

FAIRBANKS NORTH STAR BOROUGH

Comprehensive Annual Financial Report

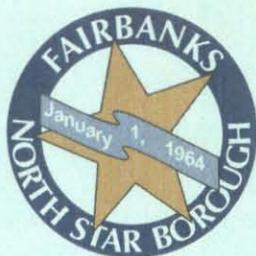
For the Year Ended

June 30, 2009



United States Mint image

Celebrating 50 Years of Alaska Statehood



FAIRBANKS NORTH STAR BOROUGH
809 Pioneer Road * P.O. Box 71267 * Fairbanks, Alaska 99707-1267
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FAIRBANKS NORTH STAR BOROUGH

Fairbanks, Alaska

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009

Jim Whitaker, Borough Mayor

Prepared by
Financial Services Department:

Michael E. Lamb, Chief Financial Officer
Debra L. R. Brady, Controller

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INTRODUCTORY SECTION

General Information about the Borough

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List of Principal Officials

GENERAL INFORMATION ABOUT THE BOROUGH

The Fairbanks North Star Borough is a second-class Borough incorporated on January 1, 1964 under the provisions of the State of Alaska Borough Act (1963), as amended. The Borough covers 7,361 square miles within the Tanana River Valley of the interior region of Alaska. The Borough population is 97,970¹ and has an assessed valuation of \$8.0 billion, of which \$694.1 million is related to the trans-Alaska oil pipeline. There are two first-class cities located within the Borough's boundaries; North Pole with 2,099 residents and Fairbanks with a population of 30,367. North Pole was incorporated in 1953. Fairbanks was incorporated by E.T. Barnette in 1903 following the nearby discovery of gold by Felix Pedro. There are also two large military installations within the Borough, Fort Wainwright Army Post and Eielson Air Force Base.

Fairbanks' climate is extreme. Annual precipitation averages just over ten inches. However, the winter snow averages almost six feet per year. It generally melts around the end of April. By July, the average high temperature is 73° Fahrenheit, with over 20 hours of daylight for most of the month. The nights are really only twilight. Temperatures often reach into the 80s and can occasionally reach 90° during the short summer. By the first part of October, there is usually snow on the ground again. At winter solstice, the sun is up for less than four hours. It is not uncommon for the temperature to get down to -40° Fahrenheit a few times each winter and even down to -60° Fahrenheit some winters. However, the average low and high temperatures in January are -13° and 2° Fahrenheit.

From Fairbanks International Airport, it is 50 minutes by air to Anchorage, four hours to Seattle, eight hours to Tokyo, eight and a half hours to New York, and nine and a half hours to London. All major highways in interior Alaska converge on Fairbanks. The Parks Highway connects the interior with Denali National Park and Anchorage. The Steese, Elliott, and Dalton Highways extend north and east to the Yukon River at Circle, north and west to the Tanana River at Manley Hot Springs, and north to the Arctic Ocean and the North Slope oil fields. The Richardson and Alaska Highways link Fairbanks to Valdez to the south and southeast past the Canadian border to Dawson Creek, British Columbia. Fairbanks is the northern terminus of the Alaska Railroad, which carries freight and passengers to and from Denali National Park, Wasilla, Anchorage, Whittier, and Seward.

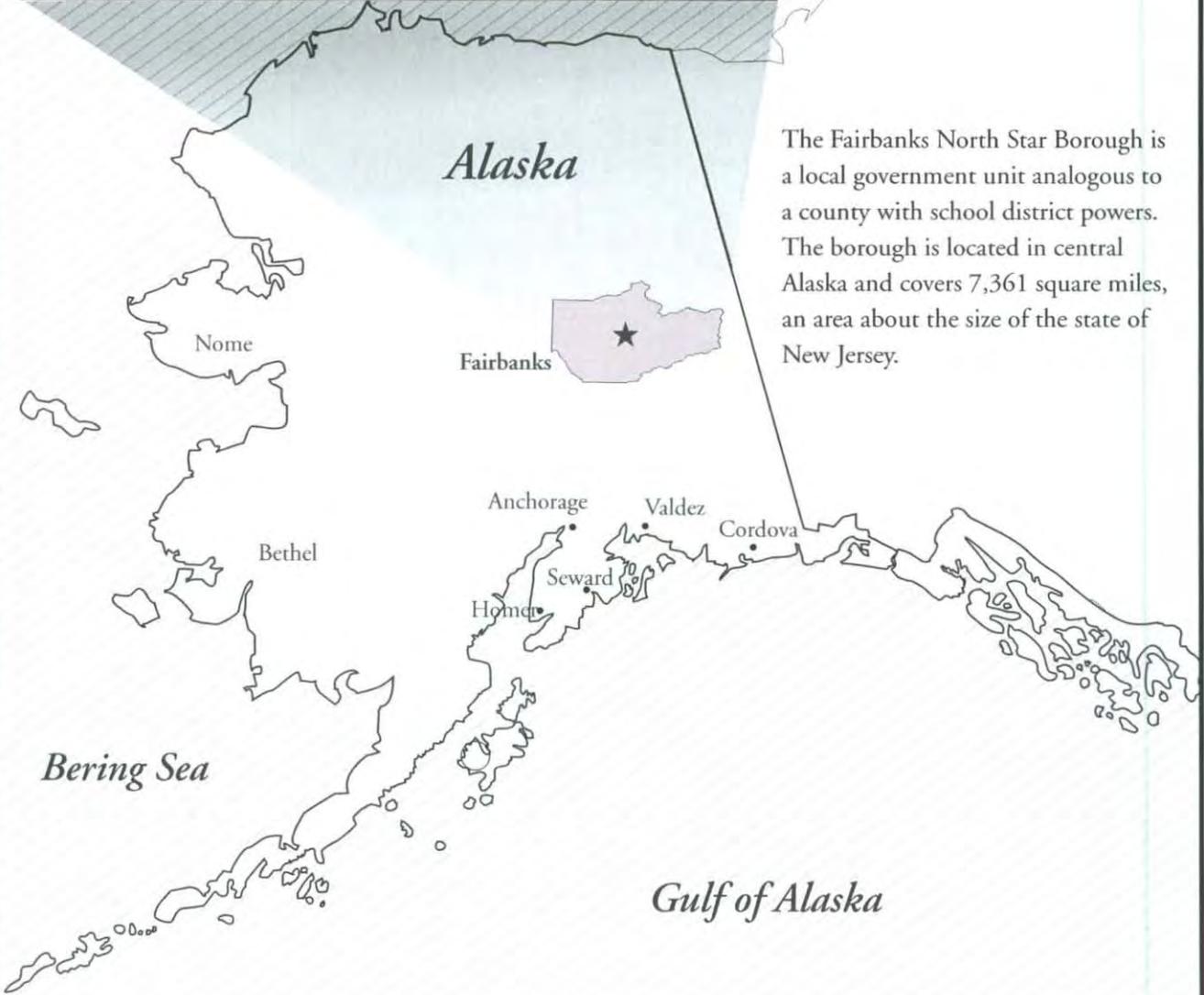
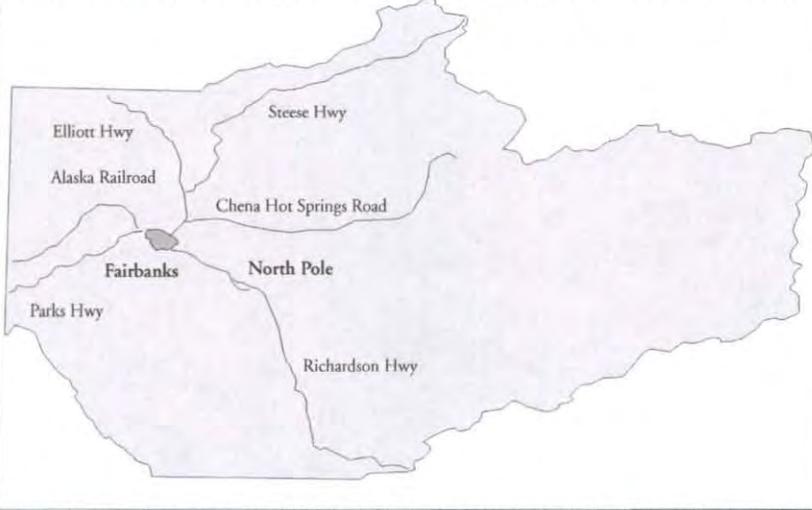
The University of Alaska Fairbanks (UAF) is the flagship campus of the State university system. UAF employs 2,418 regular full- and part-time faculty and staff. Fall 2009 enrollment reached 9,137 students (4,287 full-time and 4,850 part-time), and currently has 1,160 students enrolled in graduate studies. In fiscal year 2009, 1,002 students graduated from an academic program. UAF expended \$106 million in research in fiscal year 2009. The university has an exceptional museum which received 92,990 visitors in fiscal year 2009. UAF's excellent research facilities include the Geophysical Institute's Poker Flat Rocket Range, the only university-owned and operated sounding rocket launch facility in the world.

The Borough has over 100 parks. A major attraction among these is the 44-acre Pioneer Park -- a look at yesteryear -- with historic buildings, a stern-wheeler riverboat, and small shops. The largest of the Borough parks is the 2,178-acre Chena Lake Recreation Area with 80 campsites, swimming, and boating. The Borough's parks and recreational facilities include over 60 miles of summer and winter trails, playgrounds, picnic areas and pavilions, indoor and outdoor ice rinks, a community activity and convention center, numerous athletic fields, and three indoor swimming pools.

There are 13 hotels and motels in the Borough. In addition, there are 41 bed and breakfasts, 10 lodges, and several recreational vehicle parks and campgrounds accommodating the area.

¹ Population figures per Alaska Department of Commerce, Community, and Economic Development

FAIRBANKS NORTH STAR BOROUGH



The Fairbanks North Star Borough is a local government unit analogous to a county with school district powers. The borough is located in central Alaska and covers 7,361 square miles, an area about the size of the state of New Jersey.



Fairbanks North Star Borough

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P.O. Box 71267

Fairbanks, Alaska 99707-1267

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December 16, 2009

To the Honorable Mayor,
Members of the Assembly, and Citizens
Fairbanks North Star Borough
Fairbanks, Alaska

We present to you the Comprehensive Annual Financial Report (CAFR) of the Fairbanks North Star Borough (Borough) for the fiscal year ended June 30, 2009. The CAFR includes financial statements and other information that were prepared and audited in accordance with the Fairbanks North Star Borough's Code of Ordinances, FNSBC 3.01.200, and with Alaska Statutes, AS 29.35.120.

INTRODUCTION TO THE REPORT

Responsibility

The Borough is responsible for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position, changes in financial position, and disclosures of the various activity groupings and funds of the Borough in accordance with generally accepted accounting principles (GAAP).

Internal Control

In accepting responsibility for the financial statements, management of the Borough relies on its establishment and maintenance of a comprehensive framework of internal control. Internal control is designed to provide reasonable, but not absolute, assurance regarding the achievement of:

- reliability of financial records for preparing financial statements that are fairly presented in conformity with GAAP,
- effectiveness and efficiency of operations, and
- compliance with applicable laws and regulations.

The concept of reasonable assurance recognizes that:

- the cost of a control should not exceed the benefits likely to be derived; and
- evaluation of costs and benefits requires both quantitative and qualitative estimates and judgments by management of the Borough.

Furthermore, internal control, no matter how well designed and operated, has inherent limitations. Breakdowns in internal control can result from faulty human judgment in decision-making, collusion of two or more people, management override, or simple human error or mistake.

Independent Financial Audit

Cook & Haugeberg LLC (Cook & Haugeberg), a licensed certified public accounting firm, audited the Borough's fiscal year 2008-09 financial statements. Cook & Haugeberg rendered "clean" opinions, called unqualified opinions, on those financial statements. Their opinions assert that the financial statements of the Borough are fairly presented in conformity with GAAP. Cook & Haugeberg's report is the first item in the FINANCIAL SECTION of this CAFR.

Single Audits of State and Federal Awards

Annually, in addition to the financial audit described above, the Borough is required to undergo both a federal single audit and a State single audit. Single audits are designed to provide grantors with assurances regarding grants to the Borough, with the independent auditor conducting the single audit work concurrent with their audit work on the Borough's financial statements. The federal single audit was performed in conformity with the provisions of the federal Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996, and of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The State single audit was performed under the State of Alaska's single audit regulations, 02 AAC 45.010.

The results of the Borough's single audits for the fiscal year ended June 30, 2009 provided no instances of material weaknesses or significant deficiencies in internal control, or any violations of applicable laws and regulations. Information related to these single audits, including the auditor's reports on internal control and compliance with applicable laws and regulations, and the schedules of expenditures of federal awards and of State financial assistance, are included in a report, under separate cover, entitled "Fairbanks North Star Borough Reports on Single Audit Requirements for the Fiscal Year Ended June 30, 2009."

Management's Discussion and Analysis

The narrative introduction, overview, and analysis accompanying the basic financial statements, entitled Management's Discussion and Analysis (MD&A), provides an objective and easy-to-read analysis of noteworthy Borough financial activities based on currently known facts, decisions, and conditions. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. MD&A is located after the independent auditor's report in the FINANCIAL SECTION of this CAFR.

PROFILE OF THE FAIRBANKS NORTH STAR BOROUGH

The Fairbanks North Star Borough was incorporated on January 1, 1964, as a second-class borough. Geographically, it covers an area about the size of the state of New Jersey. A borough is most similar to the county form of government used in much of the rest of the United States. Two first-class cities are situated within the Borough's boundaries, Fairbanks and North Pole. The first page under the INTRODUCTORY SECTION tab provides some general and miscellaneous information about the borough. The second page under the tab shows a vicinity map.

Form of Government

The Borough operates under a Mayor-Assembly form of government and is classified as a strong mayor system. The elected full-time Mayor serves as the Borough's chief executive officer for a three-year term. The Mayor can introduce legislation, has veto power, and manages the everyday operations of the Borough. Legislative powers are vested in the Assembly. The Assembly's nine members are elected at-large, on a nonpartisan basis, for overlapping three-year terms.

Powers of the Borough and Services Provided by the Borough

Initially, the Borough exercised three mandatory powers: assessment and tax collection; primary and secondary education; and platting, planning and zoning. Additional powers have been assumed by the voters or added by Alaska Statutes. The Borough currently provides the following services across the entire borough (i.e., areawide): property assessment and collection of property taxes; public schools; platting, planning and zoning; animal control; flood control; library; air pollution control; disaster and civil defense; emergency communication services (enhanced 911); solid waste disposal (landfill); parks and recreation; public transportation system; child care assistance pursuant to a grant from the State of Alaska; limited health and social services; and tourism marketing funded by hotel-motel room taxes.

Non-areawide powers are exercised in the geographic area of the Borough outside the cities of Fairbanks and North Pole. Those powers are emergency medical services, fireworks control, and economic development. The collection of solid waste is exercised in the geographic area of the Borough outside the City of Fairbanks. In addition, the Borough is also responsible for more than one hundred active service areas. Service areas are smaller units within the Borough's boundaries that provide certain specific services, such as roads, fire protection, sewer and water, or streetlights. The Mayor appoints volunteer commissioners, who are confirmed by the Borough Assembly, to oversee the affairs of each service area. This CAFR includes the financial data for these service areas.

Taxes levied on an areawide basis may only be expended on areawide functions. Likewise, taxes levied on a non-areawide basis or within a service area may only be expended on a non-areawide basis or within that service area, respectively. However, in accordance with a statutory exception, the Borough expends some areawide taxes on economic development (a non-areawide power) in conformity with an agreement between the Borough and the Cities of Fairbanks and North Pole.

The Borough and the School District

Component units are legally separate entities for which the primary government (the Borough) is financially accountable. The Fairbanks North Star Borough School District is the Borough's only component unit and as such, summary information for the School District is included in separate columns of the Borough's government-wide financial statements. The School District provides areawide primary and secondary education to the children of the Borough. The School District has no taxing authority and cannot borrow funds. The Borough owns and has responsibility for all school facilities.

The School District has about 30 schools serving approximately 14,100 students. For more information about the Borough and School District's relationship, see Note 1. A. to the financial statements. The School District publishes separate, complete audited financial statements which can be obtained from the

School District Department of Administrative Services, 520 Fifth Avenue, Fairbanks, Alaska 99701; phone number 907-452-2000.

Budgetary Control and Accounting

In early April, the Borough Mayor is required to submit an annual budget to the Borough Assembly (Assembly) for the upcoming fiscal year beginning July 1. After at least one public hearing, the Assembly must adopt a budget by May 31. As with most governments, the Borough budget is law and provides the Assembly with expenditure control over the Borough Administration. For management purposes, the Accounting division of the Financial Services department maintains object-level control over all appropriated budgets of the Borough. However, the legal level of budgetary control for operating funds is, generally, the department within a fund. The budgetary process is explained in Note 1. E. to the financial statements. This note includes a budget calendar and describes in more detail the legal level at which the Borough Administration cannot overspend budgets without supplemental authorization from the Assembly.

ECONOMIC CONDITION INFORMATION

The basic financial statements focus on the Borough's financial position. In MD&A, the Borough's financial position and the changes in that position are discussed and analyzed. The focus of financial position is on the Borough's existing resources and the claims on those resources. Economic condition is a broader concept than financial position. Economic condition encompasses both the Borough's current financial position and the future possibilities for an improving, deteriorating, or stable financial position. Additional information to further help you, the reader, in your assessment of the Borough's economic condition is provided in this section of the transmittal letter.

Economy

Located near the center of the state, and as Alaska's second largest urban area, the borough serves as the economic hub for interior and northern Alaska, including the oil-rich North Slope. Fairbanks has experienced only moderate effects of the national and global recession. In 2008, employment in the borough decreased by one-quarter percent after 19 years of consecutive growth. Another small decline is expected for 2009.

Employment and Industries

Over the last five years, all industry sectors have retained fairly constant rates of employment relative to total borough employment. Fairbanks-area employment is dominated by the services-providing domain. Eighty-nine percent of the borough workforce is employed in this domain. Eleven percent is employed in the goods-producing domain.

Government remains the largest employment sector at 31 percent of total borough employment (9 percent federal, 14 percent State, 8 percent local). The federal government (excluding uniformed military personnel) is the largest employer in the borough. The University of Alaska, based in Fairbanks, is the second largest employer in the borough. The other large government employers are the School District (third), the State of Alaska (non-University, fourth), and the Borough (eighth).

The University's Fairbanks campus (UAF) is the only doctoral-granting institution in Alaska and the principal research center for the statewide university system. Research expenditures for the Fairbanks campus were \$108 million in fiscal year 2008. UAF enrollment increased 4.5 percent for the fall 2009 semester. The largest capital project currently under construction at UAF is the \$11.2 million revitalization of the Arctic Health Research Building, expected to be completed in summer 2010. The University Board of Regents approved a \$108.6 million new life sciences facility on the Fairbanks campus as its sole new construction request to the State Legislature for fiscal year 2011 and the Governor has included it in his 2011 recommended budget.

Trade, transportation, and utilities is the next largest employment sector in the borough, accounting for 20 percent of total employment. Fred Meyer is the sixth largest employer in the borough. Wal-Mart and Sam's Club together are the seventh largest employer in the borough. Carrs/Safeway is the tenth largest employer. Wal-Mart, Fred Meyer East, and Fred Meyer West are currently the eighth, eleventh, and twelfth largest taxable properties in the Borough, respectively. Retail trade sector events in 2009 included: the opening of a Sports Authority store in May 2009; postponement of Target's plans for building a Fairbanks store given the poor national economy, particularly in the Lower 48; and this spring, despite efforts to sell the company as a going concern, Gottschalks closing its doors across the western United States and liquidating all of its assets.

In the transportation subsector, Alyeska Pipeline Service Company (Alyeska) is the consortium of oil companies operating the trans-Alaska pipeline system (TAPS) that transports oil from the North Slope to the Gulf of Alaska. Federal and State rights-of-way for TAPS are valid through 2034. Alyeska is the Borough's largest property taxpayer. Alyeska recently announced that it is replacing its primary contractor for operations and maintenance of the pipeline system with a non-union contractor, representing 300 to 400 contract jobs that have been performed by union members for the past 30 years. Those union employees could seek work with the new non-union contractor or lose their jobs, almost 100 of which are estimated to be based out of Fairbanks. It is hoped that the non-union contractor will hire Alaskans to fill those jobs. Alyeska will also be consolidating its offices and shifting workers to Anchorage. In Fairbanks, one or two of the four facilities here will close.

The Terminal Area Development Project (TADP) at the State's Fairbanks International Airport completed its final phase in fall 2009, encompassing the expansion, renovation, and demolition of various parts of the terminal building, along with major reconfigurations of both the airside and landside facilities. A separate \$33 million runway reconstruction project was undertaken, and also completed, in 2009.

The State-owned Alaska Railroad laid off 127 employees in 2009, almost 20 percent of its workforce, including six permanent jobs in Fairbanks. Over one-third of the Railroad's revenues come from the Flint Hills oil refinery's shipments from North Pole to Anchorage. More than 50 percent of the jet fuel used at the Anchorage International Airport (AIA) is provided by Flint Hills. The global economic downturn, and flights diverted because of the spring eruptions of Mount Redoubt volcano, significantly reduced AIA's international air cargo volume in 2009 and consequently, the demand for jet fuel. AIA handles the second-largest volume of air cargo in the nation. The Railroad is continuing work on several capital projects in the borough and around the state, the majority of which are funded by federal grants.

The fourth largest taxable property in the Borough is newly taxable and belongs to Doyon Utilities, LLC, a joint venture between Doyon Properties (a subsidiary of Doyon, Limited) and Fairbanks Sewer & Water.

Doyon, Limited is the Alaska Native regional corporation for Interior Alaska. In fall 2007, the U.S. Army awarded Doyon Utilities a 50-year, \$3.9 billion contract to take ownership of 12 water, sewer, heat, and electricity systems at Fort Wainwright Army Post in Fairbanks, Fort Greely in Delta Junction (just south of the Borough), and Fort Richardson in Anchorage – the largest and most complex Army utility privatization contract ever awarded. Following a year-long transition period, Doyon Utilities took over complete management of the utilities in August 2008. Private investment is expected to total around \$100 million during the first five years of the contract.

Twelve percent of total borough employment is in the educational and health services sector. The borough's largest private employer (fifth overall), with about 1,200 employees, is Fairbanks Memorial Hospital/Denali Center, operated by Banner Health. The hospital facilities are owned by the non-profit Greater Fairbanks Community Hospital Foundation, Inc. and are exempt from property taxes in accordance with Alaska Statutes and Borough Code. Phase I of the Harry & Sally Porter Heart Center was completed in 2009. Phase II was begun this past summer, with construction expected to be complete in 2010. Total estimated costs for the Heart Center are \$10.2 million.

Approximately eleven percent of the borough workforce is employed in the leisure and hospitality sector. The Westmark Fairbanks Hotel and the Fairbanks Princess Riverside Lodge are the seventh and ninth largest Borough property taxpayers, respectively. Three new year-round hotels opened in the Borough this past summer: locally-owned Hotel North Pole, a Hampton Inn, and the Best Western Chena River Lodge. Two seasonal hotels closed and the Extended Stay national chain filed for bankruptcy protection.

Although Japan Airlines (JAL) originally increased its scheduled charter flights from 16 to 18 for the 2009 winter, JAL recently cut that number in half due to company restructuring and the global economic recession. For the 2009 summer months, various visitor indicators showed declines of 12 to 25 percent, compared to the 2008 summer. Individual operators reported summer tourists down by up to 35 percent. For 2010, the Alaska Federation of Natives has voted to hold its annual fall convention in Fairbanks.

The construction, mining and logging, and manufacturing sectors comprise the goods-producing domain, and represent 6.8 percent, 3.0 percent, and 1.7 percent of total employment, respectively. Natural resources are an important part of the borough's economy. Flint Hills Resources owns the largest refinery in the state and is the Borough's third largest property taxpayer. As mentioned above, the demand for jet fuel in Anchorage has decreased, resulting in reduced production and revenues at the North Pole refinery. However, in September, Flint Hills stated that the company would continue normal operations for the foreseeable future.

Fairbanks Gold Mining, Inc., operating at Fort Knox, is one of the borough's largest private employers (ninth overall) and its second largest property taxpayer. Pit expansion and recently completed construction of a heap-leaching facility are expected to extend the mine's productive life to 2018. The Pogo gold mine, just seven miles outside the Borough's southern boundary, currently has a ten-year projected operating life. Operations commenced in January 2006 and commercial production levels were achieved in April 2007. At both Fort Knox and Pogo, active continuing exploration is expected to prolong the life of each mine. Another very large gold deposit has been found near Livengood, about 70 miles north of Fairbanks. After additional exploratory drilling, baseline environmental studies, and economic analyses, a decision on whether to invest in a mine is anticipated by the end of 2010. Favorable international metal prices have spurred widespread exploration all across the Interior and the rest of Alaska. Continued high prices will increase the likelihood that the finds being made will be developed.

In addition to the construction projects previously mentioned, the Borough has several projects in progress (see Capital Assets section of MD&A) and the State's contractor is constructing the new \$45.6 million Ruth Burnett Sport Fish Hatchery. The hatchery is being constructed on Borough land, which has been leased to the State for a nominal fee of \$30 over a 30-year term through 2037. Facility construction began in 2008, with completion expected in 2010. Fish stock could be ready for release as early as spring 2011. A multitude of other construction projects are also underway on the two military installations, on roads within the borough, and for a variety of other facilities throughout the borough.

The borough's smallest sector, Information, includes the telecommunications industry. GCI, an integrated telecommunication provider, made the Borough's list of top ten property taxpayers for the first time, at number six. Their aggressive construction program in the city of Fairbanks and on Fort Wainwright Army Post added over \$18 million of taxable value to their properties.

Military Installations

There are two large military installations within the borough, Fort Wainwright Army Post (Fort Wainwright) and Eielson Air Force Base (Eielson). Over 4,000 troops from Fort Wainwright deployed to Iraq in September 2008 for a 12-month tour of duty. Their return this fall provided a noticeable boost to the local economy. Alaska hosts the U.S. Pacific Command's annual Northern Edge air and sea training exercise in which more than 9,000 troops from all branches of the military participate. In addition, Red Flag-Alaska, a ten-day combat training exercise for U.S. Air Force and allied crews, is held three to five times a year with about 3,600 U.S. and international participants, over 2,000 of which deploy to Eielson through the course of a year's exercises.

Cities of Fairbanks and North Pole

In February 2009, the North Pole City Council instituted a hotel-motel room tax and an alcoholic beverage tax, supplanting the Borough's same taxes. North Pole estimates collecting about \$160,000, half from each tax.

In the October 2007 election, City of Fairbanks voters permanently capped the City's property tax levy rate at 4.9 mills (exclusive of debt servicing), or about 90 percent of the then-current levy, and the City has since supplemented its revenue with new fees from a business license system and increases in other fees. Ballot measures in the October 2009 election failed to replace the City's property tax with a three percent general sales tax or to increase the existing tax limitation by \$4 million each for road maintenance and public safety.

In November 2009, the State's Local Boundary Commission (LBC) approved the City of Fairbanks' petition to annex 26 mostly residential enclave lots and a subdivision of three commercial properties west of its City limits. The Borough formally opposes the annexation of the commercial subdivision and estimates a loss of several hundred thousand dollars in areawide alcoholic beverage taxes and in property taxes for the University Fire service area, solid waste collection district, and non-areawide jurisdictions. Following a limited reconsideration period, the LBC-approved petition will be submitted to the Legislature when it convenes in January 2010. The annexation will become effective 45 days later unless disapproved by a concurrent Legislative resolution or by court action.

Natural Gas Pipeline

For many years, Alaskans have been advocating for commercialization of the state's vast natural gas reserves on the North Slope, estimated at 155 trillion cubic feet (mean value), of which 35 trillion cubic

feet are known reserves. Key federal incentives for an Alaska natural gas pipeline were obtained in October 2004 when Congress passed legislation providing for up to \$18 billion in loan guarantees, accelerated depreciation, tax credits, and expedited permitting and judicial review.

There are two competing gas line projects. Under the State's Alaska Gasline Inducement Act (AGIA), TransCanada Corporation was approved for a license, qualifying it for special incentives in advancing the construction of a pipeline. In June 2009, ExxonMobil agreed to work together with TransCanada on the project. Denali – The Alaska Gas Pipeline is a jointly owned company of BP and ConocoPhillips, formed to build a similar pipeline. Both proposed pipeline routes traverse land within the borough and would terminate in Alberta, Canada. In 2010, both projects plan to solicit long-term commitments from natural gas owners to send gas through the pipeline (open season). BP, ConocoPhillips, and ExxonMobil currently hold leases for most of the known reserves. Due to the leaseholders' uncertainty over gas taxes, it is likely those commitments will come with conditions.

Both of the gas line proposals are enormous, multi-year undertakings, with international, federal, and State regulatory and environmental hurdles to overcome. A project is expected to take ten years to permit and construct once a complete application is filed with the Federal Energy Regulatory Commission (FERC), which would occur after financing is obtained, secured by the open season commitments.

See the following web sites for further information:

www.arcticgas.gov

gov.state.ak.us/agia

www.transcanada.com/company/alaska_pipeline_project.html

www.denalipipeline.com

Several related projects are also under consideration (see **Borough Initiatives**, *Alaska Gasline Port Authority* subsection, below).

Unemployment Rate

The average borough monthly unemployment rate for the twelve months ended September 30, 2009 was 7.2 percent, up from 5.6 percent for the same period last year. Unemployment in the borough remains consistently a bit better than the statewide rate. Historically, the borough's unemployment rate is higher than the national rate. However, the recession in Alaska has lagged behind the nation, and in the borough, has also been less pronounced. As a result, both Alaska's and the borough's unemployment rates have remained below the national rate of unemployment.

Real Property Values

Net taxable assessed values (taxable values less exemptions) within the Borough have increased 7.2 percent annually, on average, since 2000. This is despite a voter-approved doubling of the residential property value exemption, from \$10,000 to \$20,000, which first affected the 2006 tax year. New construction has added over \$200 million of value annually for each of the past six years, but is expected to decline next year, as the economic downturn slows commercial and residential construction.

During the same time period, the value of TAPS has both decreased and increased, ranging from a low of 4.8 percent of total assessed value (in 2005) to a high of 8.7 percent (in 2009). TAPS is valued by the State of Alaska for all governments which encompass its route. See Note 19 to the financial statements for information about the disputed 2006, 2007, 2008, and 2009 valuations.

Borough Community Research Center

The Borough's Community Research Center compiles socio-economic data from a variety of sources and on a quarterly basis, publishes a review of those compilations. Electronic copies of the current and past publications are available at www.co.fairbanks.ak.us/CommunityPlanning/CRC.

Local Tax Limit

The Borough has an ordinance, effective since 1987 and reconfirmed by voters every two years, that limits the amount of tax revenue that may be levied by the Borough government. Under this tax cap, the total amount of tax levied during fiscal year 2008-09 could not exceed the total amount levied for fiscal year 2007-08, adjusted for inflation with certain defined exclusions. For computation purposes, the fiscal year 2007-08 tax levy was adjusted for new construction, voter-approved services, certain hotel-motel taxes transferred to the hotel-motel room tax fund (used primarily to fund tourism marketing), and any amount withdrawn from the general fund's fund balance in the preceding year if designated by the Assembly as a reduction to the property tax levy. Furthermore, the limitation applies to all taxing authorities, but does not apply to any levy used for payments on bonds. By Alaska Statutes, reconfirmation by the voters bars the Assembly from overriding or otherwise changing the cap for a two-year period. A ballot proposition to eliminate the adjustment for new construction was voted down in the October 2008 election.

State and Federal Funding to the Borough and School District

The State of Alaska (State) has a debt service and cash payments reimbursement program for school construction. The vast majority of the Borough's debt service on general obligation school bonds is partially reimbursed by the State of Alaska at 70 percent. The Borough received \$9.4 million of reimbursements in fiscal year 2009. The State has historically funded this program at 100 percent of the entitlement amount.

Most shared revenues from the State had been eliminated beginning in fiscal year 2003-04 by the Legislature's failure to fund the major shared revenue programs. However, the Borough received varying amounts and types of "relief" payments in some of the intervening years. In the 2008 legislative session, State Statutes were amended to add a "Community Revenue Sharing Program" (CRS) and establish a CRS Fund. For fiscal year 2009, \$60 million was appropriated for the program, of which the Borough's portion was \$3.6 million. Another \$180 million was appropriated to "forward-fund" the next three fiscal years at \$60 million each year. As prescribed by Statutes, \$60 million from the CRS Fund was distributed to communities for fiscal year 2010, of which the Borough's portion is \$3.8 million.

Oil tax and royalty revenues comprise about 90 percent of the State's discretionary income. The State gained significantly from the record high oil prices during the summer 2008, depositing many of those gains into savings. Oil prices have been highly volatile, rising 50 percent during the first half of 2008, then plunging more than 70 percent over the next six months, now rising steadily to a present level not quite 60 percent of the July 2008 peak price. The State is expecting to end fiscal year 2010 with a \$384 million surplus. While the market price of oil has more than tripled since 1988, Alaska oil production has declined about 65 percent in that same period. Although high oil prices have masked it, there is gathering concern about the continuing decrease in oil production, not only for the future repercussions to the State government, but also because almost one-third of Alaska's economy is directly or indirectly dependent on the petroleum industry.

The Borough receives various recurring amounts from the State and federal governments. The largest of these receipts in fiscal year 2009 were for operations of the Borough's mass transit system (\$795,575), federal and State payments in lieu of taxes (\$618,520), child care assistance program administration (\$575,510), State telephone/electric co-op taxes (\$418,665), the State's Health & Human Services Community Matching Grant Program (\$312,167), Homeland Security functions and equipment (\$296,501), transportation planning (\$195,221), and various library programs (\$157,737).

The Borough has also received numerous State and federal non-recurring grants. In fiscal year 2009, the largest of these was \$12.3 million from State and federal sources for the construction of a new central kitchen for the School District. Additional capital and other grants from the State totaled \$4.7 million. The largest of the remaining revenues included \$447,000 for studies and projects related to the PM_{2.5} air quality standard (see discussion under **Borough Initiatives**, below); \$392,000 for operating new bus routes; \$301,000 in disaster funding related to flooding in late summer 2008; \$253,000 for the energy PORTAL (see *Energy and Energy Costs* discussion under **Borough Initiatives**); \$227,000 for wild land fire management and community fire assistance; and \$113,000 for projects developing the Tanana Lakes Recreation Area (see *Parks & Recreation* discussion under **Borough Initiatives**).

