements of Denali Borough School District, as described in our report on Denali Borough's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Denali Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alliance CPAs LLC

December 31, 2024
Fairbanks, Alaska