The School District's major sources of State revenues are the public school foundation funding program, at \$96.0 million for fiscal year 2009, and pupil transportation at \$9.2 million. Federal impact aid is received for educating student-dependents of the uniformed military and totaled \$9.6 million in fiscal year 2009.

Long-Term Financial Planning

Reserves

The Borough has established a number of reserves for a variety of purposes. The increases, decreases, and balances for most of these reserves are reported in MD&A. Further details follow here.

Information on the Borough's voluntary landfill closure and postclosure care reserve can be found in Note 12 to the financial statements.

The Borough established a facilities maintenance reserve (FMR) in March 1999 specifically to accumulate funds for major maintenance, repairs, and upgrades to its 85-plus major facilities. This reserve provides steady funding to preserve these facilities, which are valued at almost \$775 million. As of June 30, 2009, the Assembly has set aside \$25.5 million in the FMR through the years, of which \$23.9 million has been allocated to fund 141 discrete projects, leaving approximately \$1.6 million available for future projects. The Fairbanks North Star Borough's Code of Ordinances, FNSBC 3.01.060A, requires a transfer of two-thirds of each fiscal year's net general fund lapse to the FMR. However, the amount transferred can be no greater than that year's increase in the general fund's undesignated, unreserved fund balance on a GAAP basis. Hence, there will be no transfer to the FMR in fiscal year 2010. In fiscal year 2009, the transfer from the undesignated fund balance of the general fund to the FMR was \$602,650.

Information on the Borough's \$2.9 million health care contingency reserve can be found in Note 16 to the financial statements.

In July 2004, the Borough Assembly created an asset replacement reserve (ARF) to 1) enable the prompt replacement of any needed equipment not anticipated and appropriated as part of the annual budget, and 2) purchase host-based software that meets the Borough's capitalization criteria, and for related hardware. Vehicle and equipment replacements covered by the vehicle and equipment fleet internal service fund are excluded from using ARF funds. The ordinance adopted by the Assembly provides for an annual deposit to the ARF of five percent of lapsing general fund appropriations, in addition to an initial deposit of \$500,000. Through the years, about \$1,436,600 has been deposited into the ARF and \$618,200 has been set aside or used for purchases, for an available balance of over \$818,400 at June 30, 2009. The Assembly opted to withdraw \$350,000 from the ARF to aid in balancing the fiscal year 2009-10 budget. The fiscal year 2009-10 deposit to the ARF will be \$195,000 from the undesignated fund balance of the general fund.

Capital Projects

Although a large portion of the expenditures in the capital projects funds are capitalizable, most are for replacement facilities, or extend the useful life of existing facilities. As a result, operating and maintenance costs usually remain flat, or fall slightly due to updated building systems and equipment. Furthermore, in the case of new parks, user groups provide most of the ongoing maintenance.

See the capital assets section of the MD&A for information about the various capital projects of the Borough.

Borough Initiatives

Please see MD&A for information about ongoing Borough initiatives. Further details about some of the following initiatives can be found through the Borough's web site at www.co.fairbanks.ak.us.

Property Taxes

With no sales tax or individual State income tax, Alaska's individual burden for all State and local taxes (on both individuals and businesses) is the lowest in the nation (2008). However, its per capita property tax rate is the 13th highest in the nation (2007) and the Borough's median property taxes paid on owner-occupied housing is 37 percent greater than the national median (over a three-year average from 2006 through 2008). A persistent concern for the Borough is the financial pressure on homeowners that can result from combining the high cost of home energy in Interior Alaska with high property taxes. The areawide mill rate has been declining since fiscal year 2002, and as noted in MD&A, the fiscal year 2009 mill rate was the lowest in 20 years. Areawide property taxes were levied \$6.9 million under the tax limit and taxes on existing property (on the tax rolls for fiscal year 2008 and excluding TAPS) were lower in fiscal year 2009 than in 2008. These trends continued in fiscal year 2010, with an areawide mill rate slightly less than 2009 and total property tax levied at \$6.8 million under the tax limit. New construction and improvements make this trend possible while allowing total property tax revenues to rise. (See **Economy**, *Real Property Values* subsection, above.)

The Borough also continues to advocate for an increase in the locally controlled, owner-occupied property value exemption, currently set by the State at a maximum of \$20,000. In December 2007, the Assembly approved an ordinance supporting an increase in the local-option exemption and appropriated \$150,000 to fund and promote a ballot initiative to amend Alaska Statutes. An increase to \$50,000 is expected to be on the State's fall 2010 ballot.

Payments In Lieu of Taxes

As discussed in MD&A, the Borough negotiated a 50-year agreement for payments in lieu of taxes from the developer/owner/operator of newly-privatized family housing at Fort Wainwright. This agreement, among other benefits, precludes the significant reduction in State aid for schools that would have resulted from levying property taxes.

Energy and Energy Costs

In spring 2008, residents faced home heating fuel, electricity, and gasoline prices that had doubled or tripled since 2003, with increases for home heating fuel up over 40 percent in just six months and electricity up 25 percent in just eight months. In response, the Borough worked to continue the downward trend in its property tax mill rate (see *Property Taxes* section immediately above) and the Borough adopted an emergency energy program, appropriating almost \$1.8 million. \$700,000 was committed to the Cold Climate Housing Research Center (CCHRC) to open and operate an office dubbed PORTAL -- Portal on Retrofits, Training, and Loans. The PORTAL makes the statewide Alaska Housing Finance Corporation's weatherization and rebate programs more accessible to the public; provides trained staff members to discuss home energy use and conservation needs with homeowners; and partners with the Cooperative Extension Service to develop and conduct low-cost or free classes on do-it-yourself upgrades, Alaskan Interior building materials, and other topics. Through June 30, 2009, about \$340,000 has been paid to CCHRC. The Borough remains actively involved and politically supportive of various statewide and local efforts to reduce energy costs to Borough residents and businesses.

In the State's recommended budget for fiscal year 2010-11, the Governor has included \$6.5 million for small to mid-scale development projects for in-state natural gas. He cited Fairbanks' and Interior Alaska's high energy costs and avowed that reducing high energy costs is the number one priority for much of the state.

PM_{2.5} Air Quality Standard

In September 2006, the U.S. Environmental Protection Agency (EPA) issued regulations with more stringent air quality requirements for fine particulate matter less than 2.5 micrometers in diameter (PM_{2.5}). The EPA has designated the more populated portions of the Borough as a non-attainment area. By December 2011, a plan to achieve attainment must be submitted by the Borough to the State. The State must submit the plan to the EPA by December 2012. Attainment must be reached by December 2014, with possible extensions to December 2019.

The EPA is using internal research funding to work with the University of Alaska Fairbanks to model the airflow around the Fairbanks area. In addition, this winter and last winter, the Borough and the Alaska Department of Environmental Conservation are performing an extensive and detailed study to characterize the sources of PM_{2.5} emissions and the extent of the Fairbanks problem area using \$2.64 million of federal Congestion Mitigation and Air Quality funding from the Alaska Department of Transportation and Public Facilities. To date, testing has determined that at least 40 percent of Fairbanks' wintertime PM_{2.5} air pollution derives from wood burning.

An October 2009 advisory vote resolved that the Borough administer, rather than the State, the pollution remediation plans and efforts. Despite Fairbanksans' resolute use of wood-burning devices to reduce

their energy costs, the Borough's air quality scientist affirms that voluntary programs should be able to reduce the wood smoke particulates to reach the attainment level.

Tanana River Levee Certification

In September 2008, the Borough appropriated \$700,000 for maintenance of the Tanana River levee and drainage systems. The Federal Emergency Management Agency (FEMA) of the U.S. Department of Homeland Security was requiring current verification that the levee system provides protection for a one-percent-annual-chance flood, as specified in federal regulations. The maintenance work was completed on time and the levee was certified by the U.S. Army Corp of Engineers in May 2009. Had the levee been de-certified, previously-classified protected areas on FEMA's flood insurance rate map would have been removed. This removal would have resulted in property owners being required to purchase flood insurance at an estimated \$26 million annual cost to homeowners and commercial entities.

Parks & Recreation

The Borough and the State both own lands on the north bank of the Tanana River, south of Fairbanks. The Borough is turning a 750-acre section into a multi-use recreation area and wildlife preserve, named the Tanana Lakes Recreation Area (TLRA). In May 2007, the Borough approved a master plan for the TLRA. In September 2007, the State executed a 55-year lease to the Borough, at no cost, of over 285 acres of State land within the proposed boundaries of the TLRA. Both grant awards and local funds have been appropriated for various development activities at TLRA. In addition, the Borough expects additional grant funds and actively pursues future grant awards. During 2009, trail and road segments, a picnic area, and parking areas were constructed.

In March 2000, the Borough approved a master plan for the 128-acre sports-focused South Davis Park. During 2009, community groups continued development efforts in their specific areas of the park.

In the Cripple Creek subdivision west of Fairbanks, the Borough is working on the development of a 420-acre, trail-focused recreation area, called the Isberg Recreation Area. A master plan for the area was approved by the Assembly in December 2007. During 2009, trails development and preparation for a parking lot were done in partnership with community organizations, neighborhood volunteers, and State and federal agencies' loans of trail-building equipment.

North of Farmer's Loop at the end of Ski Boot Hill Road, a 470-acre parcel has been conveyed to the Borough from the Alaska Department of Natural Resources, with the stipulation that it be used as a recreation area. The parcel already has several trails running through it, including the Skyline Ridge Trail which connects to the University's Skarland Trail System. Some of these trails have been used for more than 50 years. In addition to trail maintenance mostly performed by volunteers, potential future long-term development by the Borough will be limited to a parking lot, a few picnic tables, and restrooms.

Alaska Gasline Port Authority (AGPA)

In 1999, voters in the Fairbanks North Star Borough, the City of Valdez, and the North Slope Borough approved the creation of the Alaska Gasline Port Authority for the purpose of construction and operation of an 800-mile natural gas pipeline from the North Slope of Alaska to the Port of Valdez. Construction would be financed by the issuance of tax-exempt revenue bonds, with the bondholders assuming all risk for the project, leaving no financial risk for the municipalities. The Borough Mayor and the most recent former Borough Mayor are on the AGPA board of directors.

In its application, TransCanada, the licensee under the Alaska Gasline Inducement Act (see **Economy, Natural Gas Pipeline** subsection, above), included an alternative for a liquefied natural gas (LNG) pipeline such as that being advanced by the AGPA. While preparing for the 2010 open season, TransCanada has received serious interest in the LNG alternative. For further information about the AGPA, please visit their web site at www.allaskagasline.com.

OTHER INFORMATION

Awards

The Borough received the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report for the fiscal year ended June 30, 2008, its twenty-first such award. The Certificate of Achievement is a prestigious national award recognizing conformity with the highest standards for preparation of state and local government financial reports. In order to be awarded the Certificate, the Borough published an easily readable and efficiently organized comprehensive annual financial report, whose contents conformed to program standards. The report satisfied both generally accepted accounting principles and applicable legal requirements. We believe our current report also conforms to the Certificate of Achievement technical requirements and plan to submit it for review.

The Borough also received GFOA's prestigious national Award for Distinguished Budget Presentation for its annual operating budget for the fiscal years beginning July 1, 2008 and July 1, 2009, its nineteenth and twentieth consecutive awards. In order to receive the Award, the Borough published a budget document that met program criteria as a policy document, as a financial plan, as an operations guide, and as a communication medium. Each award is valid for a period of one year only.

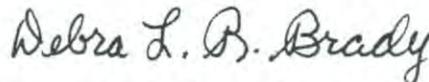
Acknowledgments

We extend our special thanks to all members of the Accounting, Treasury/Budget, and Administration divisions of the Financial Services department and of the Human Resources department, especially Diane Thomas, who assisted and contributed to the preparation of this report. Our appreciation is also expressed to the Mayor, Assembly members, and department directors and to their staffs for their cooperation and assistance throughout the year in matters pertaining to the financial affairs of the Fairbanks North Star Borough.

Respectfully submitted,



Michael E. Lamb, CPA, CGFM
Chief Financial Officer



Debra L. R. Brady, CPA
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Fairbanks North Star Borough
Alaska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. R. T.", positioned above the title "President".

President

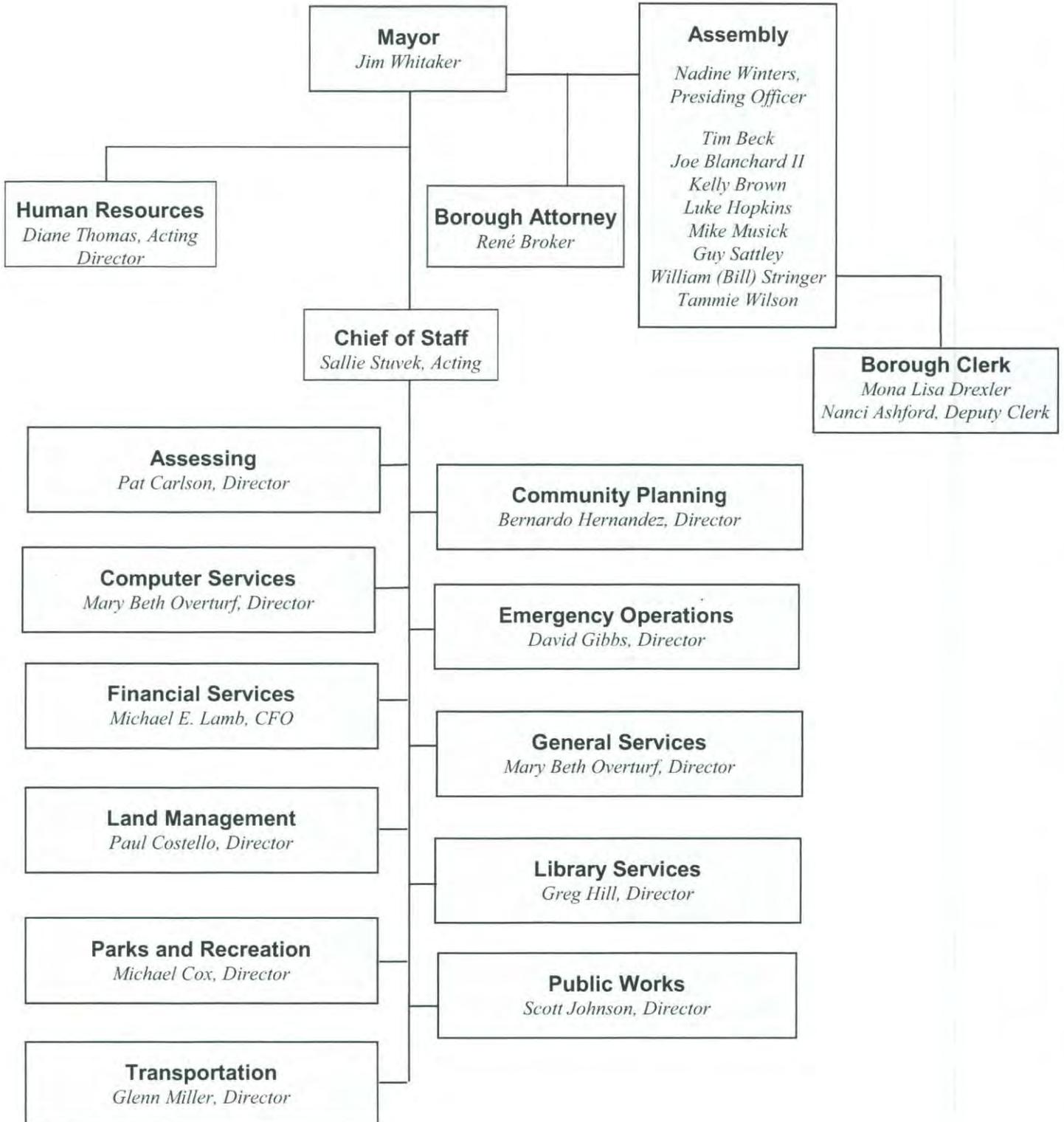
A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", positioned above the title "Executive Director".

Executive Director

Fairbanks North Star Borough

Organization

As of June 30, 2009



Fairbanks North Star Borough

LIST OF PRINCIPAL OFFICIALS

as of June 30, 2009

Borough Assembly

Nadine Winters, Presiding Officer
Luke Hopkins, Deputy Presiding Officer
Tim Beck
Joe Blanchard II
Kelly Brown
Mike Musick
Guy Sattley
William (Bill) Stringer
Tammie Wilson

Board of Education

Leslie Hajdukovich, President
Wendy Dominique, Vice President
Sue Hull, Treasurer
Kristina Brophy, Clerk
Sean Rice, Member
David Soderlund, Member
Howard Thies, Member
Vacant, Base Representative
Col. Timothy Jones, Post Representative
Ella Rohn, Student Representative

Borough Mayor

Jim Whitaker

Administration

Borough Clerk	Mona Lisa Drexler
Borough Attorney	René Broker
Acting Chief of Staff	Sallie Stuvek
Director Assessing	Pat Carlson
Director Community Planning	Bernardo Hernandez
Director Computer Services	Mary Beth Overturf
Director Emergency Operations	David Gibbs
Chief Financial Officer	Michael E. Lamb
Director General Services	Mary Beth Overturf
Acting Director Human Resources	Diane Thomas
Director Land Management	Paul Costello
Director Library Services	Greg Hill
Director Parks and Recreation	Michael Cox
Director Public Works	Scott Johnson
Director Transportation	Glenn Miller

School District

Superintendent of Schools, Dr. Nancy Wagner
Assistant Superintendent, Secondary Education, Wayne Gerke
Assistant Superintendent, Elementary Education, Roxa Hawkins
Assistant Superintendent, Facilities Management, Dave Ferree
Chief Financial Officer, Mike Fisher

FINANCIAL SECTION

Independent Auditor's Report
Basic Financial Statements and Required Supplementary Information
Combining and Individual Fund Statements and Schedules
Additional Information

December 16, 2009

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Assembly
Fairbanks North Star Borough

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 the Fairbanks North Star Borough (Borough), as of and for the year ended June 30, 2009, which collectively comprise the Borough's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Borough's nonmajor governmental, internal service, and fiduciary funds presented in the accompanying combining and individual fund financial statements and schedules as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements and schedules are the responsibility of the management of the Fairbanks North Star Borough. Our responsibility is to express opinions on these financial statements and schedules based on our audit. The prior year partial comparative information has been derived from the Borough's June 30, 2008 financial statements which have been restated as described in Note 18 to these financial statements and, in our report dated December 22, 2008, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and on each of the Borough's nonmajor governmental, internal service, and fiduciary funds.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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 the Fairbanks North Star Borough, as of June 30, 2009 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds with annual budgets for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements and schedules

referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, internal service, and fiduciary fund of the Fairbanks North Star Borough, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 16, 2009, on our consideration of the Fairbanks North Star 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 those reports is 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 internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying required supplementary information, which includes management's discussion and analysis, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fairbanks North Star Borough's basic financial statements. The accompanying schedules listed as additional information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The June 30, 2009 additional information schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2009, taken as a whole. We also have previously audited, in accordance with auditing standards generally accepted in the United States, the Borough's basic financial statements for the year ended June 30, 2008, which are not presented with the accompanying financial statements. In our report dated December 22, 2008, we expressed unqualified opinions on the respective 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. In our opinion, the June 30, 2008 additional information schedules are fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2008, taken as a whole which have been restated as described in Note 18 to these financial statements. The accompanying introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cook + Haugberg LLC

BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis (RSI)

Basic Financial Statements:

Government-wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

MANAGEMENT'S DISCUSSION AND ANALYSIS

(part of the Required Supplementary Information)

This narrative provides an overview and analysis
of the financial activities of the Borough.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis For the Year Ended June 30, 2009

As management of the Fairbanks North Star Borough, we offer readers of the Borough's financial statements this narrative overview and analysis of the financial activities of the Borough for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the additional information in our letter of transmittal in the Introductory Section of this report and with the Borough's financial statements, in the Financial Section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Borough's basic financial statements. The Borough's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

- The statement of net assets presents information on all of the Borough's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Borough is improving or deteriorating.
- The statement of activities presents information showing how the Borough's net assets changed during the fiscal year. Changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the Borough that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that recover some portion of their costs through user fees and charges (business-type activities). The governmental activities of the Borough include general government, community planning, public works including solid waste collections, parks and recreation, library, road and other service areas, support to education, emergency operations, and fire service areas. The business-type activities of the Borough include providing public transportation, managing Borough-owned lands, overseeing operations of the John A. Carlson Community Activity Center, and providing solid waste disposal services at the Borough landfill.

The government-wide financial statements include not only the Borough itself (known as the primary government), but also the Fairbanks North Star Borough School District for which the Borough is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. Complete financial information for the component unit can be found in the School District's separately issued financial statements.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2009

The government-wide financial statements immediately follow this narrative in the Basic Financial Statements and Required Supplementary Information (RSI) section of this report.

Fund Financial Statements

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

Governmental funds

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

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

The Borough maintains sixteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the five major funds: the general fund, the service areas special revenue fund, the debt service fund, the state grants capital projects fund, and the bond capital projects fund. Data from the eleven nonmajor governmental funds are combined into a single, aggregated presentation (column) in the governmental funds financial statements.

The Borough adopts an annual appropriated budget for its general fund and other operating funds. Budgetary comparison statements have been provided for the general fund and all service areas in the service areas special revenue fund, to demonstrate compliance with their budgets.

The basic governmental funds financial statements follow the government-wide financial statements in the Basic Financial Statements and RSI section.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2009

Proprietary funds

The Borough maintains two different types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statements. The Borough uses enterprise funds to account for its transit, land, Carlson Center, and solid waste disposal activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among a government's various functions. The Borough uses an internal service fund to account for the acquisition and financing of its vehicle and equipment fleet. Because this service predominantly benefits governmental rather than business-type functions, it is included within governmental activities in the government-wide financial statements.

The proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the transit, land, Carlson Center, and solid waste disposal enterprise funds, all of which are considered to be major funds of the Borough. The vehicle and equipment fleet internal service fund is also presented in the proprietary funds financial statements.

The basic proprietary funds financial statements follow the governmental funds financial statements in the Basic Financial Statements and RSI section.

Fiduciary fund

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Borough's fiduciary fund, the taxes agency fund, is not reflected in the government-wide financial statements because the resources of that fund are not available to support the Borough's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement follows the proprietary funds financial statements in the Basic Financial Statements and RSI section.

Notes to the Financial Statements

The notes provide additional information, in narrative form with some tables, which is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the fund financial statements in the Basic Financial Statements and RSI section.

Other Information

Combining, individual fund, and comparative data for the Borough's funds is provided in the Combining and Individual Fund Statements and Schedules section of this report, which is in the next section after the notes to the financial statements.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Borough, assets exceeded liabilities by \$582 million at the close of the most recent fiscal year.

Net Assets
(shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2009	2008 Restated	2009	2008 Restated	2009	2008 Restated
	Current and other assets	\$116,171	\$122,628	\$36,248	\$38,717	\$152,419
Capital assets	583,395	574,467	35,497	35,469	618,892	609,936
Total assets	<u>699,565</u>	<u>697,095</u>	<u>71,746</u>	<u>74,186</u>	<u>771,311</u>	<u>771,281</u>
Long-term liabilities	139,623	147,522	26,002	22,520	165,625	170,043
Other liabilities	21,858	17,271	1,405	1,282	23,263	18,553
Total liabilities	<u>161,481</u>	<u>164,793</u>	<u>27,407</u>	<u>23,802</u>	<u>188,888</u>	<u>188,595</u>
Net assets:						
Invested in capital assets, net of related debt	487,414	476,565	31,739	30,495	519,153	507,060
Restricted	47,679	48,145	586	424	48,265	48,569
Unrestricted	2,991	7,592	12,013	19,465	15,005	27,057
Total net assets	<u>\$538,084</u>	<u>\$532,302</u>	<u>\$44,338</u>	<u>\$50,384</u>	<u>\$582,423</u>	<u>\$582,686</u>

By far the largest portion of the Borough's net assets (\$519.2 million or 89.1 percent) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, equipment); less any related debt used to acquire those assets that is still outstanding. The Borough uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Borough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Borough's net assets (\$48.3 million or 8.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$15.0 million or 2.6 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Borough is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. This was also true at the end of the prior fiscal year. Table I in the Statistical Section of this report, shows a history of net assets by component (category) beginning with fiscal year 2002-03.

FAIRBANKS NORTH STAR BOROUGH

**Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2009**

Changes in Net Assets
(shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2009	2008 Restated	2009	2008 Restated	2009	2008 Restated
	Revenues:					
Program revenues:						
Charges for services	\$3,361	\$3,302	\$8,086	\$8,561	\$11,447	\$11,863
Operating grants and contributions	3,496	4,246	2,054	1,417	5,549	5,662
Capital grants and contributions	19,788	6,061	77	4,005	19,864	10,066
General revenues:						
Property taxes	93,708	93,331			93,708	93,331
Other taxes	4,122	4,243			4,122	4,243
Grants and contributions not restricted to specific programs	14,124	15,070	41	309	14,166	15,379
Other	2,266	6,287	121	788	2,387	7,075
Total revenues	140,865	132,540	10,379	15,080	151,244	147,619
Expenses:						
General government	19,297	16,373			19,297	16,373
Community planning	1,875	1,949			1,875	1,949
Public works	10,564	9,622			10,564	9,622
Parks and recreation	9,257	9,325			9,257	9,325
Library	5,591	4,967			5,591	4,967
Road and other service areas	4,394	3,817			4,394	3,817
Education	61,898	59,958			61,898	59,958
Emergency operations	5,733	5,468			5,733	5,468
Fire service areas	5,399	4,938			5,399	4,938
Interest on long-term debt	6,052	6,551			6,052	6,551
Transit			7,282	6,624	7,282	6,624
Land			1,333	1,265	1,333	1,265
Carlson Center			1,596	1,622	1,596	1,622
Solid waste disposal			11,235	5,913	11,235	5,913
Total expenses	130,060	122,968	21,447	15,424	151,507	138,392
Changes in net assets before transfers	10,805	9,572	(11,068)	(344)	(263)	9,227
Transfers	(5,022)	(5,041)	5,022	5,041		
Changes in net assets	5,783	4,531	(6,046)	4,697	(263)	9,227
Net assets – July 1, 2008 as restated	532,302	527,771	50,384	45,688	582,686	573,459
Net assets – June 30, 2009	<u>\$538,084</u>	<u>\$532,302</u>	<u>\$44,338</u>	<u>\$50,384</u>	<u>\$582,423</u>	<u>\$582,686</u>

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis For the Year Ended June 30, 2009

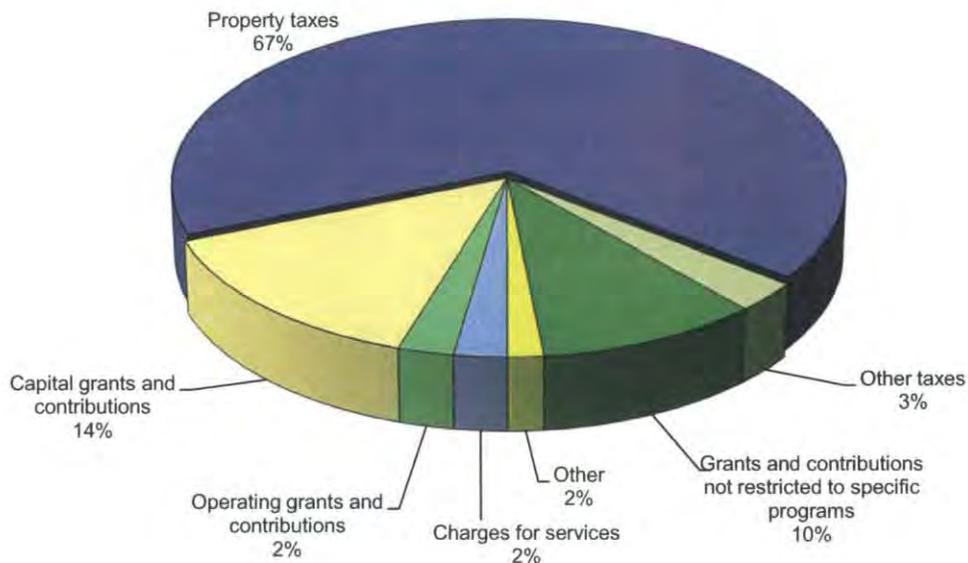
The Borough's net assets decreased by \$263,000 from the prior year's restated amount. Information on the prior period adjustments can be found in Note 18 to the financial statements. Significant differences from the prior year's \$9.2 million increase in net assets are as follows:

- \$11.0 million increase in capital grants revenue for the School District Central Kitchen
- \$2.9 million decrease in capital grants revenue due to the prior year's revenue to buy new buses
- \$5.4 million decrease in Borough-wide investment earnings
- \$2.7 million fiscal year 2007-08 decrease in Borough-wide personnel expenses due to the one-time-only reversal of the Public Employees' Retirement System (PERS) net pension obligation
- \$2.0 million increase in general government expenses (excluding \$0.9 million for reversal of the net pension obligation shown above)
- \$1.9 million increase in education expenses
- \$5.2 million increase in solid waste disposal expenses (excluding \$0.1 million for reversal of the net pension obligation shown above)

These and other issues are discussed in various sections later in this Management's Discussion and Analysis (MD&A).

Governmental activities

All Revenues by Source - Governmental Activities (Does not include transfers.)



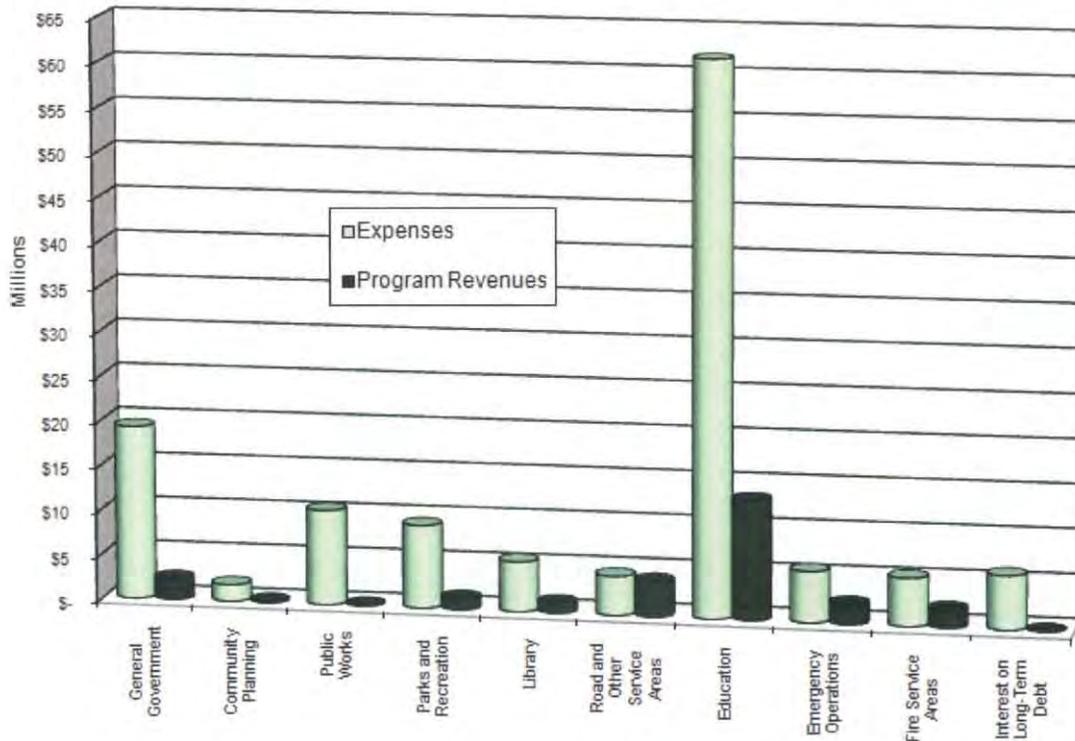
FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis For the Year Ended June 30, 2009

Governmental activities increased the Borough's net assets by \$5.8 million during the current fiscal year. Key elements of this increase are as follows:

- Capital grants and contributions increased by \$13.7 million from the prior fiscal year. Of this amount, \$11.0 million is for the new School District Central Kitchen which replaces the central kitchen located on Eielson Air Force Base.
- Investment earnings of governmental activities decreased by \$4.8 million, from \$6.8 million in the prior year to \$2.1 million in the current fiscal year. This decrease is due to adverse market conditions, a resulting very conservative investment philosophy, and the spend-down of bond funds in the bond capital projects fund. The average rate of return on the Borough's investments was 1.2 percent in the current fiscal year compared to 3.9 percent in the prior year.
- General government expenses increased by \$2.9 million from the prior fiscal year. The largest contributors to this increase are 1) ongoing litigation and appeals of the State's valuation of the trans-Alaska pipeline system, 2) the prior year one-time reduction of personnel expenses due to the elimination of the net pension obligation (which resulted from State legislation enacted in April 2008 that changed PERS from a single agent, multiple-employer plan to a cost-sharing plan), and 3) funding for an energy emergency program to address increases in the price of energy.

Expenses and Program Revenues - Governmental Activities
(Does not include transfers and general revenues such as taxes and unrestricted earnings.)

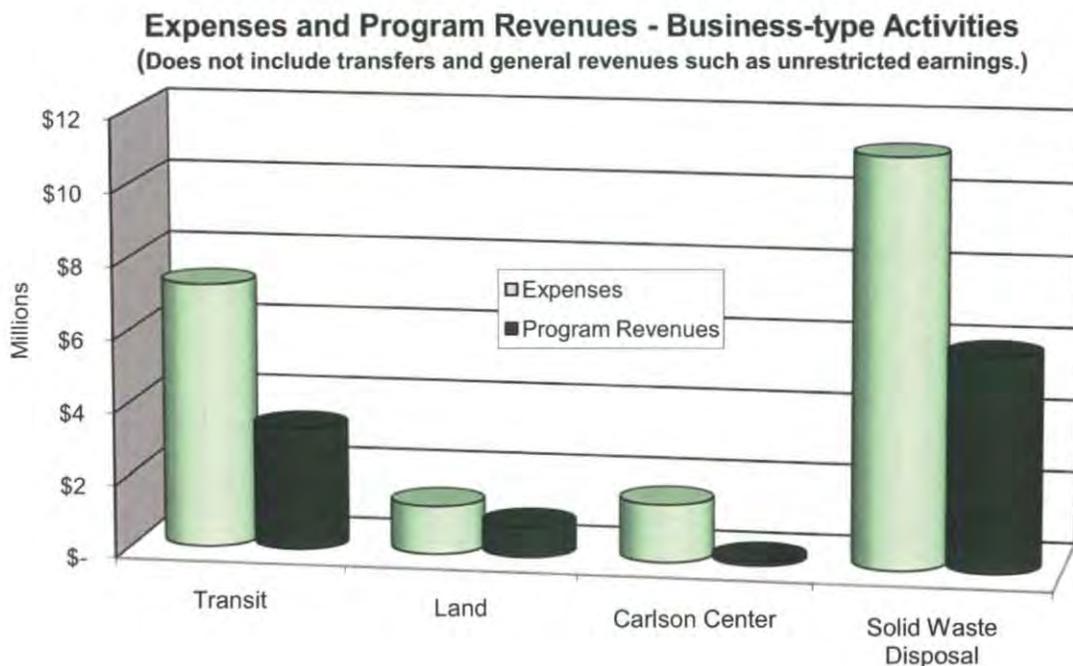


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Management's Discussion and Analysis For the Year Ended June 30, 2009

- The local appropriation to the School District for education increased by \$2.0 million from the prior fiscal year. The local appropriation to the School District has been increasing every year for many years as a result of the effect of new construction on the State's foundation formula (which reduces education funding from the State) and to aid the School District with its increasing operational needs.

Business-type activities



The business-type activities, when including transfers and general revenues that are not included in the foregoing chart, decreased the Borough's net assets by \$6.0 million in the current fiscal year, compared to the restated \$4.7 million increase in the prior fiscal year. Key elements of the current year decrease are as follows:

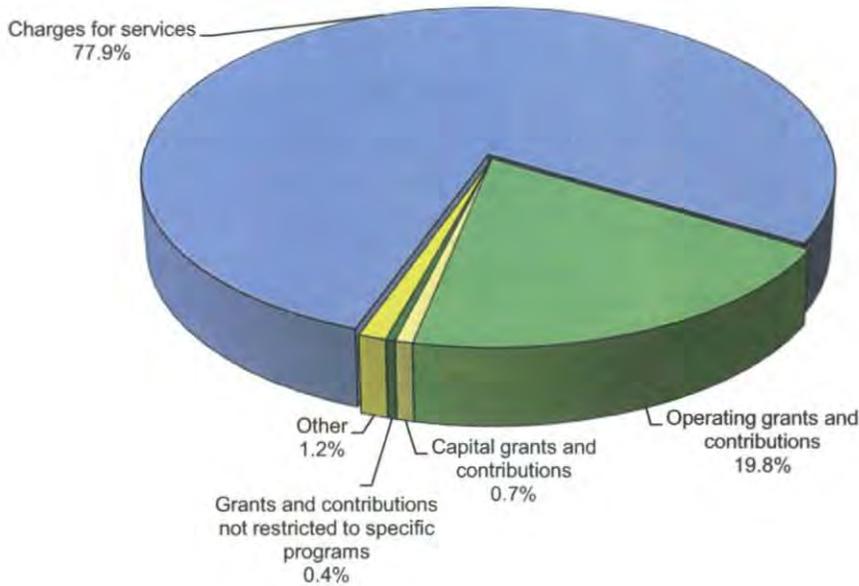
- Landfill closure and postclosure care costs (recorded in the solid waste disposal enterprise fund as an expense and a long-term liability) were \$4.6 million in the current fiscal year, an increase of \$3.6 million from the prior fiscal year's amount. Based on new cost and compliance data provided by an outside consulting firm, per acre landfill closure and postclosure care cost estimates were increased by \$122,000 per acre, from \$147,000 per acre in the prior year to \$269,000 per acre.
- In addition, in the solid waste disposal enterprise fund, operating expenses (other than landfill closure and postclosure care costs) increased by \$1.7 million and cash decreased by \$1.9 million. Additional expenses recorded in the current year included landfill closure design, repair of the railroad crossing going into the landfill, leachate disposal, and environmental consulting charges.

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**Management's Discussion and Analysis
For the Year Ended June 30, 2009**

- Transit enterprise fund revenues from capital grants and contributions decreased by \$2.9 million from the prior fiscal year. This decrease is attributable to \$2.9 million of federal grants received in the prior fiscal year for the replacement of Metropolitan Area Commuter System buses.

**All Revenues by Source - Business-type Activities
(Does not include transfers.)**



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds

The focus of the Borough's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Borough's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. This amount is also intended to cover cash flow requirements, normal variances in revenue and expenditure estimates, abnormal variances in estimated revenue from the State versus actual State appropriations and payments, advance funding of reimbursable debt service payments, advance funding of reimbursable grant expenditures, unforeseen litigation costs and judgments, and expenditures of an emergency nature, for both the Borough and the School District component unit.

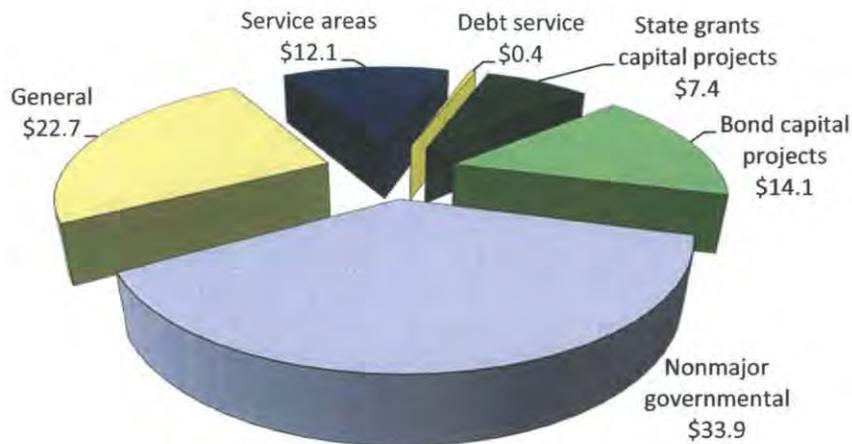
As of the end of the current fiscal year, all of the Borough's governmental funds combined reported ending fund balances of \$90.6 million, a decrease of \$11.0 million from the restated prior year's governmental funds

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Management's Discussion and Analysis For the Year Ended June 30, 2009

fund balance. Approximately 16 percent of ending fund balances (\$14.2 million) is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period. Another 22 percent (\$20.1 million) is designated for various purposes. Of the \$56.3 million in unreserved, undesignated fund balances, \$14.4 million is reported in the general fund and the remainder is reported in other governmental funds. Further information on the fund balances of governmental funds can be found in the governmental funds balance sheet.

Total Fund Balances of Governmental Funds (Shown in millions.)



The main causes for the decreases in governmental funds fund balance during the current fiscal year are as follows:

- Fund balance of the bond capital projects fund decreased by \$10.1 million. No new bonds were issued during the fiscal year, but spending of existing bond funds continued. Some of the school projects that had significant expenditures in fiscal year 2008-09 were the North Pole High School roof replacement, Anderson Elementary School building upgrade, Barnette Elementary School renovation, North Pole Middle School traffic safety and site changes, Woodriver Elementary School classroom upgrade, and Hering Auditorium upgrade.
- Fund balance of the general fund decreased by \$2.3 million from the prior year. The change in general fund fund balance is discussed below, after the table reflecting reserves that are included in governmental projects funds.
- Fund balance of the state grants capital projects fund decreased by \$1.8 million from the prior year's restated fund balance. This is due to expenditures in several grant projects for which the grant eligibility requirements were met and the grant revenues were recognized in a prior year. These projects include multiple road service area maintenance projects, Ester Volunteer Fire Department station addition, and underground storage tank compliance expenditures.

FAIRBANKS NORTH STAR BOROUGH

**Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2009**

In general, fund balance reported in the governmental projects funds (special revenue [SR] grants and local programs funds, and capital projects [CP] grants, bond, and local projects funds) has already been appropriated for specific projects. Certain appropriations, however, have been made to accumulate funds for future needs (generally included in unreserved, undesignated fund balance) as follows:

Purpose	Fund	Beginning Balance	Increases (b)	Decreases (c)	Ending Balance
Facilities maintenance	CP local projects	\$999,761	\$3,975,574	(\$3,345,000)	\$1,630,335
Health care contingency (a)	SR local programs	2,677,179	214,607	-	2,891,786
Asset replacement	SR local programs	540,570	310,576	(40,199)	810,948
Tourism marketing (from hotel-motel room tax)	SR local programs	95,402	1,184,404	(1,121,320)	158,486
Health wellness effort	SR local programs	45,254	29,834	(840)	74,249
Labor management relations	SR local programs	12,056	7,731	(6,968)	12,820

- (a) Information on the health care contingency reserve can be found in Note 16 to the financial statements.
- (b) New contributions, lapses from completed projects, and interest earnings on health care contingency funds.
- (c) Appropriations out for specific projects/purposes.

The general fund is the chief operating fund of the Borough. At the end of the current fiscal year, unreserved undesignated fund balance of the general fund was \$14.4 million, and unreserved fund balance was \$22.5 million, while total fund balance was \$22.7 million. As a measure of the general fund's liquidity, it may be useful to compare these balances to total fund expenditures and transfers out. Unreserved undesignated fund balance represents 14.5 percent of total general fund expenditures and transfers out, and unreserved fund balance represents 22.6 percent of that same amount, while total fund balance represents 22.8 percent.

The total fund balance of the Borough's general fund decreased by \$2.3 million during the current fiscal year, compared to a \$562,000 decrease in the prior year. There were several factors that contributed to the decrease in general fund fund balance. The major causes of the decrease are as follows:

- Property tax revenue of the general fund, including related interest and penalties, decreased by \$171,000 from the prior year. The fiscal year 2008-09 areawide tax mill levy was set at 11.287 mills, the lowest rate in 20 years. This reduction in taxes is due to an effort by elected officials to keep property taxes to a minimum, while utilizing existing fund balance to help fund current year expenditures. (The current year property tax revenue budget was \$6.9 million under the Borough's tax cap.)
- Intergovernmental revenues from the State of Alaska decreased \$1.7 million. During fiscal year 2007-08 Series S school bonds were paid off and the related State reimbursement was completed, creating a reduction in State aid in the current year.
- Other revenues decreased \$3.0 million from the prior year mostly due to decreased investment earnings. Investment income was lower by approximately \$3.4 million due primarily to a decrease in

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2009

the average rate of return on the Borough's investments from 3.9 percent in the prior fiscal year to 1.2 percent in the current fiscal year. Interest rates were low due to the national economic downturn.

- General fund expenditures increased \$3.2 million over the prior year, as follows:
 - The increase in expenditures was due, in part, to a \$2.0 million increase in the direct local contribution to the School District. The Borough's support for education continues to increase for two major reasons: decreases in State education funding based on the State foundation formula for School District funding and increasing operational costs inflation. The Borough's assessed values continue to increase which, by law, has a negative impact on State funding for education.
 - Another \$747,000 of the expenditure increase is related to personnel costs including a 2.2 percent cost-of-living adjustment and normal union and management longevity increases.
- Transfers out of the general fund decreased by \$9.5 million from the prior year. Transfers to the facilities maintenance reserve in the nonmajor local capital projects fund decreased by \$5.3 million as a result of a tight budget for fiscal year 2008-09 and a reduction in the general fund lapse to the facilities maintenance reserve which is limited to the prior year's increase in unreserved, undesignated fund balance. In addition, the transfer to the debt service fund decreased by \$2.4 million primarily as a result of making the final payments on school bond Series S during the prior fiscal year.
- In the prior year, elected officials chose to do a one-time transfer of \$3.25 million to the general fund out of the facilities maintenance reserve to be used to balance the fiscal year 2008-09 budget and provide taxpayer relief. Taxpayer relief can be defined as the use of another source of funds to partially replace taxes, to help balance the budget. There was no transfer in from the facilities maintenance reserve in the current fiscal year.

In the current year, \$3.25 million of state fiscal relief funding was appropriated to the facilities maintenance reserve in the nonmajor local capital projects fund, to replenish the reserve for the \$3.25 million transferred to the general fund in fiscal year 2007-08 to be used to provide taxpayer relief in the fiscal year 2008-09 original budget.

It should be noted that although fund balance of the governmental funds decreased by \$11.0 million from the prior fiscal year, governmental activities net assets increased by \$5.8 million, for a net difference of \$16.8 million. Key differences between governmental funds and governmental activities relate to the accounting for capital assets, long-term liabilities, internal service fund activity, and various deferrals and accruals. For example, capital outlay expenditures reduce governmental fund balance but have no immediate effect on governmental activities total net assets. In governmental activities, capital outlays result in capital assets and reduce net assets over time as depreciation expense. In addition, capital asset dispositions and donations received are recorded only in governmental activities. In the current year, capital outlay added to capital assets exceeded depreciation expense by \$7.2 million. In addition the net effect of other transactions involving capital assets increased net assets by \$1.7 million. Reconciliations between governmental funds and governmental activities are included as the last page of the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances, in the Basic Financial Statements and RSI section of this report.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2009

Proprietary funds

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

Unrestricted net assets of the transit enterprise fund at the end of the fiscal year amounted to \$1.8 million, those for the land enterprise fund amounted to \$17.1 million, Carlson Center enterprise fund was \$1.9 million, solid waste disposal enterprise fund was a \$8.7 million deficit, and the vehicle and equipment fleet internal service fund was \$653,000. The total decrease in net assets for the enterprise funds was \$6.1 million, and net assets of the internal service fund increased by \$47,000.

\$12.5 million of the land fund's \$17.1 million of unrestricted net assets represents land inventories. Current assets of the fund are \$5.1 million, with \$4.5 million of this amount representing equity in central treasury cash (cash).

Although the solid waste disposal fund has \$11.8 million in cash, it has a deficit in unrestricted net assets of \$8.7 million. This difference is mostly due to the \$21.2 million accrued liability for landfill closure and postclosure care. To somewhat offset the landfill closure and postclosure care liability, the Borough established the voluntary landfill closure reserve in fiscal year 1994-95, shown just below. A total of \$6.3 million (\$5.75 million in the current fiscal year) has been transferred from the reserve to a separate project cost center to be used for landfill partial closure design and construction. In addition to the ending balance in the reserve, the \$5.75 million remaining in the project at yearend should help to offset the \$21.2 million accrued liability for landfill closure and postclosure care.

<u>Purpose of Reserve</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Landfill closure and postclosure care (a)	\$6,071,818	\$32,269	(\$5,750,000)	\$354,087

(a) Information on landfill closure and postclosure care can be found in Note 12 to the financial statements.

Other factors concerning the finances of these funds have already been addressed in the discussion of the Borough's business-type activities. Reconciliations between enterprise funds and business-type activities are included as the last page of the proprietary funds statement of net assets and the proprietary funds statement of revenues, expenses, and changes in net assets, in the Basic Financial Statements and RSI section of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the general fund's original budget and the final amended budget appropriations for expenditures and transfers out were \$2.5 million, and included the following items:

- Transfers to the capital projects funds increased by \$1.0 million from the original budget. The most significant transfer was \$603,000 to the facilities maintenance reserve, which represents two-thirds of the fiscal year 2007-08 net general fund lapse (with certain limitations). This transfer was made pursuant to FNSBC 3.01.060 A.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2009

- Transfers to the special revenue funds increased by \$1.6 million. The largest supplemental transfer was \$800,000 for ongoing costs related to the trans-Alaska pipeline system valuation litigation appropriated from general fund fund balance.

During the current fiscal year, positive actual variances from the final budget reduced the net decrease in fund balance by \$3.9 million, from the budgeted \$6.2 million decrease in fund balance to the actual fund balance decrease of \$2.3 million. The most significant budget-to-actual differences follow:

- Revenue from property tax was \$690,000 more than budgeted. The Borough uses a 2.0 percent delinquency rate to set a conservative property tax revenue amount for the budget; the actual delinquency rate for the current year was 1.2 percent.
- Due to adverse market conditions, investment income was \$657,000 less than budgeted. The actual average rate of return on the Borough's investments was 1.2 percent, which is lower than the 2.75 percent used for the budget projection.
- The general fund lapsed \$2.7 million of expenditures in the current fiscal year. This was spread across all general fund departments and functions, and included lapses from all expenditure categories. The expenditure lapse, as a percent of the final budget, has remained fairly consistent over the last several years. The current fiscal year lapse was 6.8 percent of the final expenditure budget (excluding the direct contribution to education), compared to the prior year lapse of 7.0 percent.
- Transfers in from the special revenue projects funds of \$670,000 are from projects whose unexpended, unobligated balances were lapsed to the general fund fund balance, to help fund the fiscal year 2009-10 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Borough's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounts to \$619 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements such as service area roadbeds and the Tanana River levee, buildings, park facilities and other improvements, vehicles, machinery, equipment, furniture, works of art, library materials, computer software, and construction in progress. The total increase in the Borough's investment in capital assets for the current fiscal year was \$9.0 million (1.5 percent), an \$8.9 million increase (1.6 percent) for governmental activities and a \$28,000 increase (0.1 percent) for business-type activities.

FAIRBANKS NORTH STAR BOROUGH

**Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2009**

Capital Assets
(net of depreciation)
(shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Land and land improvements	\$237,920	\$235,578	\$2,908	\$2,911	\$240,827	\$238,489
Buildings	270,198	274,722	16,498	16,765	286,696	291,486
Improvements other than buildings	44,991	45,371	8,951	9,457	53,942	54,828
Equipment	8,073	8,036	6,536	5,787	14,610	13,824
Works of art	157	157	121	121	278	278
Library materials	1,998	1,948			1,998	1,948
Intangible assets – software	278	368	145	166	423	535
Construction in progress	19,780	8,287	338	262	20,118	8,549
Total	\$583,395	\$574,467	\$35,497	\$35,469	\$618,892	\$609,936

Major capital asset events during the current fiscal year included the following:

Governmental activities:

- Work was substantially completed on the following facilities/projects:
 - \$4.0 million Anderson Elementary School upgrade and improvements, financed with general obligation bonds. The project consists of upgrades to fire, mechanical, lighting, and electrical systems, improvements to classroom and administrative facilities, as well as other building and site improvements.
 - \$2.5 million renovation and addition to Ester Fire Station including two new bays, a dormitory, site work, a well, and associated mechanical and electrical work, funded by a combination of State sources.
 - \$2.0 million North Pole Middle School traffic safety and site upgrades, financed with general obligation bonds. The work includes repair or replacement of driveways, sidewalks, parking lots, headbolt outlets, fencing, playgrounds, and general site improvements.
- Work continued on the following facilities/projects:
 - \$6.3 million phase II of the renovation of Barnette Elementary School, financed with general obligation bonds. Phase II includes asbestos abatement, upgrades to mechanical, lighting and electrical systems, replacing siding, roofing and other exterior improvements, and remodeling interior spaces to serve education program requirements.
 - \$13.8 million School District Central Kitchen replacement, funded with federal and State grants. Completion of this new facility allows retirement of the School District's central kitchen located on Eielson Air Force Base.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2009

- An additional \$202,000 was spent toward the development and construction of South Davis Park, and \$25,000 of capital development was performed by a user group, bringing the total for capital expenditures and contributed value by user groups to \$3.3 million, project-to-date.
- An additional \$218,000 was spent toward planning and development of Tanana Lakes Recreation Area, a 750-acre multi-use park being developed south of the City of Fairbanks along the Tanana River, increasing the total project-to-date amount for capital expenditures to \$336,000. This area is also the site of gravel extraction for use at the Borough's nearby landfill. The master plan for Tanana Lakes provides a long-term planning guide for extraction of gravel and development of the recreation area. Full development is expected to take years and is anticipated to be financed with a mix of Borough funds, grants, other local funding sources (such as donations), and user group-driven development, and could include corporate or private sponsors for development of specific facilities.
- Construction began on the \$1.6 million rebuild of the Pioneer Park parking lot, financed with local funds.
- A total of 5.2 miles of road with a right-of-way and roadbed value of \$3.2 million were added to Borough road service areas during the current fiscal year. These miles of road were added to road service areas in various ways, including 1) newly constructed by the Borough, funded by State grants and road service area funds, 2) newly constructed by private developers within existing road service areas, and recorded as donations, and 3) existing roads in areas newly annexed into road service areas, also recorded as donations. The Borough exercises road powers over the entire 476 miles of service area roads and underlying rights-of-way.
- Governmental activities construction in progress was \$19.8 million at fiscal year end.

Business-type activities:

- The solid waste disposal enterprise fund purchased two new Caterpillar 826H compactors at a cost of \$1.4 million using solid waste disposal enterprise fund net assets.
- Design was completed and construction began on the \$1.5 million project to rebuild the rear entrance, add additional storage, and reconstruct the visitor locker rooms at the Carlson Center, financed with local funding and a reimbursement from the University of Alaska.

Additional information on the Borough's capital assets can be found in Note 7 to the financial statements.

FAIRBANKS NORTH STAR BOROUGH

**Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2009**

Long-Term Debt

At the end of the current fiscal year, the Borough had total long-term debt outstanding of \$140.0 million. The Borough's total long-term debt decreased by \$9.1 million (6.1 percent) during the current fiscal year.

Outstanding Debt
(shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$135,260	\$143,163	\$	\$	\$135,260	\$143,163
Solid waste disposal loan			3,758	4,974	3,758	4,974
Capital leases payable	1,006	976			1,006	976
Total	\$136,266	\$144,139	\$3,758	\$4,974	\$140,025	\$149,113

The decrease in governmental activities long-term debt is due to the retirement of \$7.9 million of bond principal, including the pay-off of school bond Series S.

In business-type activities, repayment began in fiscal year 2007-08 on the Alaska Department of Environmental Conservation landfill cell 2 loan. In fiscal year 2008-09 an additional \$1.2 million payment was applied to principal.

Additional information on the Borough's long-term debt can be found in Notes 10 and 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- In October 2009, voters approved an \$11.95 million bond proposition for capital improvements to school facilities. Issuance is expected in early 2010, plus, possibly the refunding of some prior bond series.
- Privatization occurred for family housing on Fort Wainwright during fiscal year 2008-09. Subsequently, the Borough entered into a payment in lieu of taxes agreement with the developer/owner/operator, Actus Lend Lease. The agreement for Actus to make annual payments in lieu of taxes to the Borough put an end to the issue of whether the jointly owned military/privatized housing situated on federally-owned land is indeed taxable by the Borough, in whole or in part.
- Due to recent unprecedented market events, all of the Borough's investment portfolio is in collateralized bank deposits, in very highly-rated conservative money market funds, in the Alaska Municipal League Investment Pool (AMLIP – a Standard & Poor's 2A7 AAAM rated pool) which has a very conservative investment philosophy and maintains a very short average days to maturity position, or in Certificate of Deposit Account Registry Service (CDARS) certificates of deposit. A 1.75 percent estimated interest rate was used for the investment income projection in the Borough's fiscal year

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2009

2009-10 budget. For the first five months of fiscal year 2009-10, the actual average interest rate on Borough investments was less than the 1.75 percent projected rate.

- The local contribution to the School District increased by another \$1.3 million in the fiscal year 2009-10 budget. The School District is financially dependent on the Borough, although it receives significant funding from the State and federal governments. Maintaining sustainable adequate future funding for the School District is an ongoing issue given changing federal education mandates.
- The Borough's fiscal year 2009-10 original budget for fuel and utilities increased by another \$273,000 Borough-wide over the prior fiscal year's original budget. The cumulative increase for the last five fiscal years is \$2.3 million, from \$1.7 million in the fiscal year 2004-05 original budget to \$4.0 million in fiscal year 2009-10. That is a 136 percent increase in five years. In addition to increasing the cost of Borough government operations, the recent volatility in energy costs affects each individual residence and business in the borough.
- In October 2009, the Environmental Protection Agency designated a portion of the Borough as a "nonattainment area" for fine particle air pollution known as PM_{2.5}, effective December 14, 2009. The Borough now has deadlines to meet for developing a plan to reduce air pollution and to demonstrate compliance with federal standards.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Borough's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Financial Services, Fairbanks North Star Borough, 809 Pioneer Road, Fairbanks, Alaska 99701.

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements consolidate and report on all of the Borough's nonfiduciary financial activities on an accrual basis of accounting. These statements have separate columns for the Borough's governmental activities, its business-type activities, and its component unit, the School District.

Fund Financial Statements

The fund financial statements report the Borough's financial position and operations of the governmental funds and proprietary funds, and the financial position of the Borough's fiduciary fund. Governmental funds and the fiduciary fund are accounted for on a modified accrual basis of accounting. Proprietary funds are accounted for on an accrual basis of accounting. In addition, the governmental fund statements are reconciled to the governmental activities columns of the government-wide financial statements.

Notes to Financial Statements

The notes to the financial statements provide a summary of significant accounting policies and other disclosures required for a fair presentation of the basic financial statements.

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FAIRBANKS NORTH STAR BOROUGH

Statement of Net Assets
June 30, 2009

Assets	Primary Government	
	Governmental Activities	Business- type Activities
Equity in central treasury cash	\$45,198,625	\$20,442,381
Restricted equity in central treasury cash	61,375,052	556,085
Taxes receivable (net of allowance for uncollectibles 2009 - \$723,399; 2008 - \$260,543)	2,099,818	198,889
Restricted taxes receivable	334,408	
Accounts receivable (net of allowance for uncollectibles 2009 - \$13,043; 2008 - \$13,803)	156,159	629,664
Restricted accounts receivable (net of allowance for uncollectibles 2009 - \$132,529; 2008 - \$106,391)	763,173	9,099
Accrued interest receivable	44,749	20,034
Restricted accrued interest receivable	4,548	
Internal balances (payable from restricted assets: governmental activities \$93,652; business-type activities \$339,326)	227,474	(227,474)
Due from Borough		
Restricted due from School District		
Due from governmental agencies	597,793	2,929
Restricted due from governmental agencies	4,195,706	418,125
Inventories		13,471,070
Other assets	1,173,084	
Land contracts receivable		727,519
Long-term receivable (net of allowance for uncollectibles 2009 - \$203,290; 2008 - \$199,120)		
Capital assets (See Note 7)		
Non-depreciable	258,946,711	3,290,120
Depreciable, net of accumulated depreciation	324,447,829	32,207,264
Assets total	\$699,565,129	\$71,745,705

See accompanying notes to financial statements.

Primary Government		Component Unit School District
Totals		
2009	2008 Restated	
\$65,641,006	\$65,964,996	\$21,392,081
61,931,137	71,023,565	18,249
2,298,707	2,722,085	
334,408	303,118	
785,823	3,084,974	7,589,434
772,272	627,584	
64,783	267,211	
4,548	44,945	
		188,813
	99,495	
600,722	566,812	
4,613,832	891,617	
13,471,070	13,416,322	843,601
1,173,084	1,345,042	12,075
727,519	987,234	
262,236,831	248,292,639	
356,655,093	361,643,692	3,672,266
<u>\$771,310,835</u>	<u>\$771,281,330</u>	<u>\$33,716,519</u>

FAIRBANKS NORTH STAR BOROUGH

Statement of Net Assets
June 30, 2009

	Primary Government	
	Governmental Activities	Business- type Activities
Liabilities		
Advance tax payments	\$9,256,715	\$
Accounts payable	2,472,078	566,281
Due to School District	7,367	
Wages and payroll taxes	934,116	195,728
Payable from restricted assets		
Accounts payable	4,653,959	57,072
Due to School District	181,445	
Unearned revenues	2,819,956	837
Due to governmental agencies		
Accrued interest payable	1,330,109	
Deposits from others	202,302	585,157
Long-term liabilities (See Note 11)		
Due within one year	11,065,628	1,769,306
Due in more than one year	128,557,038	24,233,022
Liabilities total	<u>161,480,713</u>	<u>27,407,404</u>
Net Assets		
Invested in capital assets, net of related debt	487,414,214	31,738,913
Restricted for		
Debt service	383,194	
Employee healthcare and labor relations	2,978,855	
Grant-funded special programs	1,317,653	
Special taxing jurisdictions	18,234,101	
Enhanced 911	2,399,162	
Library special revenue (donor-restricted)	8,041,293	
Grant-funded capital projects	8,991,915	
School bond capital projects	5,326,517	
Proprietary fund grants and asset replacement	6,163	586,075
Unrestricted	<u>2,991,349</u>	<u>12,013,314</u>
Net assets total	<u>\$538,084,417</u>	<u>\$44,338,302</u>

See accompanying notes to financial statements.

Primary Government		Component Unit School District
Totals		
2009	2008 Restated	
\$9,256,715	\$6,896,972	\$
3,038,359	1,556,088	783,718
7,367	7,435	
1,129,843	1,019,098	632,510
4,711,031	4,093,512	
181,445	20,314	
2,820,793	2,331,442	18,249
		5,421
1,330,109	1,523,798	
787,459	1,104,175	
12,834,934	12,137,454	6,224,974
<u>152,790,060</u>	<u>157,905,066</u>	<u>2,319,721</u>
<u>188,888,116</u>	<u>188,595,353</u>	<u>9,984,593</u>
519,153,127	507,059,656	3,672,266
383,194	373,550	
2,978,855	2,734,490	
1,317,653	1,833,388	
18,234,101	15,772,883	
2,399,162	2,320,099	
8,041,293	7,277,887	
8,991,915	10,722,543	
5,326,517	7,103,779	
592,239	430,616	
<u>15,004,663</u>	<u>27,057,087</u>	<u>20,059,660</u>
<u>\$582,422,719</u>	<u>\$582,685,977</u>	<u>\$23,731,926</u>

FAIRBANKS NORTH STAR BOROUGH

**Statement of Activities
For the Year Ended June 30, 2009**

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government					
Governmental activities					
General government	\$22,096,937	(\$2,800,415)	\$995,973	\$1,281,934	\$27,796
Community planning	1,874,958	434		150,304	
Public works	12,165,059	(1,601,156)	52,268	51,062	
Parks and recreation	9,241,852	15,457	1,106,668	23,886	136,287
Library	5,590,825	608	93,804	1,049,126	
Road and other service areas	3,998,062	395,460		287,092	3,691,986
Education	61,898,187				13,404,142
Emergency operations	5,580,214	152,657	1,111,970	622,797	515,625
Fire service areas	5,386,970	11,650		29,382	2,011,786
Interest on long-term debt	6,052,131				
Total governmental activities	133,885,194	(3,825,305)	3,360,683	3,495,583	19,787,620
Business-type activities					
Transit	6,444,844	837,326	1,429,331	1,908,418	13,299
Land	1,134,729	198,412	736,617	39,812	55,606
Carlson Center	1,131,693	464,418		105,393	7,961
Solid waste disposal	10,361,915	873,546	5,920,210		
Total business-type activities	19,073,180	2,373,701	8,086,158	2,053,623	76,866
Total primary government	\$152,958,374	(\$1,451,604)	\$11,446,841	\$5,549,205	\$19,864,486
Component unit					
School District	\$205,283,903	\$1,451,604	\$2,365,595	\$50,760,894	\$2,515,129

General revenues
 Property taxes
 Hotel-motel taxes
 Alcoholic beverage taxes
 Tobacco excise taxes
 Grants and contributions not restricted to specific programs
 Foundation program
 Other federal and state aid
 Unrestricted investment earnings
 Borough direct appropriation
 Other
 Transfers
 Total general revenues and transfers
 Change in net assets
 Net assets, beginning as restated for 2008
 Net assets, ending

See accompanying notes to financial statements.

Net (Expense) Revenue and
Changes in Net Assets

Primary Government		Totals		Component Unit
Governmental Activities	Business-type Activities	2009	2008 Restated	School District
(\$16,990,819)	\$	(\$16,990,819)	(\$13,712,437)	\$
(1,725,088)		(1,725,088)	(1,769,666)	
(10,460,574)		(10,460,574)	(9,552,943)	
(7,990,469)		(7,990,469)	(5,815,674)	
(4,448,503)		(4,448,503)	(3,706,487)	
(414,443)		(414,443)	(2,053,146)	
(48,494,045)		(48,494,045)	(58,476,152)	
(3,482,480)		(3,482,480)	(3,125,652)	
(3,357,452)		(3,357,452)	(4,595,385)	
(6,052,131)		(6,052,131)	(6,550,818)	
<u>(103,416,003)</u>		<u>(103,416,003)</u>	<u>(109,358,359)</u>	
	(3,931,122)	(3,931,122)	(1,038,914)	
	(501,106)	(501,106)	504,539	
	(1,482,757)	(1,482,757)	(1,283,402)	
	<u>(5,315,250)</u>	<u>(5,315,250)</u>	<u>375,984</u>	
	(11,230,235)	(11,230,235)	(1,441,793)	
<u>(103,416,003)</u>	<u>(11,230,235)</u>	<u>(114,646,238)</u>	<u>(110,800,152)</u>	
				<u>(151,093,889)</u>
93,707,963		93,707,963	93,330,750	
1,660,803		1,660,803	1,824,832	
1,384,156		1,384,156	1,434,006	
1,077,166		1,077,166	983,683	
14,124,381	41,495	14,165,875	15,378,985	96,001,077
				11,418,547
1,910,276	115,677	2,025,953	6,718,688	44,222,700
356,210	4,854	361,063	356,646	680,263
<u>(5,022,034)</u>	<u>5,022,034</u>			
<u>109,198,920</u>	<u>5,184,059</u>	<u>114,382,979</u>	<u>120,027,590</u>	<u>152,322,587</u>
5,782,917	(6,046,175)	(263,258)	9,227,438	1,228,698
<u>532,301,500</u>	<u>50,384,476</u>	<u>582,685,977</u>	<u>573,458,537</u>	<u>22,503,228</u>
<u>\$538,084,417</u>	<u>\$44,338,302</u>	<u>\$582,422,719</u>	<u>\$582,685,977</u>	<u>\$23,731,926</u>

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FUND FINANCIAL
STATEMENTS

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FAIRBANKS NORTH STAR BOROUGH

Governmental Funds

**Balance Sheet
June 30, 2009**

Assets	General	Service Areas	Debt Service
Equity in central treasury cash	\$30,795,162	\$12,599,439	\$428,017
Taxes receivable (net of allowance for uncollectibles - \$723,399)	2,099,818	173,678	
Accounts receivable (net of allowance for uncollectibles - \$141,788)	38,946		
Accrued interest receivable	44,728		21
Interfund receivable	2,838,613		
Due from governmental agencies	592,191	705	
Other assets	101,773		
Assets total	\$36,511,231	\$12,773,822	\$428,038
Liabilities and Fund Balances (Deficit)			
Liabilities			
Accounts payable	\$958,821	\$340,124	\$
Wages and payroll taxes	960,017		
Accrued self-insurance losses	953,746		
Interfund payable		164,279	
Due to School District	136		
Deposits from others	192,414		
Deferred revenues	1,443,048	154,495	
Unearned revenues			
Advance tax payments	9,256,715		
Liabilities total	13,764,897	658,897	
Fund balances (deficit)			
Reserved			
Reserved for encumbrances	233,114	26,502	
Unreserved, designated for			
Compensated absences	1,772,713		
Subsequent year's expenditures	4,800,000	501,720	
Self-insurance losses	1,500,000		
Reported in nonmajor special revenue funds			
Undesignated, reported in			
General fund	14,440,506		
Special revenue funds		11,586,703	
Debt service fund			428,038
Capital projects funds			
Fund balances (deficit) total	22,746,334	12,114,925	428,038
Liabilities and fund balances (deficit) total	\$36,511,231	\$12,773,822	\$428,038

See accompanying notes to financial statements.

<u>State Grants Capital Projects</u>	<u>Bond Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$9,704,873	\$16,207,895	\$36,158,848	\$105,894,234
		160,730	2,434,226
		880,386	919,332
	4,544	4	49,297
32,538			2,871,151
3,290,255		904,746	4,787,898
			101,773
<u>\$13,027,666</u>	<u>\$16,212,438</u>	<u>\$38,104,714</u>	<u>\$117,057,910</u>
\$1,458,510	\$2,117,399	\$2,243,592	\$7,118,446
			960,017
			953,746
1,946,453		549,466	2,660,198
87,608	7,267	93,802	188,813
		9,888	202,302
		689,856	2,287,399
2,157,059		644,696	2,801,756
			9,256,715
<u>5,649,630</u>	<u>2,124,666</u>	<u>4,231,301</u>	<u>26,429,391</u>
1,908,375	6,744,990	5,270,471	14,183,453
			1,772,713
			5,301,720
			1,500,000
		11,521,084	11,521,084
			14,440,506
		8,220,480	19,807,183
			428,038
5,469,661	7,342,782	8,861,377	21,673,821
7,378,036	14,087,772	33,873,413	90,628,518
<u>\$13,027,666</u>	<u>\$16,212,438</u>	<u>\$38,104,714</u>	<u>\$117,057,910</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Governmental Funds

**Reconciliation of Balance Sheet
to the Statement of Net Assets
June 30, 2009**

Total fund balances of governmental funds		\$ 90,628,519
Amounts reported for governmental activities in the statement of net assets are different because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		580,451,829
Deferred bond issuance costs are not available to pay for current-period expenditures and, therefore are not reported in the funds.		1,071,312
An internal service fund is used by management to charge the costs of vehicle and equipment fleet acquisitions and financing to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		2,612,000
Earned revenues that are not available to pay current period expenditures are reported as deferred revenues in the funds.		2,287,400
Long-term and related liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds payable	\$ (135,260,000)	
Deferred premiums on bonds	(693,044)	
Deferred refunding bonds difference	89,224	
Accrued interest payable on bonds	(1,330,109)	
Accrued compensated absences	(1,772,713)	
		<u>(138,966,643)</u>
Net assets of governmental activities		<u>\$538,084,417</u>

See accompanying notes to financial statements.

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FAIRBANKS NORTH STAR BOROUGH

Governmental Funds

Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2009

	General	Service Areas	Debt Service
Revenues			
Taxes	\$82,268,806	\$8,706,549	\$
Intergovernmental revenues	10,647,858	705	
Charges for services	1,433,299		
Other revenues	2,496,515	149,136	9,644
Revenues total	<u>96,846,478</u>	<u>8,856,390</u>	<u>9,644</u>
Expenditures			
Current			
General government	12,412,136		
Community planning	1,679,291		
Public works	4,899,169		
Parks and recreation	6,398,281		
Library	4,704,807		
Road and other service areas		2,224,420	
Education	44,222,700		
Emergency operations	1,883,822		
Fire service areas		5,043,291	
Capital outlay	371,553		
Debt service			
Principal retirement			7,903,000
Interest and fiscal agent fees			6,262,825
Expenditures total	<u>76,571,758</u>	<u>7,267,711</u>	<u>14,165,825</u>
Excess (deficiency) of revenues over expenditures	<u>20,274,720</u>	<u>1,588,679</u>	<u>(14,156,182)</u>
Other financing sources (uses)			
Transfers in	711,861	28,542	14,167,840
Transfers out	(23,259,404)	(1,349,112)	
Other financing sources (uses) total	<u>(22,547,543)</u>	<u>(1,320,570)</u>	<u>14,167,840</u>
Net change in fund balances	(2,272,823)	268,108	11,658
Fund balances (deficit), beginning as restated for 2008	25,019,157	11,846,816	416,380
Fund balances (deficit), ending	<u>\$22,746,334</u>	<u>\$12,114,925</u>	<u>\$428,038</u>

See accompanying notes to financial statements.

State Grants Capital Projects	Bond Projects	Other Governmental Funds	Total Governmental Funds
\$	\$	\$7,121,802	\$98,097,157
12,198,188		10,893,614	33,740,365
		1,664,202	3,097,501
500	226,828	1,191,778	4,074,401
<u>12,198,688</u>	<u>226,828</u>	<u>20,871,396</u>	<u>139,009,423</u>
62,255		6,227,083	18,701,474
		193,774	1,873,065
227,874		5,555,770	10,682,814
161,664		1,029,844	7,589,790
		239,493	4,944,300
1,479,747		689,665	4,393,833
997,613	5,610,603	162,329	50,993,244
		3,301,530	5,185,352
180,045		62,754	5,286,090
10,880,193	4,755,463	5,448,644	21,455,853
			7,903,000
			<u>6,262,825</u>
<u>13,989,392</u>	<u>10,366,066</u>	<u>22,910,888</u>	<u>145,271,640</u>
<u>(1,790,704)</u>	<u>(10,139,239)</u>	<u>(2,039,491)</u>	<u>(6,262,217)</u>
16		10,625,837	25,534,095
(353)		(5,653,189)	(30,262,058)
<u>(337)</u>		<u>4,972,648</u>	<u>(4,727,963)</u>
<u>(1,791,041)</u>	<u>(10,139,239)</u>	<u>2,933,157</u>	<u>(10,990,180)</u>
9,169,077	24,227,011	30,940,257	101,618,698
<u>\$7,378,036</u>	<u>\$14,087,772</u>	<u>\$33,873,413</u>	<u>\$90,628,518</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Governmental Funds

**Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances
To the Statement of Activities
For the Year Ended June 30, 2009**

Net change in fund balances - total governmental funds		(\$10,990,180)
<p>Amounts reported for governmental activities in the statement of activities are different because</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.</p>		
Capital outlay	\$21,455,853	
Depreciation expense	<u>(14,258,937)</u>	7,196,917
The net effect of other transactions involving capital assets (i.e., dispositions, trade-ins, and donations) is to increase (decrease) net assets.		1,734,045
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		2,287,400
Tax revenues that were reported as resources in the funds but were earned in prior fiscal years are not reported in the statement of activities.		(2,431,385)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Deferred bond issuance costs	414	
Debt principal payments	7,903,000	
Accrued interest and amortization	<u>120,805</u>	8,024,218
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.		(72,526)
An internal service fund is used by management to charge the cost of vehicle and equipment fleet acquisition and financing to individual funds. The change in net assets of the internal service fund is reported with governmental activities.		46,758
The internal service fund lookback adjustment results in a balance between governmental and business-type activities.		<u>(12,330)</u>
Change in net assets of governmental activities		<u><u>\$5,782,917</u></u>

See accompanying notes to financial statements.

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FAIRBANKS NORTH STAR BOROUGH

General Fund

**Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2009**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property tax	\$76,730,970	\$76,730,970	\$77,420,565	\$689,595
Hotel-motel and sales taxes	1,690,000	1,690,000	1,658,828	(31,172)
Alcoholic beverage tax	1,380,000	1,380,000	1,381,213	1,213
Tobacco excise tax	1,000,000	1,000,000	1,076,650	76,650
Interest and penalties on taxes	558,800	558,800	731,549	172,749
Taxes total	81,359,770	81,359,770	82,268,806	909,036
Intergovernmental revenues				
State of Alaska				
Aid for school construction	9,433,120	9,433,120	9,440,605	7,485
Other shared revenue and assistance	362,020	362,020	468,605	106,585
Grants	125,000	125,000	159,074	34,074
Federal government				
Payment in lieu of taxes	606,000	606,000	579,574	(26,426)
Intergovernmental revenues total	10,526,140	10,526,140	10,647,858	121,718
Charges for services	1,474,260	1,474,260	1,433,299	(40,961)
Charges to School District	1,595,220	1,595,220	1,451,604	(143,616)
Other revenues				
Charges to other funds	3,437,000	3,437,000	3,221,056	(215,944)
Investment income, including net unrealized investment gains/losses	2,330,900	2,330,900	1,673,483	(657,417)
Indirect charges to grants	220,000	220,000	525,128	305,128
Various	55,000	58,605	297,904	239,299
Other revenues total	6,042,900	6,046,505	5,717,571	(328,934)
Revenues total	100,998,290	101,001,895	101,519,138	517,243

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2009

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
Expenditures				
Current				
General government				
Non-departmental	\$557,900	\$385,153	\$81,277	\$303,876
Mayor	1,097,690	1,094,103	936,583	157,520
Assembly	1,522,110	1,514,921	1,420,221	94,701
Legal	952,660	953,754	910,005	43,749
Computer services	3,304,880	3,292,067	3,053,312	238,756
Financial services	3,013,000	2,971,999	2,879,775	92,224
Assessing	2,456,070	2,456,070	2,270,439	185,631
General services	1,399,190	1,399,190	1,239,722	159,468
Human resources	2,745,480	2,742,980	2,563,338	179,642
General government total	17,048,980	16,810,237	15,354,670	1,455,567
Community planning	1,934,450	1,934,152	1,682,840	251,312
Public works	7,148,140	7,140,163	6,583,246	556,917
Parks and recreation	6,597,200	6,597,570	6,417,711	179,859
Library	4,524,690	4,522,103	4,511,618	10,485
Education	44,222,700	44,222,700	44,222,700	
Emergency operations	2,129,950	2,117,012	1,888,984	228,028
Capital outlay	552,520	668,579	658,707	9,871
Expenditures total	84,158,630	84,012,516	81,320,477	2,692,039

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund

**Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance from Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over expenditures	\$16,839,660	\$16,989,378	\$20,198,661	\$3,209,283
Other financing sources (uses)				
Transfers in				
Special revenue funds	22,820	22,820	692,656	669,836
Capital projects funds			19,205	19,205
Transfers out				
Special revenue funds	(1,754,650)	(3,328,367)	(3,327,170)	1,197
Debt service fund	(14,167,840)	(14,167,840)	(14,167,840)	
Capital projects funds	(233,000)	(1,244,725)	(1,244,725)	
Enterprise funds	(4,480,020)	(4,519,669)	(4,519,669)	
Other financing sources (uses) total	(20,612,690)	(23,237,781)	(22,547,543)	690,238
Net change in fund balance	<u>(\$3,773,030)</u>	<u>(\$6,248,403)</u>	<u>(\$2,348,882)</u>	<u>\$3,899,520</u>

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH
Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2009

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Air Park</u>				
Total revenues and transfers in	\$240	\$240	\$58	(\$182)
Total expenditures and transfers out	\$11,265	\$10,766	\$1,538	\$9,228
<u>Airway</u>				
Total revenues and transfers in	\$11,960	\$11,960	\$11,530	(\$430)
Total expenditures and transfers out	\$35,892	\$35,892	\$3,403	\$32,490
<u>Arctic Fox</u>				
Total revenues and transfers in	\$5,100	\$5,100	\$4,916	(\$184)
Total expenditures and transfers out	\$29,072	\$29,072	\$1,822	\$27,250
<u>Aztec</u>				
Total revenues and transfers in	\$19,990	\$19,990	\$18,350	(\$1,640)
Total expenditures and transfers out	\$56,668	\$86,668	\$38,250	\$48,418
<u>Ballaine Lake Sewer & Water</u>				
Total revenues and transfers in	\$22,920	\$22,920	\$22,367	(\$553)
Total expenditures and transfers out	\$47,194	\$47,194	\$10,745	\$36,450
<u>Bear's Den Road</u>				
Total revenues and transfers in	\$50	\$50	\$16	(\$34)
Total expenditures and transfers out	\$3,332	\$3,332	\$800	\$2,532
<u>Becker Ridge</u>				
Total revenues and transfers in	\$99,610	\$99,610	\$98,242	(\$1,368)
Total expenditures and transfers out	\$219,107	\$244,107	\$114,389	\$129,718
<u>Birch Hill</u>				
Total revenues and transfers in	\$101,080	\$101,080	\$98,915	(\$2,165)
Total expenditures and transfers out	\$157,359	\$157,359	\$39,446	\$117,913
<u>Bluebird Road</u>				
Total revenues and transfers in	\$5,800	\$5,800	\$5,633	(\$167)
Total expenditures and transfers out	\$24,076	\$24,076	\$2,382	\$21,694

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2009

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Borda Road</u>				
Total revenues and transfers in	\$27,340	\$27,340	\$26,200	(\$1,140)
Total expenditures and transfers out	\$89,791	\$94,791	\$27,440	\$67,351
<u>Brookside</u>				
Total revenues and transfers in	\$8,050	\$8,050	\$7,807	(\$243)
Total expenditures and transfers out	\$34,692	\$34,692	\$2,766	\$31,926
<u>Chena Goldstream Volunteer Fire</u>				
Total revenues and transfers in	\$893,971	\$893,971	\$889,950	(\$4,021)
Total expenditures and transfers out	\$1,464,227	\$1,464,207	\$715,515	\$748,692
<u>Chena Hills Road</u>				
Total revenues and transfers in	\$84,900	\$84,900	\$89,413	\$4,513
Total expenditures and transfers out	\$136,787	\$132,787	\$100,726	\$32,061
<u>Chena Hot Springs II</u>				
Total revenues and transfers in	\$550	\$550	\$558	\$8
Total expenditures and transfers out	\$550	\$550	\$550	\$
<u>Chena Marina</u>				
Total revenues and transfers in	\$20,050	\$20,050	\$20,244	\$194
Total expenditures and transfers out	\$67,518	\$66,228	\$25,502	\$40,726
<u>Chena Point Road</u>				
Total revenues and transfers in	\$90,060	\$90,060	\$88,418	(\$1,642)
Total expenditures and transfers out	\$90,060	\$117,043	\$101,347	\$15,696
<u>Chena Spur</u>				
Total revenues and transfers in	\$37,180	\$37,180	\$36,844	(\$336)
Total expenditures and transfers out	\$89,232	\$129,232	\$58,111	\$71,121
<u>Cleary Summit</u>				
Total revenues and transfers in	\$660	\$660	\$734	\$74
Total expenditures and transfers out	\$1,514	\$1,514	\$660	\$854

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2009**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>College</u>				
Total revenues and transfers in	\$496,370	\$496,370	\$469,146	(\$27,224)
Total expenditures and transfers out	\$2,093,318	\$2,093,318	\$198,486	\$1,894,833
<u>College Hills</u>				
Total revenues and transfers in	\$23,310	\$23,310	\$23,257	(\$53)
Total expenditures and transfers out	\$44,253	\$44,253	\$12,929	\$31,324
<u>Cooper Estates</u>				
Total revenues and transfers in	\$24,110	\$24,110	\$22,818	(\$1,292)
Total expenditures and transfers out	\$104,294	\$104,294	\$4,479	\$99,815
<u>Cordes Drive</u>				
Total revenues and transfers in	\$23,020	\$23,020	\$22,485	(\$535)
Total expenditures and transfers out	\$40,331	\$47,831	\$24,752	\$23,079
<u>Cripple Creek</u>				
Total revenues and transfers in	\$55,930	\$55,930	\$54,224	(\$1,706)
Total expenditures and transfers out	\$189,076	\$189,076	\$32,932	\$156,143
<u>Deep Forest</u>				
Total revenues and transfers in	\$17,720	\$17,720	\$17,379	(\$341)
Total expenditures and transfers out	\$20,691	\$25,847	\$17,049	\$8,798
<u>Diane Subdivision</u>				
Total revenues and transfers in	\$4,330	\$4,330	\$3,571	(\$759)
Total expenditures and transfers out	\$54,743	\$54,743	\$1,634	\$53,109
<u>Drake Estates</u>				
Total revenues and transfers in	\$7,230	\$7,230	\$7,153	(\$77)
Total expenditures and transfers out	\$18,499	\$18,499	\$2,521	\$15,978
<u>Edanella Heights Road</u>				
Total revenues and transfers in	\$29,130	\$29,130	\$28,222	(\$908)
Total expenditures and transfers out	\$68,495	\$76,495	\$34,486	\$42,009

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2009**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Ester Lump Road</u>				
Total revenues and transfers in	\$17,890	\$17,890	\$16,578	(\$1,312)
Total expenditures and transfers out	\$97,349	\$102,349	\$20,553	\$81,797
<u>Ester Volunteer Fire</u>				
Total revenues and transfers in	\$326,341	\$326,341	\$325,262	(\$1,079)
Total expenditures and transfers out	\$368,620	\$368,620	\$334,641	\$33,978
<u>Fairfields</u>				
Total revenues and transfers in	\$15,350	\$15,350	\$14,802	(\$548)
Total expenditures and transfers out	\$59,227	\$71,527	\$34,247	\$37,280
<u>Fairhill</u>				
Total revenues and transfers in	\$12,000	\$12,000	\$11,744	(\$256)
Total expenditures and transfers out	\$33,516	\$33,516	\$4,796	\$28,720
<u>Fairwest</u>				
Total revenues and transfers in	\$24,830	\$24,830	\$22,480	(\$2,350)
Total expenditures and transfers out	\$204,776	\$204,776	\$5,315	\$199,461
<u>Garden</u>				
Total revenues and transfers in	\$34,790	\$34,790	\$34,203	(\$587)
Total expenditures and transfers out	\$112,161	\$112,161	\$2,300	\$109,861
<u>Golden Valley Road</u>				
Total revenues and transfers in	\$12,570	\$12,570	\$12,246	(\$324)
Total expenditures and transfers out	\$26,103	\$26,103	\$44,226	(\$18,123)
<u>Goldstream Alaska</u>				
Total revenues and transfers in	\$23,320	\$23,320	\$22,876	(\$444)
Total expenditures and transfers out	\$71,167	\$71,167	\$15,856	\$55,312
<u>Goldstream Moose Creek</u>				
Total revenues and transfers in	\$45,260	\$45,260	\$44,332	(\$928)
Total expenditures and transfers out	\$66,160	\$66,160	\$34,327	\$31,833

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2009**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Gordon</u>				
Total revenues and transfers in	<u>\$51,160</u>	<u>\$51,160</u>	<u>\$47,691</u>	<u>(\$3,469)</u>
Total expenditures and transfers out	<u>\$228,377</u>	<u>\$278,377</u>	<u>\$74,425</u>	<u>\$203,952</u>
<u>Granola Estates</u>				
Total revenues and transfers in	<u>\$5,080</u>	<u>\$5,080</u>	<u>\$4,423</u>	<u>(\$657)</u>
Total expenditures and transfers out	<u>\$39,448</u>	<u>\$42,448</u>	<u>\$4,168</u>	<u>\$38,280</u>
<u>Grieme Road</u>				
Total revenues and transfers in	<u>\$15,790</u>	<u>\$15,790</u>	<u>\$15,217</u>	<u>(\$573)</u>
Total expenditures and transfers out	<u>\$66,236</u>	<u>\$66,236</u>	<u>\$6,290</u>	<u>\$59,946</u>
<u>Haystack</u>				
Total revenues and transfers in	<u>\$32,670</u>	<u>\$32,670</u>	<u>\$31,375</u>	<u>(\$1,295)</u>
Total expenditures and transfers out	<u>\$75,741</u>	<u>\$76,907</u>	<u>\$14,752</u>	<u>\$62,155</u>
<u>Herning Hills</u>				
Total revenues and transfers in	<u>\$24,180</u>	<u>\$24,180</u>	<u>\$23,616</u>	<u>(\$564)</u>
Total expenditures and transfers out	<u>\$56,373</u>	<u>\$56,159</u>	<u>\$25,245</u>	<u>\$30,914</u>
<u>Hopeless</u>				
Total revenues and transfers in	<u>\$20,890</u>	<u>\$20,890</u>	<u>\$19,756</u>	<u>(\$1,134)</u>
Total expenditures and transfers out	<u>\$51,123</u>	<u>\$63,123</u>	<u>\$29,097</u>	<u>\$34,025</u>
<u>Horseshoe Downs</u>				
Total revenues and transfers in	<u>\$11,060</u>	<u>\$11,210</u>	<u>\$11,314</u>	<u>\$104</u>
Total expenditures and transfers out	<u>\$17,162</u>	<u>\$16,787</u>	<u>\$13,405</u>	<u>\$3,382</u>
<u>Jennifer Drive</u>				
Total revenues and transfers in	<u>\$5,040</u>	<u>\$5,040</u>	<u>\$4,937</u>	<u>(\$103)</u>
Total expenditures and transfers out	<u>\$9,912</u>	<u>\$9,912</u>	<u>\$1,336</u>	<u>\$8,576</u>
<u>Jones Road</u>				
Total revenues and transfers in	<u>\$56,320</u>	<u>\$56,320</u>	<u>\$55,407</u>	<u>(\$913)</u>
Total expenditures and transfers out	<u>\$88,239</u>	<u>\$94,239</u>	<u>\$78,204</u>	<u>\$16,035</u>

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2009

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Joy Road</u>				
Total revenues and transfers in	\$6,840	\$6,840	\$6,394	(\$446)
Total expenditures and transfers out	\$25,702	\$25,702	\$1,682	\$24,020
<u>Keeney Road</u>				
Total revenues and transfers in	\$2,040	\$2,040	\$1,965	(\$75)
Total expenditures and transfers out	\$8,186	\$8,186	\$1,791	\$6,395
<u>Kendall</u>				
Total revenues and transfers in	\$10,730	\$10,730	\$10,165	(\$565)
Total expenditures and transfers out	\$62,166	\$62,166	\$7,269	\$54,896
<u>Keystone</u>				
Total revenues and transfers in	\$12,000	\$12,000	\$11,719	(\$281)
Total expenditures and transfers out	\$63,028	\$63,028	\$6,394	\$56,634
<u>Kris Kringle</u>				
Total revenues and transfers in	\$12,720	\$12,720	\$12,010	(\$710)
Total expenditures and transfers out	\$69,489	\$69,489	\$7,093	\$62,396
<u>Lakloey Hill</u>				
Total revenues and transfers in	\$35,550	\$35,550	\$33,749	(\$1,801)
Total expenditures and transfers out	\$154,374	\$163,374	\$37,371	\$126,003
<u>Lee Lane</u>				
Total revenues and transfers in	\$5,590	\$5,590	\$5,081	(\$509)
Total expenditures and transfers out	\$25,080	\$26,080	\$2,262	\$23,818
<u>Loose Moose</u>				
Total revenues and transfers in	\$5,810	\$5,810	\$5,671	(\$139)
Total expenditures and transfers out	\$16,449	\$17,449	\$6,215	\$11,235
<u>Martin</u>				
Total revenues and transfers in	\$22,180	\$22,180	\$21,742	(\$438)
Total expenditures and transfers out	\$46,561	\$46,561	\$19,464	\$27,098

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2009**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>McCloud</u>				
Total revenues and transfers in	\$30,030	\$30,030	\$28,381	(\$1,649)
Total expenditures and transfers out	\$88,115	\$88,115	\$11,255	\$76,860
<u>McGrath Estates</u>				
Total revenues and transfers in	\$64,370	\$64,370	\$62,742	(\$1,628)
Total expenditures and transfers out	\$188,644	\$188,644	\$50,186	\$138,458
<u>McKinley View</u>				
Total revenues and transfers in	\$4,230	\$4,230	\$3,997	(\$233)
Total expenditures and transfers out	\$24,434	\$24,434	\$1,056	\$23,379
<u>Mellow Woods Road</u>				
Total revenues and transfers in	\$15,220	\$15,220	\$15,038	(\$182)
Total expenditures and transfers out	\$52,935	\$52,935	\$4,973	\$47,962
<u>Miller Hill Extension</u>				
Total revenues and transfers in	\$48,800	\$48,800	\$47,268	(\$1,532)
Total expenditures and transfers out	\$94,748	\$94,748	\$42,213	\$52,535
<u>Moose Creek</u>				
Total revenues and transfers in	\$15,130	\$15,130	\$14,149	(\$981)
Total expenditures and transfers out	\$68,856	\$76,856	\$9,089	\$67,768
<u>Moose Meadows</u>				
Total revenues and transfers in	\$65,720	\$65,720	\$64,846	(\$874)
Total expenditures and transfers out	\$237,395	\$237,395	\$14,979	\$222,417
<u>Mt. View</u>				
Total revenues and transfers in	\$25,850	\$25,850	\$24,788	(\$1,062)
Total expenditures and transfers out	\$108,700	\$108,700	\$17,842	\$90,857
<u>Murphy</u>				
Total revenues and transfers in	\$11,860	\$11,860	\$11,765	(\$95)
Total expenditures and transfers out	\$33,330	\$33,330	\$6,219	\$27,112

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2009**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Musk Ox</u>				
Total revenues and transfers in	\$22,840	\$22,840	\$21,655	(\$1,185)
Total expenditures and transfers out	\$105,662	\$105,462	\$17,583	\$87,879
<u>Newby Park</u>				
Total revenues and transfers in	\$15,510	\$15,510	\$16,571	\$1,061
Total expenditures and transfers out	\$16,654	\$16,654	\$7,966	\$8,688
<u>North Ridge</u>				
Total revenues and transfers in	\$8,840	\$8,840	\$8,758	(\$82)
Total expenditures and transfers out	\$26,162	\$26,162	\$3,491	\$22,671
<u>North Star Volunteer Fire</u>				
Total revenues and transfers in	\$1,382,625	\$1,382,625	\$1,412,509	\$29,884
Total expenditures and transfers out	\$1,690,051	\$1,690,051	\$1,607,020	\$83,031
<u>O'Connor Creek</u>				
Total revenues and transfers in	\$107,190	\$107,190	\$107,670	\$480
Total expenditures and transfers out	\$132,159	\$132,159	\$76,292	\$55,867
<u>Old Wood Road</u>				
Total revenues and transfers in	\$9,940	\$9,940	\$9,755	(\$185)
Total expenditures and transfers out	\$28,979	\$28,479	\$8,495	\$19,984
<u>Our</u>				
Total revenues and transfers in	\$3,560	\$3,560	\$3,432	(\$128)
Total expenditures and transfers out	\$11,867	\$12,867	\$4,516	\$8,350
<u>Parksville</u>				
Total revenues and transfers in	\$10,820	\$10,820	\$10,318	(\$502)
Total expenditures and transfers out	\$51,790	\$55,790	\$8,691	\$47,099
<u>Peede Country Estates</u>				
Total revenues and transfers in	\$4,750	\$4,750	\$4,579	(\$171)
Total expenditures and transfers out	\$18,038	\$18,038	\$3,202	\$14,836

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2009**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Pine Stream</u>				
Total revenues and transfers in	\$20,660	\$20,660	\$19,442	(\$1,218)
Total expenditures and transfers out	\$93,530	\$93,530	\$8,540	\$84,989
<u>Pleasureland</u>				
Total revenues and transfers in	\$7,960	\$7,960	\$7,692	(\$268)
Total expenditures and transfers out	\$64,343	\$64,343	\$1,882	\$62,461
<u>Polar Heights</u>				
Total revenues and transfers in	\$17,470	\$17,470	\$16,902	(\$568)
Total expenditures and transfers out	\$35,978	\$40,978	\$12,810	\$28,168
<u>Potlatch</u>				
Total revenues and transfers in	\$10,850	\$10,850	\$10,819	(\$31)
Total expenditures and transfers out	\$28,050	\$28,050	\$14,573	\$13,477
<u>Prospect Park</u>				
Total revenues and transfers in	\$7,220	\$7,220	\$7,284	\$64
Total expenditures and transfers out	\$25,190	\$25,190	\$2,449	\$22,741
<u>Reed Acres Road</u>				
Total revenues and transfers in	\$8,580	\$8,580	\$7,532	(\$1,048)
Total expenditures and transfers out	\$56,847	\$68,847	\$21,903	\$46,944
<u>Ridgecrest</u>				
Total revenues and transfers in	\$1,980	\$1,980	\$1,947	(\$33)
Total expenditures and transfers out	\$2,123	\$5,123	\$1,635	\$3,488
<u>Salchaket Heights</u>				
Total revenues and transfers in	\$2,270	\$2,270	\$2,156	(\$114)
Total expenditures and transfers out	\$13,273	\$13,273	\$1,878	\$11,395
<u>Scenic Heights</u>				
Total revenues and transfers in	\$17,770	\$17,770	\$16,672	(\$1,098)
Total expenditures and transfers out	\$104,730	\$104,730	\$12,261	\$92,469

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2009**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Seavy</u>				
Total revenues and transfers in	\$9,790	\$9,790	\$9,282	(\$508)
Total expenditures and transfers out	\$51,671	\$51,671	\$4,390	\$47,281
<u>Secluded Acres</u>				
Total revenues and transfers in	\$7,740	\$7,740	\$7,386	(\$354)
Total expenditures and transfers out	\$38,823	\$38,823	\$2,990	\$35,833
<u>Serendipity Hill</u>				
Total revenues and transfers in	\$6,430	\$6,430	\$6,020	(\$410)
Total expenditures and transfers out	\$41,360	\$41,360	\$3,310	\$38,050
<u>Six Mile Village Road</u>				
Total revenues and transfers in	\$8,160	\$8,160	\$7,914	(\$246)
Total expenditures and transfers out	\$35,029	\$35,029	\$3,089	\$31,940
<u>Smallwood Trail Road</u>				
Total revenues and transfers in	\$5,470	\$5,470	\$5,123	(\$347)
Total expenditures and transfers out	\$31,761	\$31,761	\$1,237	\$30,524
<u>Smith Ranch</u>				
Total revenues and transfers in	\$33,930	\$33,930	\$33,149	(\$781)
Total expenditures and transfers out	\$64,984	\$64,984	\$3,083	\$61,900
<u>Spring Glade</u>				
Total revenues and transfers in	\$27,750	\$27,750	\$26,515	(\$1,235)
Total expenditures and transfers out	\$113,030	\$113,030	\$12,370	\$100,661
<u>Spruce Acres</u>				
Total revenues and transfers in	\$6,150	\$6,150	\$5,682	(\$468)
Total expenditures and transfers out	\$35,828	\$36,328	\$5,494	\$30,834
<u>Steamboat Landing</u>				
Total revenues and transfers in	\$15,280	\$15,280	\$14,734	(\$546)
Total expenditures and transfers out	\$52,376	\$52,376	\$7,118	\$45,258

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2009

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Steese Volunteer Fire</u>				
Total revenues and transfers in	\$1,097,000	\$1,097,000	\$1,097,008	\$8
Total expenditures and transfers out	\$1,292,946	\$1,292,166	\$1,083,345	\$208,822
<u>Straight Creek</u>				
Total revenues and transfers in	\$17,050	\$17,050	\$14,645	(\$2,405)
Total expenditures and transfers out	\$26,432	\$26,432	\$14,657	\$11,775
<u>Summerwood</u>				
Total revenues and transfers in	\$34,580	\$34,580	\$33,854	(\$726)
Total expenditures and transfers out	\$124,672	\$124,672	\$18,560	\$106,112
<u>Summit Drive</u>				
Total revenues and transfers in	\$104,950	\$104,950	\$100,491	(\$4,459)
Total expenditures and transfers out	\$224,583	\$224,583	\$51,408	\$173,175
<u>Sunny Hills Terrace</u>				
Total revenues and transfers in	\$28,230	\$28,230	\$26,924	(\$1,306)
Total expenditures and transfers out	\$142,721	\$142,721	\$10,255	\$132,466
<u>Sunrise</u>				
Total revenues and transfers in	\$11,470	\$11,470	\$10,638	(\$832)
Total expenditures and transfers out	\$77,044	\$77,044	\$5,332	\$71,712
<u>Tan Terra</u>				
Total revenues and transfers in	\$17,590	\$17,590	\$17,037	(\$553)
Total expenditures and transfers out	\$24,796	\$33,109	\$22,155	\$10,953
<u>Thomas</u>				
Total revenues and transfers in	\$10,230	\$10,230	\$9,614	(\$616)
Total expenditures and transfers out	\$16,817	\$16,684	\$10,896	\$5,788
<u>Timberlane Road</u>				
Total revenues and transfers in	\$8,380	\$8,380	\$7,354	(\$1,026)
Total expenditures and transfers out	\$70,523	\$72,523	\$2,918	\$69,605

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2009**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Tungsten</u>				
Total revenues and transfers in	\$30,990	\$30,990	\$31,079	\$89
Total expenditures and transfers out	\$30,990	\$52,825	\$48,461	\$4,364
<u>Twenty Three Mile Slough</u>				
Total revenues and transfers in	\$28,750	\$28,750	\$27,790	(\$960)
Total expenditures and transfers out	\$143,850	\$167,250	\$50,161	\$117,089
<u>Ullrhaven</u>				
Total revenues and transfers in	\$4,030	\$4,030	\$3,638	(\$392)
Total expenditures and transfers out	\$18,576	\$18,576	\$3,146	\$15,430
<u>University Fire</u>				
Total revenues and transfers in	\$2,017,605	\$2,017,605	\$2,028,096	\$10,491
Total expenditures and transfers out	\$2,830,953	\$3,580,953	\$2,380,890	\$1,200,063
<u>University Heights</u>				
Total revenues and transfers in	\$52,280	\$52,280	\$50,850	(\$1,430)
Total expenditures and transfers out	\$176,212	\$176,212	\$30,025	\$146,187
<u>University West Street Light</u>				
Total revenues and transfers in	\$61,700	\$61,700	\$58,344	(\$3,356)
Total expenditures and transfers out	\$166,045	\$221,045	\$69,236	\$151,809
<u>Vienna Wood</u>				
Total revenues and transfers in	\$21,640	\$21,640	\$21,004	(\$636)
Total expenditures and transfers out	\$65,846	\$65,846	\$20,938	\$44,908
<u>Viewpointe</u>				
Total revenues and transfers in	\$17,840	\$17,840	\$16,329	(\$1,511)
Total expenditures and transfers out	\$119,558	\$119,558	\$7,746	\$111,812
<u>Violet Drive</u>				
Total revenues and transfers in	\$55,030	\$55,030	\$54,377	(\$653)
Total expenditures and transfers out	\$94,534	\$94,534	\$45,668	\$48,867

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2009

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Vista Gold Road</u>				
Total revenues and transfers in	\$35,260	\$35,260	\$34,132	(\$1,128)
Total expenditures and transfers out	\$58,748	\$66,248	\$31,669	\$34,579
<u>Vue Crest</u>				
Total revenues and transfers in	\$30,470	\$30,470	\$28,864	(\$1,606)
Total expenditures and transfers out	\$145,983	\$145,983	\$30,148	\$115,835
<u>Whitman</u>				
Total revenues and transfers in	\$3,790	\$3,790	\$3,550	(\$240)
Total expenditures and transfers out	\$23,044	\$23,044	\$2,726	\$20,318
<u>Wildview</u>				
Total revenues and transfers in	\$172,870	\$172,870	\$165,600	(\$7,270)
Total expenditures and transfers out	\$483,128	\$523,128	\$172,150	\$350,978
<u>Woodland</u>				
Total revenues and transfers in	\$2,290	\$2,290	\$2,250	(\$40)
Total expenditures and transfers out	\$5,605	\$5,605	\$1,824	\$3,780
<u>Yak Road</u>				
Total revenues and transfers in	\$74,480	\$74,480	\$71,789	(\$2,691)
Total expenditures and transfers out	\$254,556	\$256,556	\$105,545	\$151,011
<u>Total All Service Areas</u>				
Total revenues and transfers in	\$8,959,912	\$8,960,062	\$8,884,932	(\$75,130)
Total expenditures and transfers out	\$17,820,370	\$19,004,011	\$8,643,325	\$10,360,687

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Net Assets
June 30, 2009

Assets	Business-type Activities -	
	Transit	Land
Current assets		
Equity in central treasury cash	\$2,094,292	\$4,543,268
Restricted equity in central treasury cash	193,088	
Taxes receivable - foreclosure reimbursement		198,889
Accounts receivable (net of allowance for uncollectibles - \$3,785)		16,608
Restricted accounts receivable		
Accrued interest receivable		20,034
Land contracts receivable, current portion		133,331
Interfund receivable		
Due from governmental agencies		2,929
Restricted due from governmental agencies	416,289	
Inventories	192,780	232,026
Current assets total	<u>2,896,449</u>	<u>5,147,086</u>
Noncurrent assets		
Long-term receivable, (net of allowance for uncollectibles - \$203,290)		
Land inventory - long-term		12,294,142
Land contracts receivable		594,188
Capital assets - non-depreciable		
Retained land		980,610
Land and land improvements	595,234	
Works of art		
Construction work in progress		
Capital assets - depreciable		
Land		
Buildings	4,032,842	314,927
Improvements other than buildings	268,627	
Equipment	4,223,117	
Intangible assets - software	204,769	18,864
Accumulated depreciation	(2,915,767)	(283,890)
Noncurrent assets (net) total	<u>6,408,823</u>	<u>13,918,841</u>
Assets total	<u>\$9,305,272</u>	<u>\$19,065,927</u>

See accompanying notes to financial statements.

Enterprise Funds			Governmental Activities - Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
\$1,993,881	\$11,810,939	\$20,442,381	\$655,080
362,997		556,085	24,363
		198,889	
56,910	556,145	629,664	
9,099		9,099	
		20,034	
		133,331	
	128,373	128,373	
		2,929	5,602
1,836		418,125	
	752,123	1,176,928	
<u>2,424,724</u>	<u>13,247,579</u>	<u>23,715,839</u>	<u>685,044</u>
		12,294,142	
		594,188	
		980,610	
509,032	746,003	1,850,269	
120,790		120,790	
314,892	23,558	338,450	
	346,044	346,044	
15,073,945	6,581,935	26,003,650	
1,608,028	16,992,749	18,869,405	
1,555,835	3,526,537	9,305,489	6,603,256
		223,633	
(6,280,562)	(13,060,738)	(22,540,956)	(3,660,544)
<u>12,901,960</u>	<u>15,156,089</u>	<u>48,385,713</u>	<u>2,942,711</u>
<u>\$15,326,684</u>	<u>\$28,403,669</u>	<u>\$72,101,552</u>	<u>\$3,627,756</u>

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Net Assets

June 30, 2009

	Business-type Activities -	
	Transit	Land
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$58,835	\$30,695
Wages and payroll taxes	121,695	22,726
Accrued compensated absences	215,380	44,203
Accrued self-insurance losses	5,204	
Deposits from others	5,467	579,690
Payable from restricted assets		
Accounts payable	22,793	
Interfund payable	337,489	
Unearned revenues	837	
Capital leases payable		
Loans payable		
Unrealized gain on land contracts, current portion		45,489
Current liabilities total	<u>767,701</u>	<u>722,803</u>
Long-term liabilities		
Accrued compensated absences	28,747	1,225
Accrued self-insurance losses	6,113	
Unrealized gain on land contracts		252,174
Capital leases payable		
Loans payable		
Landfill closure and postclosure care		
Long-term liabilities total	<u>34,860</u>	<u>253,399</u>
Liabilities total	<u>802,561</u>	<u>976,201</u>
Net assets		
Invested in capital assets, net of related debt	6,408,823	1,030,511
Restricted for		
Asset replacement		
Grants	248,258	
Unrestricted	1,845,630	17,059,215
Net assets total	<u>8,502,711</u>	<u>18,089,726</u>
Liabilities and net assets total	<u>\$9,305,272</u>	<u>\$19,065,927</u>

See accompanying notes to financial statements.

Enterprise Funds			Governmental Activities - Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
\$172,411	\$304,340	\$566,281	\$7,591
2,488	48,820	195,728	
1,811	58,653	320,046	
	164,349	169,553	
		585,157	
34,279		57,072	
1,836		339,326	
		837	18,200
			420,730
	1,234,218	1,234,218	
		45,489	
<u>212,825</u>	<u>1,810,379</u>	<u>3,513,707</u>	<u>446,521</u>
	18,522	48,494	
	153,468	159,580	
		252,174	
			585,755
	2,524,253	2,524,253	
	21,248,521	21,248,521	
	<u>23,944,763</u>	<u>24,233,022</u>	<u>585,755</u>
<u>212,825</u>	<u>25,755,142</u>	<u>27,746,729</u>	<u>1,032,276</u>
12,901,960	11,397,619	31,738,913	1,936,226
337,817		337,817	
		248,258	6,163
1,874,082	(8,749,092)	12,029,835	653,090
<u>15,113,860</u>	<u>2,648,527</u>	<u>44,354,823</u>	<u>2,595,480</u>
<u>\$15,326,684</u>	<u>\$28,403,669</u>	<u>\$72,101,552</u>	<u>\$3,627,756</u>

Proprietary Funds**Reconciliation of Net Assets Between the
Government-wide and Fund Financial Statements
June 30, 2009**

Total net assets of enterprise funds	\$44,354,823
Adjustment reflects the consolidation of internal service fund activities to enterprise funds.	<u>(16,521)</u>
Net assets of business-type activities	<u><u>\$44,338,302</u></u>

See accompanying notes to financial statements.

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FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Revenues, Expenses
and Changes in Net Assets
Year Ended June 30, 2009

	Business-type Activities -	
	Transit	Land
Operating revenues		
Fares	\$359,148	\$
Land sales, net of cost		233,422
Land leases		34,429
Interest on land contracts receivable		87,031
Advertising	19,988	
Charges for services	1,050,100	262,486
Other revenues		41,495
Operating revenues total	<u>1,429,236</u>	<u>658,862</u>
Operating expenses		
Wages and benefits	4,366,400	787,446
Fuels, lubricants, and parts	670,520	20
Other commodities	25,296	1,520
Contractual services	407,099	92,946
Utilities	130,866	
Professional services	122,718	111,849
Depreciation	517,353	7,242
Training, dues and professional expenses	37,066	7,111
Repairs and maintenance	101,268	1,000
Supplies	69,626	6,907
Management contractor fee		
Landfill closure and postclosure care costs		
Interest expense - capital leases		
Intragovernmental charges	836,023	198,195
Operating expenses total	<u>7,284,236</u>	<u>1,214,236</u>
Operating income (loss)	<u>(5,855,000)</u>	<u>(555,374)</u>

See accompanying notes to financial statements.

Enterprise Funds			Governmental Activities - Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
\$	\$	\$359,148	\$
		233,422	
		34,429	
		87,031	
		19,988	
105,393	5,920,210	7,338,189	561,660
		41,495	
<u>105,393</u>	<u>5,920,210</u>	<u>8,113,701</u>	<u>561,660</u>
38,997	2,023,592	7,216,435	
	213,791	884,331	
18,003	14,071	58,891	
467,280	1,420,865	2,388,190	25
	134,442	265,308	
	611,126	845,693	
436,709	892,267	1,853,572	446,938
	21,607	65,784	
2,470	213,082	317,820	2,395
140	148,244	224,917	
169,890		169,890	
	4,608,585	4,608,585	
			51,415
463,723	867,988	2,365,929	43,418
<u>1,597,213</u>	<u>11,169,660</u>	<u>21,265,345</u>	<u>544,191</u>
<u>(1,491,820)</u>	<u>(5,249,450)</u>	<u>(13,151,644)</u>	<u>17,469</u>

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Revenues, Expenses
and Changes in Net Assets
Year Ended June 30, 2009

	<u>Business-type Activities -</u>	
	<u>Transit</u>	<u>Land</u>
Non-operating revenues (expenses)		
Interest expense	\$	\$
Grants revenue	1,908,418	39,812
Investment income	7,745	26,827
Gain (loss) on sales of capital assets		
Miscellaneous revenue (expense)	94	
Non-operating revenues (expenses) total	<u>1,916,257</u>	<u>66,639</u>
Income (loss) before contributions and transfers	(3,938,744)	(488,735)
Transfers in	3,282,640	39,854
Transfers out		
Capital contributions	13,299	349,677
Change in net assets	(642,805)	(99,203)
Net assets total, beginning as restated for 2008	<u>9,145,516</u>	<u>18,188,929</u>
Net assets total, ending	<u>\$8,502,711</u>	<u>\$18,089,726</u>

See accompanying notes to financial statements.

Enterprise Funds			Governmental Activities - Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
\$	(\$74,617)	(\$74,617)	\$
		1,948,230	5,602
2,823	78,282	115,677	
61	2,726	2,787	(12,911)
	2,068	2,162	
<u>2,884</u>	<u>8,459</u>	<u>1,994,239</u>	<u>(7,309)</u>
(1,488,935)	(5,240,991)	(11,157,405)	10,160
1,497,380		4,819,874	
	(91,912)	(91,912)	
7,961		370,937	36,598
<u>16,405</u>	<u>(5,332,903)</u>	<u>(6,058,506)</u>	<u>46,758</u>
15,097,454	7,981,430	50,413,328	2,548,722
<u>\$15,113,860</u>	<u>\$2,648,527</u>	<u>\$44,354,823</u>	<u>\$2,595,480</u>

Proprietary Funds**Reconciliation of Statement of Revenues,
Expenses, and Changes in Net Assets
To the Statement of Activities
For the Year Ended June 30, 2009**

Change in net assets - total enterprise funds	(\$6,058,506)
Amounts reported for business-type activities in the statement of activities are different because	
The internal service fund lookback adjustment results in a balance between governmental and business-type activities.	<u>12,330</u>
Change in net assets of business-type activities	<u><u>(\$6,046,175)</u></u>

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FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Cash Flows
Increases (Decreases) in Equity in Central Treasury Cash
Year Ended June 30, 2009

	<u>Business-type Activities -</u>	
	<u>Transit</u>	<u>Land</u>
Cash flows from operating activities		
Cash received from customers	\$1,429,236	\$647,171
Cash payments to suppliers for goods and services	(2,389,054)	(525,899)
Cash payments to employees for services	(4,376,515)	(789,406)
Net cash provided by (used for) operating activities	<u>(5,336,333)</u>	<u>(668,134)</u>
Cash flows from noncapital financing activities		
Grants received	1,853,929	
Transfers from other funds	3,282,640	39,854
Transfers to other funds		
Proceeds from interfund financing activity	47,397	
Net cash provided by (used for) noncapital financing activities	<u>5,183,966</u>	<u>39,854</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(122,948)	
Capital grants received	16,983	106,919
Capital lease payments		
Interest on capital lease payments		
Proceeds from disposal of capital assets		
Proceeds from surplus sale	94	
Proceeds from (repayment of) interfund financing activity		(14,358)
Payments on loan		
Net cash provided by (used for) capital and related financing activities	<u>(105,871)</u>	<u>92,561</u>
Cash flows from investing activities		
Investment income allocation from central treasury	7,745	26,827
Payments received on loans to other funds		
Net cash provided by investing activities	<u>7,745</u>	<u>26,827</u>
Net increase (decrease) in equity in central treasury cash	(250,493)	(508,892)
Equity in central treasury cash at beginning of year	<u>2,537,873</u>	<u>5,052,160</u>
Equity in central treasury cash at end of year	<u>\$2,287,380</u>	<u>\$4,543,268</u>

See accompanying notes to financial statements.

Enterprise Funds			Governmental Activities - Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
\$57,561	\$6,008,465	\$8,142,433	\$561,660
(1,121,506)	(3,516,188)	(7,552,647)	(39,002)
(37,015)	(1,772,601)	(6,975,537)	
(1,100,960)	719,676	(6,385,751)	522,658
		1,853,929	
1,497,380	(91,912)	4,819,874	
		(91,912)	
		47,397	
1,497,380	(91,912)	6,629,288	
(179,122)	(1,370,855)	(1,672,925)	(14,023)
9,825		133,727	(457,284)
	2,726	2,726	(51,734)
61	2,068	2,223	26,320
(1,864)	(1,290,595)	(1,290,595)	
(171,100)	(2,656,656)	(2,841,066)	(496,721)
2,823	78,282	115,677	
	14,932	14,932	
2,823	93,214	130,609	
228,143	(1,935,678)	(2,466,920)	25,937
2,128,736	13,746,617	23,465,387	653,506
\$2,356,878	\$11,810,939	\$20,998,466	\$679,443

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Cash Flows
Increases (Decreases) in Equity in Central Treasury Cash
Year Ended June 30, 2009

	<u>Business-type Activities -</u>	
	<u>Transit</u>	<u>Land</u>
<u>Reconciliation of equity in central treasury cash to Statement of Net Assets accounts</u>		
Equity in central treasury cash	\$2,094,292	\$4,543,268
Restricted equity in central treasury cash	193,088	
Equity in central treasury cash at end of year	<u>\$2,287,380</u>	<u>\$4,543,268</u>
<u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</u>		
Operating income (loss)	<u>(\$5,855,000)</u>	<u>(\$555,374)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation	517,353	7,242
Interest expense for capital leases		
Change in assets and liabilities		
(Increase) decrease in receivables		285,144
(Increase) decrease in inventories	20,886	(29,163)
Increase (decrease) in accounts payable	(7,670)	(13,792)
Increase (decrease) in deposits from others	842	(230,560)
Increase (decrease) in wages and payroll taxes	12,316	4,629
Increase (decrease) in accrued compensated absences	10,431	(6,588)
Increase (decrease) in retainages payable	(2,629)	
Increase (decrease) in accrued self-insurance losses	(32,862)	
(Decrease) in unrealized gain on land contracts		(129,671)
Increase in landfill closure and postclosure care liability		
Adjustments total	<u>518,667</u>	<u>(112,760)</u>
Net cash provided by (used for) operating activities	<u>(\$5,336,333)</u>	<u>(\$668,134)</u>
<u>Noncash investing, capital and financing activities</u>		
Capital leases		
Capital asset transfers (to) from other funds		\$294,072

See accompanying notes to financial statements.

Enterprise Funds			Governmental Activities - Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
\$1,993,881	\$11,810,939	\$20,442,381	\$655,080
362,997		556,085	24,363
<u>\$2,356,878</u>	<u>\$11,810,939</u>	<u>\$20,998,466</u>	<u>\$679,443</u>
<u>(\$1,491,820)</u>	<u>(\$5,249,450)</u>	<u>(\$13,151,644)</u>	<u>\$17,469</u>
436,709	892,267	1,853,571	446,938
(47,832)	(153,969)	83,343	51,415
	245,301	237,024	16,614
	128,803	107,341	(9,778)
		(229,718)	
1,603	248	18,796	
378	28,027	32,248	
	219,863	(2,629)	
		187,001	
		(129,671)	
	<u>4,608,585</u>	<u>4,608,585</u>	
<u>390,858</u>	<u>5,969,126</u>	<u>6,765,891</u>	<u>505,189</u>
<u>(\$1,100,960)</u>	<u>\$719,676</u>	<u>(\$6,385,751)</u>	<u>\$522,658</u>
			\$488,136
		\$294,072	\$36,598

FAIRBANKS NORTH STAR BOROUGH

Fiduciary Fund

Statement of Net Assets
June 30, 2009

	<u>Taxes Agency Fund</u>
Assets	
Equity in central treasury cash	\$206,062
Property tax liens receivable	338,909
Sales tax receivable	44,445
Assets total	<u>\$589,416</u>
Liabilities	
Due to other governmental agencies for collected taxes	\$10,702
Due to other governmental agencies for uncollected taxes	383,354
Advance tax payments	195,361
Liabilities total	<u>\$589,416</u>

See accompanying notes to financial statements.

NOTES TO THE
FINANCIAL STATEMENTS

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements
June 30, 2009

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FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Fairbanks North Star Borough (the Borough) was incorporated January 1, 1964 as a second class borough under the provisions of the State of Alaska Borough Act (1963), as amended. The Borough operates under a Mayor-Assembly form of government and provides the following services:

Areawide: property assessment and collection of taxes, public schools, planning and zoning, animal control, flood control, library, air pollution control, disaster and civil defense, solid waste disposal (landfill), parks and recreation, transportation system, child care assistance (pursuant to a grant from the State of Alaska), health and social services (limited), emergency communication services (enhanced 911), and tourism marketing funded by hotel-motel room taxes. These services are provided throughout the entire Borough. The Borough also has hospital and housing financing powers, neither of which are exercised.

Non-areawide: emergency medical services, economic development, and fireworks control. These activities service the area of the Borough outside the two cities of Fairbanks and North Pole.

Service area: road construction and maintenance is provided to 107 neighborhoods and regions, fire protection to five regions, water supply and sewage disposal to one neighborhood, and streetlights to one neighborhood. There are 114 total service areas.

Solid Waste Collection District: solid waste collection and transfer to the landfill. The District services the area of the Borough outside the City of Fairbanks.

The accompanying financial statements present the Borough (primary government) and its discretely presented component unit, the Fairbanks North Star Borough School District (School District). The School District is the Borough's only component unit.

Although the School District is governed by an independently elected school board, it is included in these financial statements because it is financially accountable to the Borough in the following ways:

Any year-end fund balance surplus in excess of seven percent of the local appropriation to the School District lapses back to the Borough's general fund.

The Borough Assembly is responsible for approving and appropriating the amount for local support to the School District for education.

The Borough has responsibility for funding any deficits of the School District.

The Borough is responsible for the levying and collecting of taxes. The School District has no taxing authority.

The School District cannot borrow funds, but the Borough may and does issue bonds to finance school construction, renovation, technology upgrades, and major maintenance.

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

All land, buildings, and improvements other than buildings used by the School District are owned by the Borough and provided to the School District at no charge. School buildings located on Fort Wainwright army post and on Eielson air force base are owned by the Borough; the land is leased through agreements with the Secretary of the Army and the Secretary of the Air Force.

The School District is required to deposit all school money in the Borough's central treasury.

The School District is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Borough. Complete financial statements of the School District can be obtained from the School District's Department of Administrative Services at 520 Fifth Avenue, Fairbanks, Alaska 99701-4756; telephone number (907) 452-2000.

B. FUNDS

The accounts of the Borough are organized and operated on the basis of funds. A fund is an independent fiscal and accounting unit with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid Borough management in demonstrating compliance with finance-related legal and contractual provisions. There are eleven fund types, of which the Borough uses seven. The fund types used by the Borough are general, special revenue, debt service, capital projects, enterprise, internal service, and agency. All fund types can be categorized into three broad classifications: governmental, proprietary, and fiduciary.

Governmental Funds

The Borough has five major governmental funds:

The general fund is the government's primary operating fund. It is used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund.

The service areas special revenue fund is used to account for the revenues and expenditures of the Borough's four service area activities: road maintenance and construction, fire protection, streetlights, and sewer and water. There are 107 active road service areas, five fire service areas, one streetlights service area, and one sewer and water service area.

The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal, interest, and related costs.

FAIRBANKS NORTH STAR BOROUGH
Notes to Financial Statements (continued)
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. FUNDS (continued)

The state grants capital projects fund is used to account for State grant-funded capital projects.

The bond capital projects fund is used to account for all bond-funded capital projects.

In addition, the Borough has eleven nonmajor governmental funds. The nonmajor special revenue funds are state grants, federal pass-through grants, federal grants, local programs, enhanced 911, non-areawide, solid waste collection district, and library. The nonmajor capital projects funds are federal pass-through grants, federal grants, and local projects.

Proprietary Funds

In the proprietary fund type, the Borough reports all of its enterprise funds as major:

The transit enterprise fund is used to account for the activities of the public transportation system (the MACS Metropolitan Area Commuter System and the paratransit Van Tran), the air quality function, and maintenance of the Borough's vehicle fleet.

The land enterprise fund is used to account for the acquisition, development and sale, and management of all Borough lands, including those received under the State of Alaska Municipal Land Act. It also accounts for the Chena Riverfront Trust.

The Carlson Center enterprise fund is used to account for the operations of the John A. Carlson Community Activity Center.

The solid waste disposal enterprise fund is used to account for the activities of the Borough's solid waste disposal function, which includes operation of the landfill, household hazardous waste disposal, and recycling of paper and other materials.

Additionally, the Borough has one internal service fund (proprietary fund type):

The vehicle and equipment fleet fund is used to account for the acquisition and financing of Borough vehicles and equipment.

Fiduciary Fund

The Borough also has only one fiduciary fund, an agency fund:

The taxes agency fund is used to account for real property taxes collected by the Borough as an agent for other governmental units.

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

There are two government-wide financial statements, the statement of net assets and the statement of activities. These statements report information on all of the nonfiduciary activities of the Borough as a primary government and its component unit, the School District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities (the Borough's enterprise funds), which rely to a significant extent on fees and charges for support. The Borough is reported separately from the School District.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Indirect expense allocations made in the funds are reversed and presented in a separate column. 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 program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All nonmajor governmental funds are combined into a single, aggregated column.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 transit enterprise fund, the land enterprise fund, the Carlson Center enterprise fund, the solid waste disposal enterprise fund, and the Borough's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and the internal service fund 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 nonoperating revenues and expenses.

Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, requires that enterprise activities follow all GASB pronouncements. It also allows for the option of either following Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 that are not in conflict with GASB pronouncements, or following all FASB pronouncements that are not in conflict with GASB pronouncements. The Borough and School District have both elected to follow FASB pronouncements issued on or before November 30, 1989 that are not in conflict with GASB pronouncements.

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

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements, as well as the financial statements of the proprietary funds, are reported using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund uses the accrual basis of accounting. Revenues are recognized when earned, except for revenue from land sales, which is recognized on the installment method. Expenditures are recognized when they are incurred, except for estimated landfill closure and postclosure care costs which are recognized based on landfill usage.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include interfund goods and services provided and used between Borough functions. Elimination of these charges would distort direct costs and program revenues for the various functions concerned.

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 Borough considers revenues to be available if they are collected within 45 days of the end of the current fiscal period.

Property taxes are levied by June 15 but not accrued until July 1 of the succeeding fiscal year when they are available to finance expenditures of that period. Taxes collected prior to July 1 are recorded as advance tax payments. State entitlements and shared revenues are recorded as revenue in the period of allocation. Certain grant revenues are dependent upon expenditures or other criteria, and revenues from these grants are recognized when the expenditures are made, or the criteria are met. Revenues from other grants are recognized on the cash basis. Interest income is accrued when earned. For investments with maturities greater than one year, unrealized gains and losses are recorded at the end of the reporting 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 when payment is due.

The School District reports district-wide information using the economic resources measurement focus and the accrual basis of accounting. As a general rule, the effect of interfund activity has been eliminated from the district-wide information.

E. BUDGETARY PROCESS

The budgetary data presented in the financial statements are established by the following procedures:

- 1) On or before the first Thursday following April 1, the Mayor submits to the Borough Assembly a proposed operating budget for the following fiscal year. The annual operating budget includes proposed expenditures and the means of financing them. In accordance with Alaska Statutes 14.14.060(c) and Fairbanks North Star Borough Code of Ordinances (FNSB) 3.03.010A, the School District's Board of Education is required to adopt and submit its annual budget to the Borough Assembly by April 1 for approval of the amount of local support for education.

FAIRBANKS NORTH STAR BOROUGH
Notes to Financial Statements (continued)
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BUDGETARY PROCESS (continued)

- 2) At least one public hearing is held.
- 3) By May 31, the budget is legally enacted through the passage of an appropriating ordinance, including the local support share of School District funding.
- 4) The Mayor is authorized to transfer budgeted amounts within a department or within a service area. Transfers between departments, between service areas, or between funds require Borough Assembly approval.

Formal budgetary integration is employed as a management control device, during the year, for the general fund; certain special revenue funds: enhanced 911, non-areawide, solid waste collection district, and service areas; debt service fund; enterprise funds; and internal service fund. In addition, formal budgetary integration is employed as a management control device in the remaining special revenue funds and all the capital projects funds for the life of the related grants, projects, or programs.

Annual budgets are legally adopted for the general, certain special revenue (enhanced 911, non-areawide, solid waste collection district, and service areas), and debt service funds. Differences in accounting for encumbrances exist between the basis of accounting used for budgetary purposes and that used for reporting in accordance with generally accepted accounting principles. The remaining special revenue funds, except library, and all the capital projects funds are controlled through project budgets. Adopted project budgets provide authorization to complete projects that extend beyond one fiscal year. Multi-fiscal year projects are controlled by comparing project-to-date expenditures with project budgets.

Annual budgets are also adopted for the enterprise funds and the internal service fund. However, generally accepted accounting principles do not require the adoption of budgets for enterprise funds and internal service funds, and budgetary comparisons are not included for these funds because the measurement focus is based upon determination of net income and financial position.

Appropriations are authorized by ordinance at the department level for the general, enhanced 911 special revenue, non-areawide special revenue, solid waste collection district special revenue, library, enterprise, and internal service funds; at the service area level in the service areas special revenue fund; and at the project level for the capital projects and the remaining special revenue funds. All other appropriations are at the fund level.

Expenditures may not exceed these appropriations which are the legal levels of budgetary control. Administrative control is maintained through the establishment of more detailed, object-level budgets.

F. EQUITY IN CENTRAL TREASURY CASH - DEPOSITS AND INVESTMENTS

Cash resources of all Borough funds, and of the School District component unit, are combined and invested with the following objectives: ensure safety of principal, maintain sufficient liquidity to meet cash flow requirements, and achieve a reasonable market rate of return. Central treasury investments are reported at fair value.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. EQUITY IN CENTRAL TREASURY CASH - DEPOSITS AND INVESTMENTS (continued)

Investment income is allocated to the following funds and accounts based upon their cumulative, month-end cash equity balances: enhanced 911 special revenue fund, service areas special revenue fund, health care contingency reserve special revenue program, federal grants in all funds, capital projects to renovate the Mary Siah tennis courts funded by a donation, the library special revenue fund and any capital projects funded by the library fund, enterprise funds, and the School District for pupil activities. The balance of investment income is allocated to the general fund.

G. STATEMENT OF CASH FLOWS

For purposes of the statement of cash flows, the cash and cash equivalents of the enterprise funds and the internal service fund are their Equity in Central Treasury Cash.

H. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, interfund receivables and payables transactions arise. On the statement of net assets, the internal balances represent the amounts that are receivable or payable between business-type activities and governmental activities.

I. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond the current year-end are recorded as prepaid items in both government-wide and fund financial statements.

J. INVENTORIES

Inventories of the transit enterprise fund and the solid waste disposal enterprise fund are stated at cost. An average cost method is used for parts and gravel. The first-in, first-out method is used for fuel. Inventories of the School District are valued at cost, using the weighted average cost method, except for School District inventories of the U.S. Department of Agriculture food commodities. Food commodities are recorded at fair market value. All inventories are recorded as expenditures when used (consumption method).

K. LAND INVENTORIES

Entitlement land received by the Borough under the State of Alaska Municipal Land Act is recorded as a donation in the land enterprise fund. The land donated by the State is valued at \$1 per acre when tentative approval for the land is received from the State until such time as the estimated fair value is readily determinable. When the fair value of the land can be determined, it is back-trended to the date of donation and that portion exceeding \$1 per acre is then recorded as donation revenue.

All land inventory of the land enterprise fund is valued at the lower of cost (specific identification method) or market. Cost includes the donated value described above, plus development expenses recorded at cost.

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. LAND INVENTORIES (continued)

Lands that are ready for sale or being developed for sale are recorded as a current asset, Inventories. Lands that are not currently for sale, whether they are undeveloped, being withheld from sale, leased or otherwise managed by the land management department, are recorded as a long-term asset, Land inventory - long-term. Lands retained for a public purpose within the governmental functions are reflected as capital assets on the government-wide statement of net assets.

L. CAPITAL ASSETS

Capital assets, which include land, buildings, improvements, machinery and equipment, library materials, artwork, software, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Borough as tangible or intangible property for use in operations with an initial, individual cost of \$5,000 or more for machinery and equipment and artwork and \$50,000 or more for all other assets except library materials, and an estimated useful life of over one year. Such assets are recorded at cost at the time of acquisition or construction. Donated capital assets are recorded at estimated fair value at the date of donation. During the conversion to GASB No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments* if the cost of an asset was not readily available, the historical cost was estimated. This was done using the current replacement cost of the asset and using an applicable index to back-trend this amount to the date of acquisition or construction.

Included in the amount of land and land improvements is the cost of the road service areas' rights-of-way and roadbeds. Due to its road service powers, the Borough manages and maintains the roads on rights-of-way located on public land. Roadbeds are considered a non-exhaustible land improvement. Also included in the amount of land and land improvements is the cost of the Tanana River levee. The Tanana River levee includes the levee itself, drainage channels, and protective groins and is considered to be a permanent land improvement. As a second class borough, the Borough has no major general infrastructure assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. (See Note 7.)

Most capital assets of the Borough are depreciated and amortized over their estimated useful lives using the straight-line method, half-year convention. Beginning in fiscal year 2006-07, land put into service for solid waste disposal is being depreciated using the activity method. All land for solid waste disposal put into service prior to fiscal year 2006-07 is depreciated using the straight-line method, half-year convention. Land not in service for solid waste disposal, land improvements, works of art, and construction in progress are not depreciated. In addition, the following categories of library materials are non-circulating permanent collections that are

FAIRBANKS NORTH STAR BOROUGH
Notes to Financial Statements (continued)
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. CAPITAL ASSETS (continued)

appreciating in value and as such, they are not depreciated: microfilm, Alaskana materials, and the antiquarian collection. Estimated useful lives are as follows:

	<u>Years</u>
Buildings	15-50
Improvements	20-50
Equipment	4-35
Library materials - books and media	6
Software	5-20

The capital assets of the School District consist only of furniture, equipment, and certain intangible assets. Capital assets are defined by the School District as assets with an initial, individual cost of \$2,500 or more and an estimated useful life in excess of two years. School District equipment is valued at cost or estimated historical cost when original cost is not available. Donated equipment is valued at its estimated fair market value on the date received. The Borough owns and provides to the School District all school land, buildings, and improvements, except for certain land that is leased. (See Note 9.)

The School District records straight-line depreciation and amortization over the following estimated useful lives:

	<u>Years</u>
Furniture and equipment	5-25
Intangible assets	5-10

M. ACCRUED COMPENSATED ABSENCES

It is the Borough's policy to permit employees to accumulate earned but unused annual leave. Annual leave is subject to certain restrictions and maximum accumulations. Employees are paid for any accumulated annual leave upon use or at termination. All annual leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The governmental funds have no liabilities for accrued compensated absences at June 30.

N. DEFERRED AND UNEARNED REVENUES

In the financial statements of the governmental funds, deferred revenues arise when a legal claim exists, but the resources are not available to pay liabilities of the current period, as when property taxes are levied but not collected within the availability period.

Unearned revenues arise when resources are received before the Borough or School District has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Borough or School District has a legal claim to the resources, the liability for unearned revenue is recognized.

FAIRBANKS NORTH STAR BOROUGH
Notes to Financial Statements (continued)
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. UNREALIZED GAIN ON LAND CONTRACTS

In accordance with FASB Statement No. 66, retail land sales of the land enterprise fund are accounted for using the installment method because the extended length of the collection period casts doubt on the collectability of the land contracts receivable. The unrealized gain on land contracts represents that portion of the gross profit that has not yet been recovered through collections of the receivables.

P. OTHER LONG-TERM LIABILITIES

In the government-wide financial statements and the fund financial statements of the proprietary funds, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, as expenditures during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Q. ENVIRONMENTAL LIABILITIES

Effective July 1, 2008 the Borough implemented the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. The Borough's policy requires accrual of material pollution remediation obligation amounts when (a) a specific obligating event is met and (b) the amount can be reasonably estimated. Potential cost recoveries such as insurance proceeds, if any, are evaluated separately from the Borough's pollution remediation obligation. Costs incurred for pollution remediation obligations are recorded as environmental expenses unless the expenditures meet specific criteria that allow them to be capitalized. The Borough has determined that the implementation of GASB 49 had no material effect on prior year financial statements and that no restatement is necessitated by the implementation of this standard. As of June 30, 2009, there were no environmental issues which met the criteria.

R. FUND EQUITY

Reserved fund balances indicate that a portion of fund equity is not available for expenditure, as in the case of reserves for encumbrances, or a portion of fund equity is legally segregated for a specific future use.

Designated fund balances indicate tentative plans for future use. Fund balances designated for subsequent year's expenditures represent commitments for expenditures in excess of anticipated revenues for the following year. Undesignated fund balances indicate that a portion of fund equity is available for budgeting in a future period.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. 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, debt service on school facilities, certain administrative functions, major facility maintenance, and certain equipment purchases. The costs of these services have not been charged to the School District.

T. COMPARATIVE DATA/RECLASSIFICATION

The basic financial statements include partial prior-year comparative information in order to provide an understanding of the changes in the financial position and operations of the Borough's funds. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Borough's financial statements for the year ended June 30, 2008, from which such partial information was derived. Also, certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

U. ROUNDING

Each amount in the financial statements is rounded to its natural whole number. As a result, some subtotals and totals may not equal the sum of the detail amounts.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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 Statement of Revenues and Expenditures-Budget and Actual for the general fund and all service areas:

	<u>General Fund</u>	<u>Service Areas</u>
Revenues reported on the basis of budgeting	\$101,519,138	\$8,884,932
Adjustment for other financing sources (transfers in)		(28,542)
Adjustment for intragovernmental cost plan revenues	(4,672,660)	
Revenues reported on the basis of GAAP	<u>\$96,846,478</u>	<u>\$8,856,390</u>
Expenditures reported on the basis of budgeting	\$81,320,477	\$8,643,325
Expenditures on prior year encumbrances	231,513	
Current year encumbrances	(233,114)	(26,502)
Adjustment for other financing sources (transfers out)		(1,349,112)
Adjustment for intragovernmental cost plan revenues	(4,672,660)	
Adjustment for accrued compensated absences	(74,458)	
Expenditures reported on the basis of GAAP	<u>\$76,571,758</u>	<u>\$7,267,711</u>

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2009**

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. RECONCILIATION OF BUDGETARY BASIS WITH GAAP BASIS (continued)

Since encumbrances constitute the equivalent of expenditures for budgetary purposes, the accompanying statements present comparisons of actual results to the annual budgets of the general fund and all service areas on the basis of budgeting. Adjustments to convert actual expenditures to the basis of budgeting are reflected in the actual on budgetary basis column in the accompanying statements. The adjustments include the addition for current year encumbrances and the deduction for expenditures of prior year encumbrances. The original budget column is that adopted by the assembly in its annual appropriation. The final budget column combines the original budget column, and budget amendments made during the current fiscal year. Refer to the management's discussion and analysis (MD&A) budgetary highlights section for discussion of significant budget variances.

The intragovernmental cost plan revenues and expenditures are reflected for budgetary purposes as a revenue and an expenditure in the applicable cost units. For GAAP purposes, the actual intragovernmental cost plan revenues are subtracted from actual expenditures and the net amount is shown as expenditures for the corresponding cost pool.

For budgetary purposes, the accrual basis of accounting is used and the entire amount of the accrued compensated absences that was earned is reported as a liability. For financial statement reporting, the modified basis of accounting is used and only that portion of the accrued compensated absences that is due and payable is shown as a liability.

The threshold for capitalizing machinery and equipment is \$5,000. However, for control purposes, assets with a cost of \$750 or greater are tracked and referred to as "controlled" assets. These "controlled" assets are included as part of capital outlay for budgeting purposes, and they are included as current expenditures in the actual expenditures for the financial statements.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no excesses of actual expenditures over appropriations for the year ended June 30, 2009.

C. DEFICIT FUND EQUITY

There was a deficit fund balance at June 30, 2009 in Chena Point road service area of \$35,707 resulting from a combination of expenditures made in fiscal year 2006-07 to pave 1.75 miles of road within the service area and a fiscal year 2007-08 10% project match for additional paving which came in above estimated costs. Golden Valley road service area had a deficit fund balance of \$15,934 resulting from a loan to cover a 10% project match. Chena Hot Springs II road service area had a deficit fund balance of \$1 resulting from a timing difference in tax payments.

D. TAXES LEVIED IN EXCESS OF MAXIMUM TAX COMPUTATION

Thirty-five service areas and the non-area-wide district levied a total of \$2,247 of taxes in excess of the maximum tax computation. (See Note 4.)

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)
June 30, 2009

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

E. SCHOOL DISTRICT FUND BALANCE LIMIT

In accordance with Alaska Statutes 14.14.060(c) and Fairbanks North Star Borough Code of Ordinances (FNSB) 3.03.040, the Assembly annually appropriates the amount of local support for school purposes, while FNSB 3.01.060 E limits the amount of the School District's unreserved local appropriation fund balance. Unreserved local appropriation fund balance not exceeding seven percent may carry over to the next fiscal year. This carry-over fund balance is not required to show as revenues for the following fiscal year's budget. At June 30, 2009, unreserved fund balance originating from all revenue sources, including local support, did not exceed seven percent of fiscal year 2008-09 expenditures and other financing uses.

3. DEPOSITS AND INVESTMENTS

Equity in central treasury cash is composed of deposits and investments for all Borough funds and all funds of the School District component unit.

Deposits – Banking services are provided to the Borough under a contract with Wells Fargo Bank Alaska N.A. (WFB). These services were paid for monthly through a fee based structure. The contract requires that WFB sweep the Borough's central treasury accounts daily and invest all available funds in an overnight investment.

Investments – FNSB 3.04 (Code) describes the objectives, policies, and procedures for the investment of funds. Borough moneys may be invested only in the following instruments, with the listed maximum maturities from date of purchase: 1) U.S. Treasuries – 5 years; 2) other obligations guaranteed by the United States government or its agencies and instrumentalities – 5 years; 3) repurchase agreements of securities specified in 1) and 2) above, subject to qualifications of the financial institution and specified margin requirements – 5 years; 4) collateralized certificates of deposits and other deposits – 5 years; 5) bank deposits insured by FDIC, NCUA, or FSLIC – 5 years; 6) bonds or notes of any state or political subdivision thereof, rated A or higher – 5 years; 7) prime commercial paper graded A1/P1 or higher – 270 days; 8) prime bankers acceptances of the fifty largest international banks – 180 days; 9) money market mutual funds consisting entirely of instruments specified in 1), 2), and 3) above – maturity date not applicable; and 10) the Alaska Municipal League Investment Pool, Inc.

The Borough's investments are subject to "interest rate risk" – the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough's policies to manage the interest rate risk of its investments include limiting their time to maturity at the date of purchase, as noted above. In addition, the Borough's entire investment portfolio cannot have an average maturity exceeding three years. Further, at the time of purchasing an investment, not more than 30 percent of the prior 12-month moving average value of the portfolio may be in the three- to five-year range. Call options increase the sensitivity of the fair value of an investment to interest rate changes.

The Borough's investments in debt securities are also subject to "credit risk" – the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured by nationally recognized statistical rating organizations (rating agencies), such as Standard & Poor's (S&P), Moody's, and Fitch in the form of credit quality ratings. As noted above, the Borough's policies limit its investments in debt securities to obligations of the U.S. government, which are not considered to have any credit risk, and to the highest-rated debt securities where the credit risk is low.

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)
June 30, 2009

3. DEPOSITS AND INVESTMENTS (continued)

The Alaska Municipal League Investment Pool (AMLIP) is not SEC-registered, but is a 2a7-like pool, operating in a manner consistent with that rule. In May 2009, Standard & Poor's Rating Services assigned its AAAM principal stability fund rating to AMLIP. 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.

Regulatory oversight of the pool is established by Alaska Statutes 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 Statutes 37.23.050 require the retention of an investment manager. The manager is required to produce monthly disclosure statements on the pool. The pool also has retained an investment adviser who monitors the performance of the investment manager to ensure compliance with investment policies. All participation in the pool is voluntary. The pool must maintain a dollar-weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days 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, 2009, 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 AMLIP is the same as the value of its pool units.

The Borough's investments, by investment type, at June 30, 2009 are:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Ratings</u>
Overnight investment			
Wells Fargo Bank Alaska N.A.	\$282,218		n/a
Wells Fargo Bank Alaska N.A.	4,848,070		n/a
Government securities money market funds			
Fidelity Institutional Money Market - Government Fund	42,034,363		AAAm/Aaa
BNY Goldman Sachs FS Fund	146,177		AAAm/Aaa
Federated – Government Obligation Tax Fund	137,324		AAAm/Aaa
Federated – Government Obligation Tax Managed Fund	7,300,085		AAAm/Aaa
External investment pool			
Alaska Municipal League Investment Pool	91,662,227		AAAm
Certificates of Deposit			
Certificate of Deposit Account Registry Service - CDARS	2,500,000	15 October 2009	n/a
Certificate of Deposit Account Registry Service - CDARS	2,500,000	15 April 2010	n/a
	<u>\$151,410,464</u>		

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)
June 30, 2009

4. PROPERTY AND OTHER TAXES

During the preceding fiscal year, property was assessed as of January 1 and taxes were levied by June 15. During the current fiscal year, these taxes attached on property as an enforceable lien on July 1 and were payable in two installments on September 1 and November 1. Property tax revenues were accrued on July 1 when they became available to finance expenditures of the current fiscal year.

Property taxes receivable, including associated penalties and interest receivable, are shown net of an allowance for doubtful accounts. The vast majority of property taxes are ultimately collectible through the lien and foreclosure process. The allowance is based on an estimate of those delinquent properties not subject to that process.

All penalties and interest on delinquent property taxes of the Borough belong to the general fund. Under the modified accrual basis of accounting used by the general fund, these penalties and interest are recognized when they are both measurable and available to finance expenditures of the fiscal year. The Borough's availability period extends for 45 days after the end of its fiscal year (see Note 1D).

Alaska Statutes 29.45.090 limits the amount of taxes levied to three percent of the assessed value of the property within the Borough. Furthermore, no Borough, or combination of municipalities occupying the same geographical area, may levy taxes which will result in tax revenues from all sources exceeding \$1,500 a year for each person residing in the Borough or which exceeds the product of 225 percent of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the Borough. However, there is no taxing limitation for debt service per Alaska Statutes 29.45.100.

FNSB 3.08.141 (Code) limits the Borough's taxing authority. The total amount of tax that can be levied during a year cannot exceed the total amount levied for the preceding year (see Note 2D). For computation purposes, the preceding year's tax levy is adjusted for inflation, new construction, additional voter-approved services, new judgments against the Borough, special appropriations necessary on an emergency basis, and any appropriations from fund balance designated by the Borough Assembly as a tax reduction. The limitation does not apply to any appropriation for payments on bonds. The Code requires inclusion of both property tax and other tax revenues within the tax cap computation and requires publication of tax cap computations by May 31 of each year. In October of 2008, the voters reconfirmed the Code provision limiting the Borough's taxing authority.

5. DEEDS OF TRUST AND CONTRACTS RECEIVABLE

Deeds of Trust Receivable - All real estate sales of the Borough using secured indebtedness are sold as deeds of trust. In addition, the Borough gave prior contract buyers an option to convert to deeds of trust. Annual installments are due over a period of ten years with a stated interest rate of 7.25 percent to 10.00 percent and a weighted average interest rate of 9.51 percent. The annual installments of principal due for the next five years on contracts converted to deeds of trust and parcels originally sold as deeds of trust are as follows:

Year Ending <u>June 30</u>	Annual <u>Installments</u>
2010	\$133,331
2011	127,941
2012	104,313
2013	92,726
2014	81,203

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2009**

5. DEEDS OF TRUST AND CONTRACTS RECEIVABLE (continued)

No allowances for uncollectible receivables are recorded as the Borough does not transfer title to contract buyers until the contract is paid in full. Revenue related to land sale receivables is recognized on the installment method. As of June 30, 2009, the total receivable for delinquent accounts amounted to \$179,382.

6. LAND INVENTORIES

Under provisions of the State of Alaska Municipal Land Act, the Borough was granted an entitlement of 112,000 acres. The Borough has received title (patent or tentative approval) to about 98 percent of those acres. Of this acreage, about ten percent has been sold into private ownership. Over five percent has been dedicated for recreation, public use or other activities. A small portion is being leased. The remaining acreage and currently leased land is recorded as land inventory, current and long-term, in the land enterprise fund.

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$235,578,198	\$3,159,501	(\$818,181)	\$237,919,518
Works of art	156,800			156,800
Library materials	1,059,763	30,665		1,090,428
Construction in progress	8,286,851	20,657,742	(9,164,627)	19,779,966
Total capital assets, not being depreciated	<u>245,081,612</u>	<u>23,847,908</u>	<u>(9,982,808)</u>	<u>258,946,711</u>
Capital assets, being depreciated:				
Buildings	425,422,462	6,555,643		431,978,105
Improvements other than buildings	69,179,592	1,903,507	(485,544)	70,597,555
Equipment	17,538,750	1,113,516	(706,138)	17,946,128
Library materials	1,734,357	312,642	(256,288)	1,790,711
Intangible assets - software	1,286,895			1,286,895
Total capital assets, being depreciated	<u>515,162,055</u>	<u>9,885,308</u>	<u>(1,447,970)</u>	<u>523,599,394</u>
Less accumulated depreciation for:				
Buildings	(150,700,932)	(11,079,338)		(161,780,269)
Improvements other than buildings	(23,808,490)	(2,213,592)	415,626	(25,606,457)
Equipment	(9,502,485)	(1,029,237)	658,774	(9,872,948)
Library materials	(845,781)	(293,756)	256,288	(883,249)
Intangible assets - software	(918,690)	(89,952)		(1,008,642)
Total accumulated depreciation	<u>(185,776,378)</u>	<u>(14,705,874)</u>	<u>1,330,687</u>	<u>(199,151,565)</u>
Total capital assets, being depreciated, net	<u>329,385,678</u>	<u>(4,820,566)</u>	<u>(117,282)</u>	<u>324,447,829</u>
Governmental activities capital assets, net	<u>\$574,467,289</u>	<u>\$19,027,341</u>	<u>(\$10,100,090)</u>	<u>\$583,394,540</u>

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)
June 30, 2009

7. CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Retained land	\$978,312	\$3,750	(\$1,451)	\$980,610
Land and land improvements	1,850,269			1,850,269
Works of art	120,790			120,790
Construction in progress	261,656	347,491	(270,696)	338,450
Total capital assets, not being depreciated	<u>3,211,027</u>	<u>351,240</u>	<u>(272,147)</u>	<u>3,290,120</u>
Capital assets, being depreciated:				
Land and land improvements	346,044			346,044
Buildings	25,735,349	268,301		26,003,650
Improvements other than buildings	18,869,405			18,869,405
Equipment	8,195,956	1,534,520	(424,987)	9,305,489
Intangible assets - software	223,633			223,633
Total capital assets, being depreciated	<u>53,370,386</u>	<u>1,802,821</u>	<u>(424,987)</u>	<u>54,748,220</u>
Less accumulated depreciation for:				
Land and land improvements	(263,749)	(5,297)		(269,046)
Buildings	(8,970,667)	(535,048)		(9,505,715)
Improvements other than buildings	(9,412,111)	(505,913)		(9,918,025)
Equipment	(2,408,574)	(785,509)	424,987	(2,769,097)
Intangible assets - software	(57,269)	(21,805)		(79,074)
Total accumulated depreciation	<u>(21,112,372)</u>	<u>(1,853,572)</u>	<u>424,987</u>	<u>(22,540,956)</u>
Total capital assets, being depreciated, net	<u>32,258,014</u>	<u>(50,750)</u>		<u>32,207,264</u>
Business-type activities capital assets, net	<u>\$35,469,041</u>	<u>\$300,490</u>	<u>(\$272,147)</u>	<u>\$35,497,384</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$267,407
Community planning	4,099
Public works	89,165
Parks and recreation	1,669,125
Library	629,923
Education	10,905,597
Emergency operations	235,689
Fire service areas	457,932
In addition, depreciation on capital assets held by the Borough's internal service fund is charged to the various functions on their usage of the assets	446,938
Total depreciation expense – governmental activities	<u>\$14,705,874</u>
Business-type activities:	
Transit	\$517,353
Land	7,242
Carlson Center	436,709
Solid waste disposal	892,267
Total depreciation expense – business-type activities	<u>\$1,853,572</u>

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)
June 30, 2009

7. CAPITAL ASSETS (continued)

Component Unit - School District

	Beginning Balance	Increases	Decreases	Ending Balance
Building improvements	\$318,102	\$	(\$318,102)	\$
Furniture and equipment	11,670,579	736,938	(260,864)	12,146,653
Less accumulated depreciation	(8,064,192)	(695,124)	268,134	(8,491,182)
Total, net of accumulated depreciation	<u>3,924,489</u>	<u>41,814</u>	<u>(310,832)</u>	<u>3,655,471</u>
Intangible assets (software)	205,056			205,056
Less accumulated amortization	(162,177)	(26,084)		(188,261)
Total, net of accumulated amortization	<u>42,879</u>	<u>(26,084)</u>		<u>16,795</u>
Component unit capital assets, net	<u>\$3,967,368</u>	<u>\$15,730</u>	<u>(\$310,832)</u>	<u>\$3,672,266</u>

8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances for the purpose of the entity-wide statements have been eliminated with the exception of internal balances that represent the amounts that are receivables or payables among business-type activities and governmental activities. The composition of interfund balances in the fund-level statements as of June 30, 2009, was as follows:

Interfund payables to general fund from	
Service areas special revenue	\$3,368
Federal pass-through grants	33,149
State grants capital projects	1,946,453
Nonmajor governmental funds	516,317
Transit enterprise	337,490
Carlson Center enterprise	1,836
Total interfund payable to general fund	<u>2,838,613</u>
Interfund payable to State grants capital projects from service areas special revenue	32,538
Interfund payable to solid waste disposal fund from service areas special revenue	<u>128,373</u>
Total interfund payable	<u>\$2,999,524</u>

The service areas balance of \$3,368 is an outstanding loan that Ballaine Lake sewer and water service area has from the general fund for the repair of their sewage disposal system with a six-year payback through July 1, 2010 and interest at 5 percent. The remaining amount due to the general fund is from individual funds' overdrafts of pooled cash in the central treasury, primarily for expenditure-driven grants for which grantor reimbursement has

FAIRBANKS NORTH STAR BOROUGH
Notes to Financial Statements (continued)
June 30, 2009

8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (continued)

not yet been received. The \$32,538 is a loan to the Golden Valley road service area from the road service revolving loan program for the primary purpose of paying the required 10% match for the Chena Ester Ditch road reconstruction project, payable over 10 years, through July 1, 2018 at an interest rate of 8.25%. The \$128,373 represents an outstanding loan from the solid waste disposal enterprise fund landfill closure reserve to Chena Point road service area for a resurfacing project. The loan has a 10-year payback, through November 15, 2015, with a variable interest rate calculated on the Bond Buyer's 20-Bond G.O. Index.

Transfers are indicative of funding of capital projects, debt service, and subsidies for various Borough operations accounted for in other funds in accordance with budgetary authorizations.

Transfers for the year ended June 30, 2009, were as follows:

	Transfers In	Transfers Out
Major governmental funds		
General	\$711,861	\$23,259,404
Service areas special revenue	28,542	1,349,112
Debt service	14,167,840	
State grants capital projects	16	353
Nonmajor governmental funds	10,625,837	5,653,189
	25,534,095	30,262,058
Major business-type funds		
Transit enterprise	3,282,640	
Land enterprise	39,854	
Carlson Center enterprise	1,497,380	
Solid waste disposal enterprise		91,912
	4,819,874	91,912
Total - all funds	\$30,353,969	\$30,353,969

In the fund-level financial statements, total transfers in of \$30,353,969 are equal to transfers out. Business type activities received \$4,519,669 from general fund to provide working capital for operations or projects and the solid waste disposal enterprise fund contributed \$91,912 to capital projects.

9. OPERATING LEASES

The Borough is obligated under certain site and equipment leases accounted for as operating leases. Operating leases do not give rise to property rights or recorded lease obligations; and therefore, the results of the lease agreements are not reflected as assets or liabilities. Operating lease expenditures for the year ended June 30, 2009 were \$966,655.

The Borough has several significant operating leases:

- land lease for West Valley High School. In fiscal year 1995-96, the Borough paid a one-time lease payment to the University of Alaska for an extension of the West Valley lease to the year 2043.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2009**

9. OPERATING LEASES (continued)

- land lease for Hutchison High School which is housed within the Hutchison Institute of Technology. In fiscal year 1999-2000, the Borough paid a one dollar, one-time lease payment to the University of Alaska. The lease expires in the year 2043.
- five land leases for the following school sites: Crawford Elementary School, Anderson Elementary School, Arctic Light Elementary School, Ben Eielson High School, and Ladd Elementary School/Tanana Middle School. All land lease agreements are for twenty-five years expiring in 2021, 2023, 2028, 2030, and 2024 respectively, and are revocable at will by either the Secretary of the Army or the Secretary of the Air Force. Payment is made through ongoing maintenance, repairs, operations, protection and improvement of the schools, except for Ladd Elementary School/Tanana Middle School for which a \$25 annual lease payment is made by the School District. Ladd and Tanana are located on land owned by the military, but are not on post.
- land lease for school district central kitchen facility and food supply warehouse, executed in fiscal year 2006-07. In fiscal year 2007-08, the Borough paid a one-time lease payment of \$163,491 to the Alaska Railroad Corporation. The lease expires in the year 2057.
- Chena Lakes Recreation Area land lease with U.S. Army. Fifty-year lease expires in 2034. Payment is made through ongoing operation and management for park and recreation purposes.
- biathlon range and certain ski trails at the Birch Hill Recreation Area. The five year lease expires in January 2013, but is revocable at will by the Secretary of the U.S. Army. Payment is made through trail construction and ongoing maintenance for public use.
- Tanana Lakes Recreation Area fifty-five year lease with the State of Alaska, Department of Natural Resources that expires in August 2062. The lease is at no cost and subject to the Tanana Lakes Recreation Area Master Plan.
- Alaska Railroad Corporation permit lease for crossing drainage channel at Chena Lakes. The lease ends in 2014.
- various equipment leases, data/voice communication leases, and dumpster site leases.

The future minimum lease payments for all operating leases are as follows:

Year Ending June 30	Amount
2010	\$631,022
2011	575,320
2012	443,890
2013	181,650
2014	132,202
2015-2016	54,622
Total	\$2,018,706

There are no other operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2009.

The School District has two operating leases: a building lease for a small facility for the H.I.R.E. program and one copier lease for the administrative center. Future minimum lease payments, ending in fiscal year 2012, total \$298,987.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2009**

10. CAPITAL LEASES

The Borough has entered into a master lease agreement as lessee for financing the acquisition of vehicles and equipment. The leases from this agreement qualify as capital leases for accounting purposes. The leased assets and their related obligations are all accounted for in the proprietary funds. The assets acquired through capital leases are as follows:

	Proprietary Funds
Machinery and equipment	\$2,466,976
Less: Accumulated depreciation	(613,138)
Total	\$1,853,838

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Year Ending June 30	Proprietary Funds
2010	\$459,413
2011	281,653
2012	176,180
2013	134,445
2014	33,857
Total minimum lease payments	1,085,548
Less: Amount representing interest	(79,063)
Present value of minimum lease payments	\$1,006,485

11. LONG-TERM LIABILITIES AND SUBSEQUENT EVENT

A. GENERAL OBLIGATION BONDS

The Borough issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities only.

On October 3, 2006, the voters approved bond propositions totaling \$23,128,000 for district-wide capital maintenance and for renovations to Barnette Elementary and Ryan Middle School. The Borough sold \$12,000,000 of these bonds on January 24, 2007, and \$11,128,000 of these bonds on January 8, 2008.

On October 6, 2009, the voters approved a bond proposition totaling \$11,950,000 for the upgrades or renovations of Weller, Salcha, and Badger Road Elementary Schools and Lathrop and North Pole High Schools. The Borough plans to sell these bonds in February 2010.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2009**

11. LONG-TERM LIABILITIES AND SUBSEQUENT EVENT (continued)

A. GENERAL OBLIGATION BONDS (continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the Borough. These bonds generally are issued as 20-year serial bonds. General obligation bonds currently outstanding are as follows:

	Amount
\$35,250,000 1997 Series A school facilities and library bonds due in annual installments of \$1,800,000 to \$2,800,000 through November 1, 2017 at 5.0% interest	\$21,000,000
\$26,210,000 1999 Series B school facilities bonds due in annual installments of \$1,245,000 to \$1,990,000 through April 1, 2019 at 4.25 to 5.125% interest	16,175,000
\$9,000,000 2000 Series C school facilities bonds due in annual installments of \$390,000 to \$710,000 through December 1, 2020 at 4.5 to 7.5% interest	6,550,000
\$9,050,000 2001 Series D school facilities bonds due in annual installments of \$385,000 to \$695,000 through February 1, 2021 at 4.125 to 7.125% interest	6,410,000
\$14,000,000 2002 Series E school facilities bonds due in annual installments of \$545,000 to \$1,085,000 through August 1, 2022 at 4.0 to 4.8% interest	11,100,000
\$13,500,000 2003 Series F school facilities bonds due in annual installments of \$540,000 to \$1,075,000 through October 1, 2022 at 3.75 to 4.75% interest	11,000,000
\$14,164,000 2004 Series G school facilities bonds due in annual installments of \$570,000 to \$1,005,000 through October 1, 2023 at 3.125 to 4.250% interest	11,415,000
\$13,750,000 2005 Series H school facilities bonds due in annual installments of \$540,000 to \$985,000 through October 1, 2024 at 3.500 to 4.375% interest	11,750,000
\$9,750,000 2006 Series I school facilities bonds due in annual installments of \$350,000 to \$735,000 through November 1, 2025 at 4.25 to 4.30% interest	8,845,000
\$12,000,000 2007 Series J school facilities bonds due in annual installments of \$415,000 to \$880,000 through November 1, 2026 at 4.00 to 4.50% interest	11,295,000
\$10,460,000 2007 Series K refunding bonds due in annual installments of \$875,000 to \$1,320,000 through November 1, 2016 at 4.00% interest	8,840,000
\$11,128,000 2008 Series L school facilities bonds due in annual installments of \$248,000 to \$835,000 through November 1, 2028 at 3.50 to 4.125% interest	10,880,000
Total	\$135,260,000

FAIRBANKS NORTH STAR BOROUGH
Notes to Financial Statements (continued)
June 30, 2009

11. LONG-TERM LIABILITIES AND SUBSEQUENT EVENT (continued)

A. GENERAL OBLIGATION BONDS (continued)

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2010	\$8,380,000	\$5,769,520
2011	8,755,000	5,384,420
2012	9,155,000	5,000,226
2013	9,555,000	4,599,728
2014	10,045,000	4,177,457
2015-2019	51,915,000	13,933,206
2020-2024	29,390,000	4,726,833
2025-2028	8,065,000	540,855
Total	<u>\$135,260,000</u>	<u>\$44,132,245</u>

B. SOLID WASTE DISPOSAL ENTERPRISE FUND

The long-term debt in the solid waste disposal enterprise fund at June 30, 2009 is as follows:

Loan payable \$3,758,471

\$6,172,203 of Alaska Clean Water Fund loan drawdowns including accrued interest through September 30, 2006. Interest accrual of 2.5 percent commenced May 1999 on project-to-date borrowings. Interest accrual was reduced to 1.5 percent for balances owed as of April 28, 2005. Payments due in five equal annual installments beginning October 1, 2007.

In 1997, the Borough negotiated a \$10 million Alaska Clean Water Fund loan with the Alaska Department of Environmental Conservation (ADEC) for construction of a 36-acre solid waste landfill expansion (cell 1 and cell 2). In 2001, ADEC made an additional \$2.5 million of loan funds available to the Borough for cell 2 completion. Repayment is due in annual installments beginning one year after substantial completion and initiation of operations for each cell. Cell 2 was substantially complete and operations were initiated in September 2006. The initial repayment for cell 2 was made on October 1, 2007.

The annual requirements for the loan are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2010	\$1,234,218	\$56,377
2011	1,252,731	37,864
2012	1,271,522	19,073
Total	<u>\$3,758,471</u>	<u>\$113,314</u>

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)
June 30, 2009

11. LONG-TERM LIABILITIES AND SUBSEQUENT EVENT (continued)

C. SCHOOL DISTRICT COMPONENT UNIT

The School District has \$3,148,628 in liabilities for compensated absences at June 30, 2009. The current portion of this balance is \$2,885,078.

D. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$143,163,000	\$	(\$7,903,000)	\$135,260,000	\$8,380,000
Plus deferred amounts:					
For issuance premiums	780,062		(87,018)	693,044	
For deferred revenue	(111,674)		22,450	(89,224)	
Capital leases	975,952	488,136	(457,603)	1,006,485	457,284
Self-insurance losses	980,138	6,230,836	(6,257,228)	953,746	953,746
Accrued compensated absences	<u>1,734,898</u>	<u>2,484,663</u>	<u>(2,420,947)</u>	<u>1,798,614</u>	<u>1,448,413</u>
Governmental activities long-term liabilities	<u>\$147,522,376</u>	<u>\$9,203,635</u>	<u>(\$17,103,346)</u>	<u>\$139,622,665</u>	<u>\$11,239,443</u>
Business-type Activities:					
Loans payable	\$4,974,449	\$	(\$1,215,978)	\$3,758,471	\$1,234,218
Landfill closure and postclosure care	16,639,936	4,608,585		21,248,521	
Self-insurance losses	142,132	425,634	(238,632)	329,134	169,553
Accrued compensated absences	<u>336,293</u>	<u>592,140</u>	<u>(559,892)</u>	<u>368,541</u>	<u>320,046</u>
Business-type activities long-term liabilities	<u>\$22,092,810</u>	<u>\$5,626,359</u>	<u>(\$2,014,502)</u>	<u>\$25,704,667</u>	<u>\$1,723,817</u>

The internal service fund predominantly serves the governmental funds. Accordingly, long-term liabilities for it are included as part of the above totals for governmental activities. At year-end, \$1,006,485 for capital leases were included in the above amounts. Also, for governmental activities, self-insurance losses and accrued compensated absences are generally liquidated by the general fund.

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)
June 30, 2009

12. MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the Borough to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. Landfill closure and postclosure care costs, and their related liability, are recognized in the solid waste disposal enterprise fund and are based on the amount of landfill capacity used during the year. As of June 30, 2009, the estimated liability for landfill closure and postclosure care costs was \$21,248,521, which was based on 75.53 percent of the landfill used (filled) to date. It is estimated an additional \$6,883,561 will be recognized as closure and postclosure expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity (2020). The estimated total cost for future landfill closure and postclosure care (\$28,132,082) 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, 2009. However, the actual cost of closure and postclosure care may be higher or lower due to inflation or deflation, changes in technology, or changes in landfill laws and regulations.

The Borough is required by state and federal laws and regulations to demonstrate financial responsibility for future closure and postclosure care costs by meeting the requirements of a specially designed local government financial test. This test includes a financial component, a public notice component, and a record-keeping component. The Borough is in compliance with these requirements at June 30, 2009.

While not required by state or federal laws and regulations, the Borough Assembly established a landfill closure reserve account in 1994. Beginning in fiscal year 1994-95 and continuing through fiscal year 2005-06, \$440,000 had been contributed annually. In fiscal year 2006-07, \$500,000 was contributed to this account. The landfill closure reserve is accounted for as a separate cost center within the solid waste disposal enterprise fund and has a balance of \$225,714 in central treasury cash at June 30, 2009. During fiscal year 2008-09, Cell 1 at the Solid Waste Landfill reached its capacity and the design and construction project for closure of this cell was started. The amount appropriated to date from the reserve account for this project is \$6,300,000 of which \$546,798 was expended by June 30, 2009. Additional contributions to the reserve account are anticipated to bring the cash balance back up. It is anticipated that future inflation costs will be financed in part from earnings on contributions. The remaining portion of anticipated future inflation costs and additional costs that might arise from changes in postclosure care requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

13. COMMITMENTS

The Borough's capital improvement and other multi-year programs in effect at June 30, 2009 contain authorizations for hundreds of projects in five active capital projects funds and four enterprise funds.

The projects undertaken in the capital projects funds include Borough facilities, fire and emergency medical services, public athletic and recreational sites, roads, School District projects, and sewer and utilities. In the enterprise funds, projects include facilities and major equipment, air quality initiatives and mass transit assistance, development of real property for sale, and solid waste landfill expansion.

The Borough has hundreds of commitments for architectural, engineering, and construction services under various continuing contracts that are recorded as encumbrances. Funding sources for the capital improvement

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2009**

13. COMMITMENTS (continued)

and other programs include general obligation bonds, state revenues, federal revenues, contributions from the general and special revenue operating funds, and net assets of the enterprise funds.

14. FUND BALANCE – GOVERNMENTAL FUNDS AND SCHOOL DISTRICT COMPONENT UNIT

The unreserved, designated fund balance as reported in nonmajor special revenue funds on the Borough's governmental funds balance sheet consists of the following:

	Nonmajor Special Revenue
Designated for subsequent year's expenditures	\$181,890
Designated for capital replacements and repairs	1,483,153
Designated for library endowment	9,219,041
Reported in nonmajor special revenue funds	\$11,521,084

The School District's governmental funds financial statements can be obtained from the District's Department of Administrative Services (see Note 1A). These statements reported combined ending fund balance of \$25,573,306, a decrease of \$3,303,753 from the prior year. Of the total combined ending fund balance, \$1,862,141 is reserved for encumbrances, \$806,226 is reserved for inventories, \$12,075 is reserved for prepayments, and \$8,813,432 is reserved impact aid funding received in advance for fiscal year 2009-10. The remaining \$14,079,432 of fund balance is unreserved.

15. LIBRARY SPECIAL REVENUE FUND

The Fairbanks North Star Borough public library is a 15 percent beneficiary of the Bentley Beneficiaries Trust. The Trust was formed to manage assets that are to be sold and proceeds distributed to the beneficiaries. Income received from the trust is recorded as a donation in the library special revenue fund and \$10,123,765 has been received as of June 30, 2009. The library's share of the carrying value and market value of the trust's net assets yet to be distributed to the Borough was \$186,352 and \$172,001, respectively, at June 30, 2009, as reported by the trustee.

16. 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, and illnesses of, employees and their dependents; and natural disasters. The Borough's risk management program includes both the Borough and the School District. The program employs various combinations of insurance policies provided by commercial carriers, and self-insured retention amounts, depending upon the type of risk. Commercial insurance with zero or small deductibles is secured for the following coverages: auto and general liability, property, and workers' compensation for fire service areas; general liability for road and streetlight service areas; physical damage to Borough vehicles; employee life insurance; and employee fidelity bonds. The program self-insures some portion of the following risk exposures: employee and dependent medical, auto and general liability,

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)
June 30, 2009

16. RISK MANAGEMENT (continued)

workers' compensation, errors and omissions/public officials, property, and employment practices. Commercial insurance has also been obtained for excess coverage above self-retention limits for all risk exposures except environmental. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. In addition, the borough has designated fund balance in the amount of \$1,500,000 to provide resources for catastrophic losses up to self-retention limits and for contractual indemnification purposes, as well as to demonstrate financial responsibility to insurance carriers of excess coverage. The adequacy of this designated amount is re-evaluated periodically.

Furthermore, in conjunction with employee union contracts and in accordance with Assembly ordinance, the Borough instituted a health care contingency reserve (HCCR) in September 1997. The purpose of the HCCR is to smooth employee healthcare benefit costs over time. Contributions from employee payroll deductions of \$10 per pay period, along with an equal match from the Borough and interest earnings, are deposited into the HCCR. When annual actual costs are less than budgeted costs, the savings are deposited into the HCCR. Withdrawals are made when healthcare costs exceed 105 percent of budgeted costs, for the amount that exceeds the 105 percent. The contracts also outline provisions for capping the balance, above which no savings are deposited. The cap at June 30, 2009 was \$2,162,565. The June 30, 2009 HCCR undesignated fund balance of \$2,891,786 is reported in local programs, a nonmajor special revenue fund.

The joint Borough/School District risk management program is accounted for within the Borough's general fund with charge backs to the School District and other funds. Self-insurance losses are accrued when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Accrued self-insurance losses include estimates for expected future development on claims already reported, as well as considering known and unknown events that might create claims, but for which none have been reported. Based on the type of claim, estimates of the ultimate cost of settling these claims are made by using a case-by-case review of claims or by extrapolating historical experience, and may include specific, incremental claim adjustment expenditures, net of any recoveries. Both methods adjust for current trends and other information and the estimates include the effects of inflation and other economic and social factors.

Changes in the self-insured claims liabilities for fiscal years 2009 and 2008 follow:

<u>Borough</u>	2008-09 Accrued Self- Insurance Losses	2007-08 Accrued Self- Insurance Losses
July 1	\$1,122,270	\$955,328
Current year claims and changes in estimates	6,656,470	6,213,591
Claims payments	(6,495,860)	(6,046,649)
June 30	<u>\$1,282,880</u>	<u>\$1,122,270</u>

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2009**

16. RISK MANAGEMENT (continued)

	2008-09 Accrued Self- Insurance Losses	2007-08 Accrued Self- Insurance Losses
<u>School District</u>		
July 1	\$5,385,232	\$3,957,021
Current year claims and changes in estimates	25,649,690	26,125,680
Claims payments	(26,621,817)	(24,697,469)
June 30	<u>\$4,413,105</u>	<u>\$5,385,232</u>

17. RETIREMENT PLANS

Substantially all regular employees of the Borough and of the School District component unit are either members of the Alaska Public Employees' Retirement System (PERS) or the Alaska Teachers' Retirement System (TRS). Stand-alone financial statements for either system can be obtained by writing to the Alaska Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska 99811-0203, by calling (800) 821-2251, or by sending a request by e-mail to doa.drb@alaska.gov. The financial statements are also available on the web at doa.alaska.gov/drj/publications.html. The Borough and the School District participate in the PERS under separate agreements.

A. ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

System Description

The Alaska Public Employees' Retirement System (PERS) was established and is administered by the State of Alaska (State) to provide pension, post-employment healthcare, survivor, and disability benefits to eligible employees. PERS consists of a defined benefit plan (Tiers I, II, and III) and a defined contribution plan with a component of defined benefit postemployment healthcare (Tier IV). The defined benefit plan is closed to new members. Eligible employees who first enter PERS after June 30, 2006 participate in the defined contribution plan. Contribution and benefit provisions for both plans are established by State law and may be amended only by the State Legislature. In April 2008, State legislation was enacted changing the PERS defined benefit plan from a single agent, multiple-employer plan to a cost-sharing, multiple-employer plan.

Funding Policy for the Defined Benefit Plan (Tiers I, II, and III)

Employee contribution rates for the defined benefit plan are 6.75 percent of eligible compensation for general members and 7.50 percent for firefighters. The PERS funding policy provides for the determination of actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the assets to pay both pension and postemployment healthcare benefits when due. In accordance with Alaska Statutes, those actuarially determined rates are paid by a combination of periodic employer contributions and a direct contribution by the State.

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)
June 30, 2009

17. RETIREMENT PLANS (continued)

A. ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

Funding Policy for the Defined Benefit Plan (continued)

Effective July 1, 2008, the employer contribution rate is statutorily set at the greater of 22.00 percent or the actuarially determined normal cost rate. When the 22.00 percent exceeds the normal cost rate, the excess is applied to the past service liability of the plan. The employers' actuarially determined rates for fiscal year 2009 were calculated when the PERS was a single agent, multiple-employer plan. The average employer contribution rate for fiscal year 2009 was 35.22 percent (10.91 percent for pension costs and 24.31 percent for post-employment healthcare costs). The average normal cost rate portion was 13.72 percent (3.82 percent for pension costs and 9.90 percent for post-employment healthcare costs) and the average past service rate portion was 21.50 percent (7.09 percent for pension costs and 14.41 percent for post-employment healthcare costs).

The Alaska Legislature appropriated \$241,600,000 for the State's direct contribution. The adoption of the cap on the employers' rate and the statutorily-required additional State contribution was, in part, a recognition of the State's obligation to the Plan arising from its fiduciary duty to, and its administrative control of, the PERS. Hence, although the Borough acknowledges the State's direct contribution, no portion of it is recorded in these financial statements. However, the Alaska Department of Education and Early Development requires that "on-behalf" payments be recorded for the portion allocated to the School District by the State. For fiscal years 2009 and 2008, these amounts were \$3,753,051 and \$2,181,753, respectively.

The amounts contributed to the PERS defined benefit plan by the Borough and the School District for the last three years were equal to the required employer contributions for each year and were as follows:

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Borough</u>	<u>School</u> <u>District</u>
2009	\$3,920,167	\$5,217,527
2008	4,079,184	5,744,796
2007	4,033,035	5,409,026

The Borough and School District contributed additional amounts to the defined benefit plan, beyond those required for defined benefit employees, through their payments to the defined contribution plan, as described in the next section.

The funding ratio as of June 30, 2008 (the most recent actuarial valuation) for the PERS defined benefit plan was 67.5 percent, down from 75.0 percent at June 30, 2007.

Contributions to the Defined Contribution Plan (Tier IV)

The employee contribution rate for the defined contribution plan is 8.00 percent of eligible compensation. Effective July 1, 2008, the employer contribution rate is statutorily set at the same rate as the defined benefit plan. That rate is the greater of 22.00 percent or the actuarially determined normal cost rate of the defined benefit plan. The 22.00 percent rate for the defined contribution plan is comprised of five elements: for both

FAIRBANKS NORTH STAR BOROUGH
Notes to Financial Statements (continued)
June 30, 2009

17. RETIREMENT PLANS (continued)

A. ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

Contributions to the Defined Contribution Plan (continued)

firefighters and general members the rates are 5.00 percent to each member's individual pension account, 0.99 percent into the retiree medical plan, 1.33 percent for firefighters and 0.58 percent for general members for occupational death and disability benefits, a flat dollar amount per employee based on 3.00 percent of the employers' average annual employee compensation (into the employee's Health Reimbursement Arrangement account), and a residual contribution applied as a payment to the defined benefit plan's unfunded liability. For both the Borough and the School District, the flat dollar amount per employee for fiscal year 2009 was \$62.18 per pay period for full-time employees and \$1.04 per hour for part-time employees.

The amounts paid by the Borough and the School District to the PERS through the defined contribution plan for the fiscal years ended June 30, 2009 and 2008, were as follows:

	<u>Fiscal Year Ended June 30</u>	<u>Employer Contributions to the Defined Contribution Plan</u>	<u>Residual Contributions to the Defined Benefit Plan's Unfunded Liability</u>	<u>Total Employer Payments</u>	<u>Total Employee Contributions</u>
<u>Borough</u>	2009	\$120,718	\$271,323	\$392,041	\$186,538
	2008	81,478	189,628	271,106	130,365
<u>School District</u>	2009	\$597,761	\$497,655	\$1,095,416	\$398,042
	2008	372,725	316,358	689,083	250,476

B. ALASKA TEACHERS' RETIREMENT SYSTEM

System Description

The Alaska Teachers' Retirement System (TRS) was established and is administered by the State of Alaska (State) to provide pension, postemployment healthcare, survivor, and disability benefits to eligible employees. TRS consists of a cost-sharing, multiple-employer, defined benefit plan (Tiers I and II) and a defined contribution plan with a component of defined benefit post-employment healthcare (Tier III). The defined benefit plan is closed to new members. Eligible employees who first enter TRS after June 30, 2006 participate in the defined contribution plan. Contribution and benefit provisions for both plans are established by State law and may be amended only by the State Legislature.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2009**

17. RETIREMENT PLANS (continued)

B. ALASKA TEACHERS' RETIREMENT SYSTEM (continued)

Funding Policy for the Defined Benefit Plan (Tiers I and II)

The employee contribution rate for the defined benefit plan is 8.65 percent of eligible compensation. The TRS funding policy provides for the determination of actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the assets to pay both pension and postemployment healthcare benefits when due. In accordance with Alaska Statutes, those actuarially determined rates are paid by a combination of periodic employer contributions and a direct contribution by the State.

Effective July 1, 2008, the employer contribution rate is statutorily set at the greater of 12.56 percent or the actuarially determined normal cost rate. When the 12.56 percent exceeds the normal cost rate, the excess is applied to the past service liability of the plan. The actuarially determined contribution rate for fiscal year 2009 was 44.17 percent (20.57 percent for pension costs and 23.60 percent for post-employment healthcare costs). The normal cost rate portion was 9.37 percent (2.96 percent for pension costs and 6.41 percent for post-employment healthcare costs) and the past service rate portion was 34.80 percent (17.61 percent for pension costs and 17.19 percent for post-employment healthcare costs). The Alaska Legislature appropriated \$206,300,000 for the State's direct contribution.

The amounts contributed to the TRS defined benefit plan by the School District for the last three years ended June 30, 2009, 2008, and 2007 were \$7,402,443, \$7,533,121, and \$15,402,736, respectively, equal to the required employer contributions for each year. For fiscal years 2009 and 2008, the TRS "on-behalf" payments allocated to the School District by the State were \$19,640,125 and \$26,641,081, respectively.

The School District contributed additional amounts to the defined benefit plan, beyond those required for defined benefit employees, through its payments to the defined contribution plan, as described in the next section.

The funding ratio as of June 30, 2008 (the most recent actuarial valuation) for the TRS defined benefit plan was 63.1 percent, down from 68.1 percent at June 30, 2007.

Contributions to the Defined Contribution Plan (Tier III)

The employee contribution rate for the defined contribution plan is 8.00 percent of eligible compensation. Effective July 1, 2008, the employer contribution rate is statutorily set at the same rate as the defined benefit plan. That rate is the greater of 12.56 percent or the actuarially determined normal cost rate of the defined benefit plan. The 12.56 percent rate for the defined contribution plan is comprised of five elements: 7.00 percent to each member's individual pension account, 0.99 percent into the retiree medical plan, 0.62 percent for occupational death and disability benefits, a flat dollar amount per employee based on 3.00 percent of the employers' average annual employee compensation (into the employee's Health Reimbursement Arrangement account), and a residual contribution applied as a payment to the defined benefit plan's unfunded liability. The flat dollar amount per employee for fiscal year 2009 was \$62.18 per pay period for full-time employees and \$1.04 per hour for part-time employees.

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)
June 30, 2009

17. RETIREMENT PLANS (continued)

B. ALASKA TEACHERS' RETIREMENT SYSTEM (continued)

Contributions to the Defined Contribution Plan (continued)

The amounts paid by the School District to the TRS through the defined contribution plan for the fiscal years ended June 30, 2009 and 2008 were \$737,375 and \$473,005, respectively. The employer residual contributions to the defined benefit plan's unfunded liability, for fiscal years 2009 and 2008, were \$44,446 and \$25,552, respectively. Employee contributions to the plan were \$497,165 and \$315,657, respectively, for fiscal years 2009 and 2008.

18. PRIOR PERIOD ADJUSTMENTS

During fiscal year 2008-09, prior period adjustments were made to the governmental and business type funds. The details of these adjustments follow.

In the major capital projects fund for state grants, it was determined that state grant revenue was incorrectly recorded as unearned revenue. The state grant met its eligibility requirements in fiscal year 2006-07, subjecting it to full recognition of the revenue. This correction eliminated unearned revenue in fiscal years 2006-07 and 2007-08.

The effects of the correction on fiscal year 2006-07 are as follows:

	As Originally Reported	Adjustment	As Restated
June 30, 2007:			
Unearned revenues	\$10,672,814	(\$8,459,884)	\$2,212,930
Total liabilities	<u>\$10,942,248</u>	<u>(\$8,459,884)</u>	<u>\$2,482,364</u>
For the year ended June 30, 2007:			
Intergovernmental revenues	\$2,575,165	\$8,459,884	\$11,035,049
Total revenues	<u>\$2,575,165</u>	<u>\$8,459,884</u>	<u>\$11,035,049</u>
	As Originally Reported	Adjustment	As Restated
Net change in fund balance	\$1,023,928	\$8,459,884	\$9,483,811
June 30, 2006 ending fund balance	77,165		
July 1, 2006 beginning fund balance			77,165
June 30, 2007 ending fund balance	<u>\$1,101,093</u>	<u>\$8,459,884</u>	<u>\$9,560,976</u>

FAIRBANKS NORTH STAR BOROUGH
Notes to Financial Statements (continued)
June 30, 2009

18. PRIOR PERIOD ADJUSTMENTS (continued)

The effects of the correction on fiscal year 2007-08 are as follows:

	As Originally Reported	Adjustment	As Restated
June 30, 2008:			
Unearned revenues	\$8,993,390	(\$7,645,596)	\$1,347,794
Total liabilities	<u>\$9,750,823</u>	<u>(\$7,645,596)</u>	<u>\$2,105,227</u>
For the year ended June 30, 2008:			
Intergovernmental revenues	\$4,456,801	(\$814,288)	\$3,642,513
Total revenues	<u>\$4,456,801</u>	<u>(\$814,288)</u>	<u>\$3,642,513</u>
	As Originally Reported	Adjustment	As Restated
Net change in fund balance	\$422,389	(\$814,288)	(\$391,900)
June 30, 2007 ending fund balance	1,101,093	8,459,884	
July 1, 2007 beginning fund balance			9,560,977
June 30, 2008 ending fund balance	<u>\$1,523,482</u>	<u>\$7,645,596</u>	<u>\$9,169,077</u>

The solid waste disposal enterprise fund landfill uses gravel for daily cover material. It was determined that there was a gravel stockpile that was not recorded in fiscal year 2007-08. The fiscal year 2007-08 financial statements have been restated to reflect the proper amounts had the error not occurred.

The effects of the correction on fiscal year 2007-08 are as follows:

	As Originally Reported	Adjustment	As Restated
June 30, 2008:			
Inventories	\$	\$997,424	\$997,424
Total assets	<u>\$28,969,600</u>	<u>\$997,424</u>	<u>\$29,967,024</u>
For the year ended June 30, 2008:			
Contractual services	\$1,947,390	(\$997,424)	\$949,966
Total expenses	<u>\$6,825,343</u>	<u>(\$997,424)</u>	<u>\$5,827,919</u>
	As Originally Reported	Adjustment	As Restated
June 30, 2008 ending net assets	<u>\$6,984,006</u>	<u>\$997,424</u>	<u>\$7,981,430</u>

FAIRBANKS NORTH STAR BOROUGH
Notes to Financial Statements (continued)
June 30, 2009

19. CONTINGENCIES

A. LITIGATION

The Borough and the School District, in the normal course of their activities, are involved in various claims, litigation, environmental matters, and tax assessment disputes and have accrued amounts they consider sufficient to cover settlements that may be payable as a result of unfavorable outcomes. An accrual is generally made when a potential loss is probable and the loss can be estimated, and for environmental matters, when the Borough has committed to a formal plan of action. Depending upon the circumstances and amount of a potential loss, an accrual may be made when the potential loss is only reasonably possible.

In the opinion of management and the borough attorney, the disposition of these matters is not expected to have a material positive or adverse effect on the borough's financial statements. Accruals for claims and litigation covered by the borough's risk management program, excluding environmental claims, are recorded as accrued self-insurance losses. Any environmental matters, and all other accrued claims and litigation, are recorded in accounts payable or estimated claims, judgments, and settlements payable.

Advance tax payments at June 30, 2009, for fiscal year 2010, include amounts which have been paid in protest by Alyeska Pipeline Service Company due to the assessed valuation of the trans-Alaska pipeline system (TAPS) and related properties. Fiscal year 2007, 2008, and 2009 taxes were also paid under protest. The Alaska Department of Revenue is responsible for the valuation. The Department's valuation was appealed by the pipeline owners as being too high and by certain affected municipalities, including the Borough, as being too low. The State Assessment Review Board heard the appeals and sided with the municipalities when establishing the valuation. The owners have appealed the Board's decision to the Superior Court, and certain municipalities, including the Borough, have cross-appealed. The trial for the 2007 taxes took place in August and September, 2009. The Court has not yet rendered its decision on the matter. The Court had initially postponed the cases for the 2008, 2009, and 2010 taxes until after the trial for the 2007 case, but has now requested briefings, due this month, to determine whether these appeals should be consolidated.

B. GRANTS AND OTHER FINANCIAL ASSISTANCE

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, would become a liability of the general or other applicable funds. Disallowances, if any, cannot be determined at this time. In the Borough's opinion, any such disallowances would be immaterial.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Governmental Funds:

Combining Statements for Nonmajor Funds

General Fund

Special Revenue Funds

Debt Service Fund

Capital Projects Funds

Proprietary Funds:

Enterprise Funds

Internal Service Fund

Fiduciary Fund:

Agency Fund

GOVERNMENTAL FUNDS

Combining Statements

General Fund

Special Revenue Funds

Debt Service Fund

Capital Projects Funds

COMBINING STATEMENTS

These statements combine the **non-major governmental funds**.

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Governmental Funds

Combining Balance Sheet
June 30, 2009

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Equity in central treasury cash	\$25,073,893	\$11,084,955	\$36,158,848
Taxes receivable	160,730		160,730
Accounts receivable (net of allowance for uncollectibles - \$132,529)	880,386		880,386
Accrued interest receivable		4	4
Due from governmental agencies	709,717	195,030	904,746
Assets total	<u>\$26,824,725</u>	<u>\$11,279,989</u>	<u>\$38,104,714</u>
Liabilities and Fund Balances (Deficit)			
Liabilities			
Accounts payable	\$1,029,499	\$1,214,093	\$2,243,592
Interfund payable	516,317	33,149	549,466
Due to School District	93,802		93,802
Deposits from others	9,888		9,888
Deferred revenues	689,856		689,856
Unearned revenues	644,675	21	644,696
Liabilities total	<u>2,984,038</u>	<u>1,247,263</u>	<u>4,231,301</u>
Fund balances (deficit)			
Reserved			
Reserved for encumbrances	4,099,123	1,171,348	5,270,471
Unreserved			
Designated for subsequent year's expenditures	818,890		818,890
Designated for capital replacements and repairs	1,483,153		1,483,153
Designated for library endowment	9,219,041		9,219,041
Undesignated	8,220,480	8,861,377	17,081,858
Fund balances (deficit) total	<u>23,840,687</u>	<u>10,032,726</u>	<u>33,873,413</u>
Liabilities and fund balances (deficit) total	<u>\$26,824,725</u>	<u>\$11,279,989</u>	<u>\$38,104,714</u>

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2009**

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
	<hr/>	<hr/>	<hr/>
Revenues			
Taxes	\$7,086,127	\$35,675	\$7,121,802
Intergovernmental revenues	3,463,652	7,429,961	10,893,614
Charges for services	1,664,202		1,664,202
Other revenues	1,191,210	568	1,191,778
Revenues total	<hr/> 13,405,192	<hr/> 7,466,204	<hr/> 20,871,396
Expenditures			
Current			
General government	5,958,098	268,986	6,227,083
Community planning	193,774		193,774
Public works	4,686,937	868,833	5,555,770
Parks and recreation	108,206	921,638	1,029,844
Library	196,905	42,588	239,493
Road and other service areas	393,907	295,759	689,665
Education	161,585	743	162,329
Emergency operations	3,301,530		3,301,530
Fire service areas	62,602	152	62,754
Capital outlay	451,558	4,997,086	5,448,644
Expenditures total	<hr/> 15,515,102	<hr/> 7,395,786	<hr/> 22,910,888
Excess (deficiency) or revenues over expenditures	<hr/> (2,109,910)	<hr/> 70,419	<hr/> (2,039,491)
Other financing sources (uses)			
Transfers in	5,904,659	4,721,178	10,625,837
Transfers out	(2,221,601)	(3,431,588)	(5,653,189)
Other financing sources (uses) total	<hr/> 3,683,058	<hr/> 1,289,590	<hr/> 4,972,648
Net change in fund balances	1,573,148	1,360,009	2,933,157
Fund balances (deficit), beginning	<hr/> 22,267,539	<hr/> 8,672,717	<hr/> 30,940,257
Fund balances (deficit), ending	<hr/> <hr/> \$23,840,687	<hr/> <hr/> \$10,032,726	<hr/> <hr/> \$33,873,413

GENERAL FUND

The **General Fund** is always considered a major fund and is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

FAIRBANKS NORTH STAR BOROUGH

General Fund

**Comparative Balance Sheet
June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Assets		
Equity in central treasury cash	\$30,795,162	\$29,779,652
Taxes receivable (net of allowance for uncollectibles 2009 - \$723,399; 2008 - \$260,543)	2,099,818	2,531,187
Accounts receivable (net of allowance for uncollectibles 2009 - \$9,259; 2008 - \$12,893)	38,946	2,541,963
Accrued interest receivable	44,728	252,457
Interfund receivable	2,838,613	732,065
Due from governmental agencies	592,191	566,812
Other assets	101,773	136,692
Assets total	<u>\$36,511,231</u>	<u>\$36,540,828</u>
Liabilities and Fund Balance (Deficit)		
Liabilities		
Accounts payable	\$958,821	\$784,880
Wages and payroll taxes	960,017	876,877
Accrued self-insurance losses	953,746	980,138
Due to School District	136	4,208
Deposits from others	192,414	223,114
Deferred revenues	1,443,048	1,755,483
Advance tax payments	9,256,715	6,896,972
Liabilities total	<u>13,764,897</u>	<u>11,521,671</u>
Fund balance (deficit)		
Reserved		
Reserved for encumbrances	233,114	286,354
Unreserved		
Designated for unrealized gains		93,833
Designated for compensated absences	1,772,713	1,700,187
Designated for subsequent year's expenditures	4,800,000	3,773,030
Designated for self-insurance losses	1,500,000	1,500,000
Undesignated	14,440,506	17,665,754
Fund balance (deficit) total	<u>22,746,334</u>	<u>25,019,157</u>
Liabilities and fund balance (deficit) total	<u>\$36,511,231</u>	<u>\$36,540,828</u>

FAIRBANKS NORTH STAR BOROUGH

General Fund

Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues		
Taxes		
Property tax	\$77,420,565	\$77,578,592
Hotel-motel and sales taxes	1,658,828	1,822,160
Alcoholic beverage tax	1,381,213	1,428,433
Tobacco excise tax	1,076,650	983,312
Interest and penalties on taxes	731,549	748,004
Taxes total	<u>82,268,806</u>	<u>82,560,500</u>
Intergovernmental revenues		
State of Alaska		
Aid for school construction	9,440,605	11,451,800
Other shared revenue and assistance	468,605	566,167
Grants	159,074	78,894
Federal government		
Payment in lieu of taxes	579,574	292,807
Intergovernmental revenues total	<u>10,647,858</u>	<u>12,389,669</u>
Charges for services	<u>1,433,299</u>	<u>1,492,060</u>
Other revenues		
Investment income, including net unrealized investment gains/losses	1,673,483	5,095,476
Indirect charges to grants	525,128	288,214
Various	297,904	106,763
Other revenues total	<u>2,496,515</u>	<u>5,490,453</u>
Revenues total	<u>96,846,478</u>	<u>101,932,682</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund

Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Expenditures		
Current		
General government		
Non-departmental	\$81,277	\$150,739
Mayor	877,002	864,776
Assembly	1,403,509	1,355,396
Legal	655,909	681,812
Computer services	2,242,148	1,897,400
Financial services	2,147,866	1,889,747
Assessing	2,244,320	2,193,298
General services	901,242	1,002,176
Human resources	1,858,863	1,900,848
General government total	<u>12,412,136</u>	<u>11,936,192</u>
Community planning	<u>1,679,291</u>	<u>1,870,234</u>
Public works	<u>4,899,169</u>	<u>4,522,013</u>
Parks and recreation	<u>6,398,281</u>	<u>6,076,031</u>
Library	<u>4,704,807</u>	<u>4,481,792</u>
Education	<u>44,222,700</u>	<u>42,222,700</u>
Emergency operations	<u>1,883,822</u>	<u>1,863,856</u>
Capital outlay	<u>371,553</u>	<u>400,891</u>
Expenditures total	<u>76,571,758</u>	<u>73,373,709</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund

Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Excess (deficiency) of revenues over expenditures	\$20,274,720	\$28,558,973
Other financing sources (uses)		
Transfers in		
Special revenue funds	692,656	208,330
Capital projects funds	19,205	3,450,632
Transfers out		
Special revenue funds	(3,327,170)	(4,636,585)
Debt service fund	(14,167,840)	(16,587,710)
Capital projects funds	(1,244,725)	(6,624,811)
Enterprise funds	(4,519,669)	(4,931,139)
Other financing sources (uses) total	<u>(22,547,543)</u>	<u>(29,121,283)</u>
Net change in fund balances	(2,272,823)	(562,310)
Fund balance, beginning	25,019,157	25,581,467
Fund balance, ending	<u>\$22,746,334</u>	<u>\$25,019,157</u>

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

NONMAJOR SPECIAL REVENUE FUNDS

State Grants Fund - This fund is used to account for grants received directly from the State of Alaska.

* * * * *

Federal Pass-Through Grants Fund - This fund is used to account for grants received from the federal government through the State of Alaska.

* * * * *

Federal Grants Fund- This fund is used to account for grants received directly from the federal government.

* * * * *

Local Programs Fund - This fund is used to account for Assembly appropriations for multi-fiscal year projects.

* * * * *

Enhanced 911 Fund - This fund is used to account for the revenues and expenditures of the Fairbanks North Star Borough's enhanced emergency communications service.

* * * * *

Non-Areawide Fund - This fund is used to account for the revenues and expenditures of the Fairbanks North Star Borough's non-areawide activities: emergency medical services and economic development. Non-areawide activities service the area of the Borough outside the two cities, Fairbanks and North Pole.

* * * * *

Solid Waste Collection District Fund - This fund is used to account for the revenues and expenditures of the Fairbanks North Star Borough's solid waste collection activities, which include servicing the solid waste transfer sites in the area of the Borough outside the City of Fairbanks.

* * * * *

Library Fund - This fund is used to account for donations received by the Fairbanks North Star Borough Public Library as a beneficiary of a trust.

MAJOR SPECIAL REVENUE FUNDS

Service Areas Fund - This fund is used to account for the revenues and expenditures of the Fairbanks North Star Borough's four service area activities: road maintenance and construction, fire protection, street lights, and sewer and water. There are 107 active road service areas, five fire service areas, one street lights service area, and one sewer and water service area.

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2009

	<u>State Grants</u>	<u>Federal Pass-Through Grants</u>	<u>Federal Grants</u>	<u>Local Programs</u>
Assets				
Equity in central treasury cash	\$1,235,807	\$23,482	\$728,687	\$8,311,707
Taxes receivable				
Accounts receivable (net of allowance for uncollectibles - \$132,529)				117,234
Due from governmental agencies	535,949	128,165	760	44,842
Assets total	<u>\$1,771,756</u>	<u>\$151,647</u>	<u>\$729,447</u>	<u>\$8,473,782</u>
Liabilities and Fund Balances (Deficit)				
Liabilities				
Accounts payable	\$142,659	\$7,778	\$91,950	\$429,049
Interfund payable	404,647	111,310	360	
Due to School District	85,295	1,276		7,231
Deposits from others				9,888
Deferred revenues				
Unearned revenues	5,151	2,387	637,137	
Liabilities total	<u>637,752</u>	<u>122,752</u>	<u>729,447</u>	<u>446,168</u>
Fund balances (deficit)				
Reserved				
Reserved for encumbrances	2,364,507	775	366,531	1,344,317
Unreserved				
Designated for subsequent year's expenditures				500,000
Designated for capital replacements and repairs				
Designated for library endowment				
Undesignated	(1,230,503)	28,121	(366,531)	6,183,297
Fund balances (deficit) total	<u>1,134,005</u>	<u>28,896</u>	<u></u>	<u>8,027,615</u>
Liabilities and fund balances (deficit) total	<u>\$1,771,756</u>	<u>\$151,647</u>	<u>\$729,447</u>	<u>\$8,473,782</u>

<u>Enhanced 911</u>	<u>Non-Areawide</u>	<u>Solid Waste Collection District</u>	<u>Library</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$1,601,964	\$488,567 42,011	\$3,124,100 118,719	\$9,559,580	\$25,073,893 160,730
196,329	566,823			880,386 709,717
<u>\$1,798,293</u>	<u>\$1,097,400</u>	<u>\$3,242,819</u>	<u>\$9,559,580</u>	<u>\$26,824,725</u>
\$51,231	\$19,686	\$287,146	\$	\$1,029,499 516,317 93,802 9,888
54,868	525,743	109,245		689,856 644,675
<u>106,100</u>	<u>545,429</u>	<u>396,391</u>		<u>2,984,038</u>
	22,992			4,099,123
184,040		134,850		818,890
1,483,153				1,483,153
25,000	528,979	2,711,578	9,219,041 340,539	9,219,041 8,220,480
<u>1,692,193</u>	<u>551,971</u>	<u>2,846,428</u>	<u>9,559,580</u>	<u>23,840,687</u>
<u>\$1,798,293</u>	<u>\$1,097,400</u>	<u>\$3,242,819</u>	<u>\$9,559,580</u>	<u>\$26,824,725</u>

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Special Revenue Funds

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2009**

	State Grants	Federal Pass-Through Grants	Federal Grants	Local Programs
Revenues				
Taxes	\$	\$	\$	\$
Intergovernmental revenues	1,615,876	1,151,683	254,032	442,061
Charges for services				318,832
Other revenues				318,832
Revenues total	<u>1,615,876</u>	<u>1,151,683</u>	<u>254,032</u>	<u>760,893</u>
Expenditures				
Current				
General government	1,063,739	575,510	27,350	4,162,194
Community planning	10,825	153,812		29,136
Public works				56,491
Parks and recreation	1,341	2,604		104,262
Library	30,654	138,393		27,858
Road and other service areas	393,907			
Education	161,125			460
Emergency operations	50,596	181,512	226,682	72,379
Fire service areas	62,602			
Capital outlay	349,948	64,944		36,667
Expenditures total	<u>2,124,736</u>	<u>1,116,775</u>	<u>254,032</u>	<u>4,489,447</u>
Excess (deficiency) of revenues over expenditures	<u>(508,860)</u>	<u>34,908</u>		<u>(3,728,554)</u>
Other financing sources (uses)				
Transfers in	185,453	40,265		5,647,795
Transfers out	<u>(251,230)</u>			<u>(1,568,705)</u>
Other financing sources (uses) total	<u>(65,777)</u>	<u>40,265</u>		<u>4,079,090</u>
Net change in fund balances	(574,637)	75,173		350,536
Fund balances (deficit), beginning	1,708,642	(46,277)		7,677,079
Fund balances (deficit), ending	<u>\$1,134,005</u>	<u>\$28,896</u>	\$	<u>\$8,027,615</u>

Enhanced 911	Non-Areawide	Solid Waste Collection District	Library	Total Nonmajor Special Revenue Funds
\$	\$1,797,678	\$5,288,449	\$	\$7,086,127
893,933	770,269			3,463,652
8,696	16		863,667	1,664,202
902,629	2,567,963	5,288,449	863,667	1,191,210
	129,304			13,405,192
		4,630,446		5,958,098
				193,774
				4,686,937
				108,206
				196,905
				393,907
893,428	1,876,933			161,585
				3,301,530
				62,602
				451,558
893,428	2,006,237	4,630,446		15,515,102
9,200	561,726	658,004	863,667	(2,109,910)
31,146				5,904,659
	(401,666)			(2,221,601)
31,146	(401,666)			3,683,058
40,346	160,060	658,004	863,667	1,573,148
1,651,846	391,911	2,188,424	8,695,913	22,267,539
\$1,692,193	\$551,971	\$2,846,428	\$9,559,580	\$23,840,687

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - State Grants

Program-Length Schedule of Revenues and Expenditures
Budget and Actual
From Inception And For Year Ended June 30, 2009

	Actual			Program Budgets	Variance from Program Budgets
	2009	Prior Years	Total		
Revenues					
Intergovernmental - state	\$1,615,876	\$3,554,705	\$5,170,581	\$7,238,872	(\$2,068,291)
Revenues total	1,615,876	3,554,705	5,170,581	7,238,872	(2,068,291)
Expenditures					
Current expenditures	1,774,789	2,263,936	4,038,725	7,241,048	3,202,324
Capital outlay	349,948	5,358	355,306	355,306	
Expenditures total	2,124,736	2,269,294	4,394,030	7,596,354	3,202,324
Excess (deficiency) of revenues over expenditures	(508,860)	1,285,411	776,551	(357,482)	1,134,033
Other financing sources (uses)					
Transfers in	185,453	423,231	608,683	608,711	(28)
Transfers out	(251,230)		(251,230)	(251,230)	
Other financing sources (uses) total	(65,777)	423,231	357,454	357,482	(28)
Net change in fund balances	(\$574,637)	\$1,708,642	\$1,134,005	\$	\$1,134,005

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Federal Pass-Through Grants

Program-Length Schedule of Revenues and Expenditures
Budget and Actual
From Inception And For Year Ended June 30, 2009

	Actual			Program Budgets	Variance from Program Budgets
	2009	Prior Years	Total		
Revenues					
Intergovernmental - state	\$1,151,683	\$2,793,440	\$3,945,123	\$4,801,429	(\$856,305)
Revenues total	1,151,683	2,793,440	3,945,123	4,801,429	(856,305)
Expenditures					
Current expenditures	1,051,831	2,363,103	3,414,935	4,310,243	895,309
Capital outlay	64,944	476,614	541,558	531,450	(10,107)
Expenditures total	1,116,775	2,839,717	3,956,492	4,841,694	885,201
Excess (deficiency) of revenues over expenditures	34,908	(46,277)	(11,369)	(40,265)	28,896
Other financing sources (uses)					
Transfers in	40,265		40,265	40,265	
Other financing sources (uses) total	40,265		40,265	40,265	
Net change in fund balances	\$75,173	(\$46,277)	\$28,896	\$	\$28,896

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Federal Grants

**Program-Length Schedule of Revenues and Expenditures
Budget and Actual
From Inception And For Year Ended June 30, 2009**

	Actual			Program Budgets	Variance from Program Budgets
	2009	Prior Years	Total		
Revenues					
Intergovernmental - federal	\$254,032	\$1,457,755	\$1,711,787	\$2,701,396	(\$989,609)
Revenues total	254,032	1,457,755	1,711,787	2,701,396	(989,609)
Expenditures					
Current expenditures	254,032	1,445,529	1,699,560	2,689,169	989,609
Capital outlay		12,227	12,227	12,227	
Expenditures total	254,032	1,457,755	1,711,787	2,701,396	989,609
Excess (deficiency) of revenues over expenditures					
Net change in fund balances	\$	\$	\$	\$	\$

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Local Programs

**Program-Length Schedule of Revenues and Expenditures
Budget and Actual
From Inception And For Year Ended June 30, 2009**

	Actual		Program Budgets	Variance from Program Budgets	
	2009	Prior Years			Total
Revenues					
Intergovernmental - local	\$442,061	\$	\$442,061	\$396,324	\$45,737
Other revenues	318,832	4,584,405	4,903,237	4,011,969	891,268
Revenues total	<u>760,893</u>	<u>4,584,405</u>	<u>5,345,298</u>	<u>4,408,293</u>	<u>937,005</u>
Expenditures					
Current expenditures	4,452,781	8,868,937	13,321,717	19,001,841	5,680,124
Capital outlay	36,667	1,514,053	1,550,720	3,141,977	1,591,257
Expenditures total	<u>4,489,447</u>	<u>10,382,990</u>	<u>14,872,437</u>	<u>22,143,818</u>	<u>7,271,381</u>
Excess (deficiency) of revenues over expenditures	<u>(3,728,554)</u>	<u>(5,798,585)</u>	<u>(9,527,139)</u>	<u>(17,735,525)</u>	<u>8,208,386</u>
Other financing sources (uses)					
Transfers in	5,647,795	18,483,452	24,131,246	24,418,918	(287,672)
Transfers out	(1,568,705)	(5,007,788)	(6,576,493)	(6,534,935)	(41,558)
Other financing sources (uses) total	<u>4,079,090</u>	<u>13,475,664</u>	<u>17,554,754</u>	<u>17,883,983</u>	<u>(329,230)</u>
Net change in fund balances	<u>\$350,536</u>	<u>\$7,677,079</u>	<u>\$8,027,615</u>	<u>\$148,458</u>	<u>\$7,879,156</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Enhanced 911

Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
Years Ended June 30, 2009 And 2008

	2009	2008
Revenues		
Charges for services	\$893,933	\$953,831
Other revenues	8,696	54,625
Revenues total	<u>902,629</u>	<u>1,008,457</u>
Expenditures		
Current		
Emergency operations	893,428	795,041
Expenditures total	<u>893,428</u>	<u>795,041</u>
Excess (deficiency) of revenues over expenditures	<u>9,200</u>	<u>213,415</u>
Other financing sources (uses)		
Transfers in	31,146	
Transfers out		(100,000)
Other financing sources (uses) total	<u>31,146</u>	<u>(100,000)</u>
Net change in fund balance	40,346	113,415
Fund balance, beginning	1,651,846	1,538,430
Fund balance, ending	<u><u>\$1,692,193</u></u>	<u><u>\$1,651,846</u></u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Enhanced 911

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance from Budget- Positive (Negative)</u>
Revenues					
Charges for services	\$872,140	\$893,933	\$	\$893,933	\$21,793
Other revenues	30,340	8,696		8,696	(21,644)
Revenues total	<u>902,480</u>	<u>902,629</u>		<u>902,629</u>	<u>149</u>
Expenditures					
Current					
Emergency operations	<u>1,049,650</u>	<u>893,428</u>		<u>893,428</u>	<u>156,222</u>
Expenditures total	<u>1,049,650</u>	<u>893,428</u>		<u>893,428</u>	<u>156,222</u>
Excess (deficiency) of revenues over expenditures	(147,170)	9,200		9,200	156,370
Other financing sources (uses)					
Transfers in		31,146		31,146	31,146
Net change in fund balance	<u>(\$147,170)</u>	<u>40,346</u>	<u>\$</u>	<u>\$40,347</u>	<u>\$187,517</u>
Fund balance, beginning		<u>1,651,846</u>			
Fund balance, ending		<u>\$1,692,193</u>			

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Non-Areawide

Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
Years Ended June 30, 2009 And 2008

	2009	2008
Revenues		
Taxes	\$1,797,678	\$1,700,042
Charges for services	770,269	403,584
Other revenues	16	8
Revenues total	<u>2,567,963</u>	<u>2,103,635</u>
Expenditures		
Current		
General government		
Mayor	129,304	265,908
Emergency operations	1,876,933	1,852,609
Expenditures total	<u>2,006,237</u>	<u>2,118,517</u>
Excess (deficiency) of revenues over expenditures	<u>561,726</u>	<u>(14,882)</u>
Other financing sources (uses)		
Transfers in		4,350
Transfers out	(401,666)	(556,363)
Net change in fund balance	160,060	(566,895)
Fund balance, beginning	<u>391,911</u>	<u>958,807</u>
Fund balance, ending	<u><u>\$551,971</u></u>	<u><u>\$391,911</u></u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Non-Areawide

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance from Budget- Positive (Negative)</u>
Revenues					
Taxes	\$1,779,500	\$1,797,678	\$	\$1,797,678	\$18,178
Charges for services	815,260	770,269		770,269	(44,991)
Other revenues		16		16	16
	<u>2,594,760</u>	<u>2,567,963</u>		<u>2,567,963</u>	<u>(26,797)</u>
Revenues total					
Expenditures					
Current					
General government					
Mayor	205,920	129,304	19,962	149,266	56,654
Emergency operations	1,950,460	1,876,933	3,030	1,879,964	70,496
Expenditures total	<u>2,156,380</u>	<u>2,006,237</u>	<u>22,992</u>	<u>2,029,230</u>	<u>127,150</u>
Excess (deficiency) of revenues over expenditures	438,380	561,726	(22,992)	538,733	100,353
Other financing sources (uses)					
Transfers out	(415,000)	(401,666)		(401,666)	13,334
Net change in fund balance	<u>\$23,380</u>	<u>160,060</u>	<u>(\$22,992)</u>	<u>\$137,067</u>	<u>\$113,687</u>
Fund balance, beginning		<u>391,911</u>			
Fund balance, ending		<u>\$551,971</u>			

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Solid Waste Collection District

Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
Years Ended June 30, 2009 And 2008

	<u>2009</u>	<u>2008</u>
Revenues		
Taxes	<u>\$5,288,449</u>	<u>\$5,004,628</u>
Revenues total	<u>5,288,449</u>	<u>5,004,628</u>
Expenditures		
Current		
Public works	<u>4,630,446</u>	<u>4,665,045</u>
Expenditures total	<u>4,630,446</u>	<u>4,665,045</u>
Excess (deficiency) of revenues over expenditures	658,004	339,582
Fund balance, beginning	<u>2,188,424</u>	<u>1,848,842</u>
Fund balance, ending	<u><u>\$2,846,428</u></u>	<u><u>\$2,188,424</u></u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Solid Waste Collection District

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance from Budget- Positive (Negative)</u>
Revenues					
Taxes	\$5,242,200	\$5,288,449	\$	\$5,288,449	\$46,249
Revenues total	<u>5,242,200</u>	<u>5,288,449</u>		<u>5,288,449</u>	<u>46,249</u>
Expenditures					
Current					
Public works	5,402,330	4,630,446		4,630,446	771,884
Expenditures total	<u>5,402,330</u>	<u>4,630,446</u>		<u>4,630,446</u>	<u>771,884</u>
Excess (deficiency) of revenues over expenditures	<u>(\$160,130)</u>	658,004	\$	<u>\$658,004</u>	<u>\$818,134</u>
Fund balance, beginning		<u>2,188,424</u>			
Fund balance, ending		<u>\$2,846,428</u>			

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Library

Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
Years Ended June 30, 2009 And 2008

	2009	2008
	<hr/>	<hr/>
Revenues		
Investment income	\$50,443	\$290,518
Donations	813,224	750,000
	<hr/>	<hr/>
Revenues total	863,667	1,040,518
	<hr/>	<hr/>
Expenditures		
Excess (deficiency) of revenues over expenditures	863,667	1,040,518
Other financing sources (uses)		
Transfers in		104,445
	<hr/>	<hr/>
Net change in fund balance	863,667	1,144,963
	<hr/>	<hr/>
Fund balance, beginning	8,695,913	7,550,950
	<hr/>	<hr/>
Fund balance, ending	<u>\$9,559,580</u>	<u>\$8,695,913</u>

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FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2009

With Comparative Totals for June 30, 2008

	Air Park	Airway	Arctic Fox	Aztec
Assets				
Equity in central treasury cash	\$9,776	\$34,452	\$27,699	\$56,611
Taxes receivable			1,026	927
Due from governmental agencies				
Assets total	<u>\$9,776</u>	<u>\$34,452</u>	<u>\$28,724</u>	<u>\$57,538</u>
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$	\$	\$	\$
Interfund payable				
Deferred revenues			638	762
Liabilities total			<u>638</u>	<u>762</u>
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures	660			
Undesignated	9,116	34,452	28,087	56,776
Fund balances (deficits) total	<u>9,776</u>	<u>34,452</u>	<u>28,087</u>	<u>56,776</u>
Liabilities and fund balances (deficits) total	<u>\$9,776</u>	<u>\$34,452</u>	<u>\$28,724</u>	<u>\$57,538</u>

Ballaine Lake Sewer & Water	Bear's Den Road	Becker Ridge	Birch Hill	Bluebird Road
\$46,676 3,244	\$2,658	\$148,214 2,191	\$138,258 1,654	\$22,687
<u>\$49,920</u>	<u>\$2,658</u>	<u>\$150,404</u>	<u>\$139,913</u>	<u>\$22,687</u>
\$4,120 3,366 2,315 9,801	\$	\$724 1,408 2,132	\$2,295 1,654 3,949	\$
40,118	720 1,938	148,272	135,963	22,687
40,118	2,658	148,272	135,963	22,687
<u>\$49,920</u>	<u>\$2,658</u>	<u>\$150,404</u>	<u>\$139,913</u>	<u>\$22,687</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2009

With Comparative Totals for June 30, 2008

	Borda Road	Brookside	Chena Goldstream Volunteer Fire	Chena Hills Road
Assets				
Equity in central treasury cash	\$72,719	\$33,293	\$883,903	\$57,553
Taxes receivable	454		14,736	498
Due from governmental agencies				
Assets total	<u>\$73,173</u>	<u>\$33,293</u>	<u>\$898,639</u>	<u>\$58,051</u>
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$40	\$	\$	\$
Interfund payable				
Deferred revenues	454		12,321	498
Liabilities total	<u>494</u>		<u>12,321</u>	<u>498</u>
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	72,679	33,293	886,317	57,553
Fund balances (deficits) total	<u>72,679</u>	<u>33,293</u>	<u>886,317</u>	<u>57,553</u>
Liabilities and fund balances (deficits) total	<u>\$73,173</u>	<u>\$33,293</u>	<u>\$898,639</u>	<u>\$58,051</u>

Chena Hot Springs II	Chena Marina	Chena Point Road	Chena Spur	Cleary Summit
\$	\$55,181 408	\$109,903 986	\$84,656 1,398	\$1,060 11
\$	\$55,589	\$110,889	\$86,054	\$1,071
\$	\$9,191	\$17,237	\$6,838	\$
1	177	128,373 986	995	11
1	9,368	146,597	7,833	11
(1)	46,221	(35,707)	78,221	1,060
(1)	46,221	(35,707)	78,221	1,060
\$	\$55,589	\$110,889	\$86,054	\$1,071

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2009

With Comparative Totals for June 30, 2008

	College	College Hills	Cooper Estates	Cordes Drive
Assets				
Equity in central treasury cash	\$2,014,933	\$35,932	\$103,344	\$36,147
Taxes receivable	7,238	524	393	240
Due from governmental agencies				
Assets total	<u>\$2,022,171</u>	<u>\$36,456</u>	<u>\$103,738</u>	<u>\$36,387</u>
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$49,632	\$	\$	\$7,499
Interfund payable				
Deferred revenues	5,655	524	393	240
Liabilities total	<u>55,288</u>	<u>524</u>	<u>393</u>	<u>7,739</u>
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	1,966,883	35,932	103,344	28,647
Fund balances (deficits) total	<u>1,966,883</u>	<u>35,932</u>	<u>103,344</u>	<u>28,647</u>
Liabilities and fund balances (deficits) total	<u>\$2,022,171</u>	<u>\$36,456</u>	<u>\$103,738</u>	<u>\$36,387</u>

Cripple Creek	Deep Forest	Diane Subdivision	Drake Estates	Edanella Heights Road
\$165,248 1,128	\$12,001	\$53,216 94	\$17,347 17	\$57,839 6
<u>\$166,376</u>	<u>\$12,001</u>	<u>\$53,310</u>	<u>\$17,364</u>	<u>\$57,845</u>
\$	\$	\$	\$	\$9,312
753		94	17	6
<u>753</u>		<u>94</u>	<u>17</u>	<u>9,318</u>
165,623	12,001	30,000 23,216	10,000 7,347	48,527
165,623	12,001	53,216	17,347	48,527
<u>\$166,376</u>	<u>\$12,001</u>	<u>\$53,310</u>	<u>\$17,364</u>	<u>\$57,845</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2009

With Comparative Totals for June 30, 2008

	Ester Lump Road	Ester Volunteer Fire	Fairfields	Fairhill
	<hr/>	<hr/>	<hr/>	<hr/>
Assets				
Equity in central treasury cash	\$85,062	\$248,565	\$44,849	\$30,864
Taxes receivable		4,380	194	93
Due from governmental agencies				
Assets total	<hr/> <u>\$85,062</u>	<hr/> <u>\$252,945</u>	<hr/> <u>\$45,044</u>	<hr/> <u>\$30,957</u>
 Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$	\$	\$4,648	\$
Interfund payable				
Deferred revenues		3,430	194	93
Liabilities total		<hr/> <u>3,430</u>	<hr/> <u>4,842</u>	<hr/> <u>93</u>
 Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	85,062	249,515	40,201	30,864
Fund balances (deficits) total	<hr/> <u>85,062</u>	<hr/> <u>249,515</u>	<hr/> <u>40,201</u>	<hr/> <u>30,864</u>
Liabilities and fund balances (deficits) total	<hr/> <u>\$85,062</u>	<hr/> <u>\$252,945</u>	<hr/> <u>\$45,044</u>	<hr/> <u>\$30,957</u>

Fairwest	Garden	Golden Valley Road	Goldstream Alaska	Goldstream Moose Creek
\$202,077	\$116,232 125	\$16,996 542	\$59,532 210	\$42,725 120
<u>\$202,077</u>	<u>\$116,357</u>	<u>\$17,538</u>	<u>\$59,741</u>	<u>\$42,845</u>
\$	\$	\$520 32,538 414	\$	\$2,768
	125	414	210	120
	<u>125</u>	<u>33,472</u>	<u>210</u>	<u>2,888</u>
202,077	116,232	(15,934)	59,532	39,957
<u>202,077</u>	<u>116,232</u>	<u>(15,934)</u>	<u>59,532</u>	<u>39,957</u>
<u>\$202,077</u>	<u>\$116,357</u>	<u>\$17,538</u>	<u>\$59,741</u>	<u>\$42,845</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2009

With Comparative Totals for June 30, 2008

	Gordon	Granola Estates	Grieme Road	Haystack
Assets				
Equity in central treasury cash	\$220,715	\$39,165	\$62,530	\$68,332
Taxes receivable	798	76	459	1,981
Due from governmental agencies				
Assets total	<u>\$221,513</u>	<u>\$39,240</u>	<u>\$62,989</u>	<u>\$70,313</u>
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$	\$	\$	\$2,103
Interfund payable				
Deferred revenues	798	1	459	1,981
Liabilities total	<u>798</u>	<u>1</u>	<u>459</u>	<u>4,085</u>
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	220,715	39,239	62,530	66,228
Fund balances (deficits) total	<u>220,715</u>	<u>39,239</u>	<u>62,530</u>	<u>66,228</u>
Liabilities and fund balances (deficits) total	<u>\$221,513</u>	<u>\$39,240</u>	<u>\$62,989</u>	<u>\$70,313</u>

Herning Hills	Hopeless	Horseshoe Downs	Jennifer Drive	Jones Road
\$48,241 59	\$39,470 887	\$6,223 910	\$9,482	\$52,953 880
<u>\$48,300</u>	<u>\$40,357</u>	<u>\$7,133</u>	<u>\$9,482</u>	<u>\$53,833</u>
\$12,841 59	\$ 887	\$ 910	\$	\$21,767 880
<u>12,901</u>	<u>887</u>	<u>910</u>		<u>22,647</u>
25,000 10,399	39,470	2,000 4,223	9,482	31,186
<u>35,399</u>	<u>39,470</u>	<u>6,223</u>	<u>9,482</u>	<u>31,186</u>
<u>\$48,300</u>	<u>\$40,357</u>	<u>\$7,133</u>	<u>\$9,482</u>	<u>\$53,833</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2009

With Comparative Totals for June 30, 2008

	Joy Road	Keeney Road	Kendall	Keystone
	<hr/>	<hr/>	<hr/>	<hr/>
Assets				
Equity in central treasury cash	\$24,872	\$6,728	\$56,478	\$58,753
Taxes receivable	620	112	108	1,871
Due from governmental agencies				
Assets total	<hr/> <u>\$25,492</u>	<hr/> <u>\$6,839</u>	<hr/> <u>\$56,586</u>	<hr/> <u>\$60,623</u>
 Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$	\$	\$	\$
Interfund payable				
Deferred revenues	<hr/> 550	<hr/> 112	<hr/> 108	<hr/> 1,870
Liabilities total	<hr/> <u>550</u>	<hr/> <u>112</u>	<hr/> <u>108</u>	<hr/> <u>1,870</u>
 Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	<hr/> 24,942	<hr/> 6,728	<hr/> 56,478	<hr/> 58,753
Fund balances (deficits) total	<hr/> <u>24,942</u>	<hr/> <u>6,728</u>	<hr/> <u>56,478</u>	<hr/> <u>58,753</u>
Liabilities and fund balances (deficits) total	<hr/> <u>\$25,492</u>	<hr/> <u>\$6,839</u>	<hr/> <u>\$56,586</u>	<hr/> <u>\$60,623</u>

Kris Kringle	Lakloey Hill	Lee Lane	Loose Moose	Martin
<u>\$66,713</u>	<u>\$133,112</u> 243	<u>\$24,627</u> 16	<u>\$12,457</u> 558	<u>\$37,076</u> 2,974
<u><u>\$66,713</u></u>	<u><u>\$133,355</u></u>	<u><u>\$24,642</u></u>	<u><u>\$13,015</u></u>	<u><u>\$40,050</u></u>
<u>\$2,482</u>	\$	\$	\$	\$6,035
	<u>243</u>	<u>16</u>	<u>558</u>	<u>2,920</u>
<u>2,482</u>	<u>243</u>	<u>16</u>	<u>558</u>	<u>8,955</u>
<u>64,231</u>	<u>133,112</u>	<u>24,627</u>	<u>12,457</u>	<u>31,095</u>
<u>64,231</u>	<u>133,112</u>	<u>24,627</u>	<u>12,457</u>	<u>31,095</u>
<u><u>\$66,713</u></u>	<u><u>\$133,355</u></u>	<u><u>\$24,642</u></u>	<u><u>\$13,015</u></u>	<u><u>\$40,050</u></u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2009

With Comparative Totals for June 30, 2008

	McCloud	McGrath Estates	McKinley View	Mellow Woods Road
Assets				
Equity in central treasury cash	\$81,904	\$173,554	\$23,992	\$51,627
Taxes receivable	2,057	287		
Due from governmental agencies				
Assets total	<u>\$83,961</u>	<u>\$173,841</u>	<u>\$23,992</u>	<u>\$51,627</u>
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$688	\$23,850	\$	\$802
Interfund payable				
Deferred revenues	2,057	287		
Liabilities total	<u>2,745</u>	<u>24,137</u>		<u>802</u>
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	81,216	149,703	23,992	50,824
Fund balances (deficits) total	<u>81,216</u>	<u>149,703</u>	<u>23,992</u>	<u>50,824</u>
Liabilities and fund balances (deficits) total	<u>\$83,961</u>	<u>\$173,841</u>	<u>\$23,992</u>	<u>\$51,627</u>

Miller Hill Extension	Moose Creek	Moose Meadows	Mt. View	Murphy
\$61,527 2,574	\$71,387 612	\$242,307 1,259	\$94,965	\$29,388 296
<u>\$64,101</u>	<u>\$71,999</u>	<u>\$243,566</u>	<u>\$94,965</u>	<u>\$29,684</u>
\$764	\$	\$7,744	\$	\$
2,574	586	1,136		296
<u>3,338</u>	<u>586</u>	<u>8,880</u>		<u>296</u>
60,763	71,413	150,000 84,686	94,965	29,388
<u>60,763</u>	<u>71,413</u>	<u>234,686</u>	<u>94,965</u>	<u>29,388</u>
<u>\$64,101</u>	<u>\$71,999</u>	<u>\$243,566</u>	<u>\$94,965</u>	<u>\$29,684</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2009

With Comparative Totals for June 30, 2008

	Musk Ox	Newby Park	North Ridge	North Star Volunteer Fire
	<hr/>	<hr/>	<hr/>	<hr/>
Assets				
Equity in central treasury cash	\$96,130	\$12,851	\$24,357	\$384,678
Taxes receivable	199	24		38,929
Due from governmental agencies				705
Assets total	<hr/> <u>\$96,329</u>	<hr/> <u>\$12,875</u>	<hr/> <u>\$24,357</u>	<hr/> <u>\$424,312</u>
 Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$4,668	\$	\$	\$
Interfund payable				
Deferred revenues	199	24		35,527
Liabilities total	<hr/> <u>4,867</u>	<hr/> <u>24</u>		<hr/> <u>35,527</u>
 Fund balances (deficit)				
Reserved for encumbrances				11,270
Unreserved				
Designated for subsequent year's expenditures				74,010
Undesignated	91,462	12,851	24,357	303,505
Fund balances (deficits) total	<hr/> <u>91,462</u>	<hr/> <u>12,851</u>	<hr/> <u>24,357</u>	<hr/> <u>388,785</u>
Liabilities and fund balances (deficits) total	<hr/> <u>\$96,329</u>	<hr/> <u>\$12,875</u>	<hr/> <u>\$24,357</u>	<hr/> <u>\$424,312</u>

O'Connor Creek	Old Wood Road	Our	Parksridge	Peede Country Estates
\$78,828 558	\$23,137	\$9,134	\$49,560	\$15,615 372
<u>\$79,386</u>	<u>\$23,137</u>	<u>\$9,134</u>	<u>\$49,560</u>	<u>\$15,987</u>
\$1,044 558	\$850	\$	\$	\$
<u>1,601</u>	<u>850</u>			<u>372</u>
77,785	22,287	9,134	12,000 37,560	15,615
<u>77,785</u>	<u>22,287</u>	<u>9,134</u>	<u>49,560</u>	<u>15,615</u>
<u>\$79,386</u>	<u>\$23,137</u>	<u>\$9,134</u>	<u>\$49,560</u>	<u>\$15,987</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2009

With Comparative Totals for June 30, 2008

	Pine Stream	Pleasureland	Polar Heights	Potlatch
Assets				
Equity in central treasury cash	\$87,947	\$63,785	\$36,780	\$15,463
Taxes receivable	490	390	28	152
Due from governmental agencies				
Assets total	<u>\$88,437</u>	<u>\$64,175</u>	<u>\$36,808</u>	<u>\$15,615</u>
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$56	\$	\$4,686	\$
Interfund payable				
Deferred revenues	477	390	28	
Liabilities total	<u>534</u>	<u>390</u>	<u>4,714</u>	
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures			10,000	8,000
Undesignated	87,904	63,785	22,094	7,615
Fund balances (deficits) total	<u>87,904</u>	<u>63,785</u>	<u>32,094</u>	<u>15,615</u>
Liabilities and fund balances (deficits) total	<u>\$88,437</u>	<u>\$64,175</u>	<u>\$36,808</u>	<u>\$15,615</u>

Prospect Park	Reed Acres Road	Ridgecrest	Salchaket Heights	Scenic Heights
\$24,249	\$52,326 387	\$4,452	\$12,994	\$95,203
<u>\$24,249</u>	<u>\$52,713</u>	<u>\$4,452</u>	<u>\$12,994</u>	<u>\$95,203</u>
\$	\$	\$	\$1,258	\$278
	301			
	<u>301</u>		<u>1,258</u>	<u>278</u>
24,249	52,412	4,452	11,736	94,925
<u>24,249</u>	<u>52,412</u>	<u>4,452</u>	<u>11,736</u>	<u>94,925</u>
<u>\$24,249</u>	<u>\$52,713</u>	<u>\$4,452</u>	<u>\$12,994</u>	<u>\$95,203</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2009

With Comparative Totals for June 30, 2008

	Seavy	Secluded Acres	Serendipity Hill	Six Mile Village Road
Assets				
Equity in central treasury cash	\$48,639	\$37,026	\$38,927	\$33,326
Taxes receivable	217	21		450
Due from governmental agencies				
Assets total	<u>\$48,856</u>	<u>\$37,047</u>	<u>\$38,927</u>	<u>\$33,776</u>
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$	\$	\$	\$
Interfund payable				
Deferred revenues	125	21		450
Liabilities total	<u>125</u>	<u>21</u>		<u>450</u>
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures			10,000	
Undesignated	48,731	37,026	28,927	33,326
Fund balances (deficits) total	<u>48,731</u>	<u>37,026</u>	<u>38,927</u>	<u>33,326</u>
Liabilities and fund balances (deficits) total	<u>\$48,856</u>	<u>\$37,047</u>	<u>\$38,927</u>	<u>\$33,776</u>

Smallwood Trail Road	Smith Ranch	Spring Glade	Spruce Acres	Steamboat Landing
\$31,272	\$67,906 202	\$108,449 240	\$31,695 229	\$47,546 1,593
<u>\$31,272</u>	<u>\$68,108</u>	<u>\$108,689</u>	<u>\$31,924</u>	<u>\$49,139</u>
\$	\$	\$3,472	\$	\$
	202	240	229	1,371
	202	3,712	229	1,371
31,272	67,906	104,976	31,695	47,768
31,272	67,906	104,976	31,695	47,768
<u>\$31,272</u>	<u>\$68,108</u>	<u>\$108,689</u>	<u>\$31,924</u>	<u>\$49,139</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2009

With Comparative Totals for June 30, 2008

	Steese Volunteer Fire	Straight Creek	Summerwood	Summit Drive
	<hr/>	<hr/>	<hr/>	<hr/>
Assets				
Equity in central treasury cash	\$421,647	\$16,490	\$117,887	\$192,493
Taxes receivable	21,321	74	91	547
Due from governmental agencies				
Assets total	<hr/> <u>\$442,968</u>	<hr/> <u>\$16,563</u>	<hr/> <u>\$117,979</u>	<hr/> <u>\$193,041</u>
 Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$	\$3,710	\$5,585	\$2,736
Interfund payable				
Deferred revenues	20,943	74	91	599
Liabilities total	<hr/> <u>20,943</u>	<hr/> <u>3,784</u>	<hr/> <u>5,676</u>	<hr/> <u>3,335</u>
 Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	422,026	12,780	112,302	189,705
Fund balances (deficits) total	<hr/> <u>422,026</u>	<hr/> <u>12,780</u>	<hr/> <u>112,302</u>	<hr/> <u>189,705</u>
Liabilities and fund balances (deficits) total	<hr/> <u>\$442,968</u>	<hr/> <u>\$16,563</u>	<hr/> <u>\$117,979</u>	<hr/> <u>\$193,041</u>

Sunny Hills Terrace	Sunrise	Tan Terra	Thomas	Timberlane Road
\$136,806	\$73,174 263	\$13,949 709	\$7,351 1,047	\$70,838 39
<u>\$136,806</u>	<u>\$73,436</u>	<u>\$14,658</u>	<u>\$8,398</u>	<u>\$70,878</u>
\$	\$	\$31	\$	\$183
	263	709	1,047	39
	<u>263</u>	<u>740</u>	<u>1,047</u>	<u>223</u>
100,000	20,000			
36,806	53,174	13,918	7,351	70,655
<u>136,806</u>	<u>73,174</u>	<u>13,918</u>	<u>7,351</u>	<u>70,655</u>
<u>\$136,806</u>	<u>\$73,436</u>	<u>\$14,658</u>	<u>\$8,398</u>	<u>\$70,878</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2009

With Comparative Totals for June 30, 2008

	Tungsten	Twenty Three Mile Slough	Ullrhaven	University Fire
	<hr/>	<hr/>	<hr/>	<hr/>
Assets				
Equity in central treasury cash	\$5,576	\$126,590	\$15,844	\$1,562,386
Taxes receivable		2,904		36,958
Due from governmental agencies				
	<hr/>	<hr/>	<hr/>	<hr/>
Assets total	<u>\$5,576</u>	<u>\$129,494</u>	<u>\$15,844</u>	<u>\$1,599,344</u>
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$	\$	\$	\$22,154
Interfund payable				
Deferred revenues		1,016		32,868
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities total		<u>1,016</u>		<u>55,022</u>
Fund balances (deficit)				
Reserved for encumbrances				15,232
Unreserved				
Designated for subsequent year's expenditures		19,330		
Undesignated	5,576	109,148	15,844	1,529,090
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits) total	<u>5,576</u>	<u>128,478</u>	<u>15,844</u>	<u>1,544,322</u>
Liabilities and fund balances (deficits) total	<u>\$5,576</u>	<u>\$129,494</u>	<u>\$15,844</u>	<u>\$1,599,344</u>

University Heights	University West Street Light	Vienna Wood	Viewpointe	Violet Drive
\$174,698	\$171,766 148	\$49,616	\$113,869	\$71,250 138
<u>\$174,698</u>	<u>\$171,914</u>	<u>\$49,616</u>	<u>\$113,869</u>	<u>\$71,387</u>
\$19,485	\$	\$1,016	\$	\$12,030
	120			138
<u>19,485</u>	<u>120</u>	<u>1,016</u>		<u>12,168</u>
155,214	171,794	48,600	113,869	59,220
<u>155,214</u>	<u>171,794</u>	<u>48,600</u>	<u>113,869</u>	<u>59,220</u>
<u>\$174,698</u>	<u>\$171,914</u>	<u>\$49,616</u>	<u>\$113,869</u>	<u>\$71,387</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2009

With Comparative Totals for June 30, 2008

	Vista Gold Road	Vue Crest	Whitman	Wildview
	<hr/>	<hr/>	<hr/>	<hr/>
Assets				
Equity in central treasury cash	\$40,503	\$140,280	\$20,836	\$378,282
Taxes receivable	1,040			855
Due from governmental agencies				
Assets total	<hr/> <u>\$41,543</u>	<hr/> <u>\$140,280</u>	<hr/> <u>\$20,836</u>	<hr/> <u>\$379,137</u>
 Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$	\$19,956	\$	\$
Interfund payable				
Deferred revenues	1,040			855
Liabilities total	<hr/> <u>1,040</u>	<hr/> <u>19,957</u>		<hr/> <u>855</u>
 Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	40,503	120,323	20,836	378,282
Fund balances (deficits) total	<hr/> <u>40,503</u>	<hr/> <u>120,323</u>	<hr/> <u>20,836</u>	<hr/> <u>378,282</u>
Liabilities and fund balances (deficits) total	<hr/> <u>\$41,543</u>	<hr/> <u>\$140,280</u>	<hr/> <u>\$20,836</u>	<hr/> <u>\$379,137</u>

Woodland	Yak Road	Totals	
		2009	2008
\$4,198	\$214,051	\$12,599,439	\$12,131,107
12	580	173,678	156,341
		705	
<u>\$4,210</u>	<u>\$214,631</u>	<u>\$12,773,822</u>	<u>\$12,287,448</u>
\$	\$43,022	\$340,124	\$156,546
12	393	164,279	148,245
<u>12</u>	<u>43,415</u>	<u>154,495</u>	<u>135,841</u>
		658,897	440,632
		26,502	
4,198	30,000	501,720	8,399
<u>4,198</u>	<u>141,216</u>	<u>11,586,703</u>	<u>11,838,417</u>
4,198	171,216	12,114,925	11,846,816
<u>4,210</u>	<u>\$214,631</u>	<u>\$12,773,822</u>	<u>\$12,287,448</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2009
With Comparative Totals for June 30, 2008

	Air Park	Airway	Arctic Fox	Aztec
Revenues				
Taxes	\$	\$11,341	\$4,762	\$17,985
Intergovernmental - state				
Other revenues	58	189	155	365
Revenues total	58	11,530	4,916	18,350
Expenditures				
Current				
Road and other service areas	1,538	3,403	1,822	38,250
Fire service areas				
Capital outlay				
Expenditures total	1,538	3,403	1,822	38,250
Excess (deficiency) of revenues over expenditures	(1,480)	8,127	3,094	(19,900)
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	(1,480)	8,127	3,094	(19,900)
Fund balances (deficit), beginning	11,255	26,324	24,992	76,676
Fund balances (deficit), ending	\$9,776	\$34,452	\$28,087	\$56,776

Ballaine Lake Sewer & Water	Bear's Den Road	Becker Ridge	Birch Hill	Bluebird Road
\$22,126	\$	\$97,299	\$98,043	\$5,508
241	16	942	871	124
<u>22,367</u>	<u>16</u>	<u>98,242</u>	<u>98,915</u>	<u>5,633</u>
10,745	800	89,389	39,446	2,382
<u>10,745</u>	<u>800</u>	<u>89,389</u>	<u>39,446</u>	<u>2,382</u>
11,622	(784)	8,853	59,469	3,250
		(25,000)		
		(25,000)		
11,622	(784)	(16,147)	59,469	3,250
28,496	3,442	164,419	76,495	19,436
<u>\$40,118</u>	<u>\$2,658</u>	<u>\$148,272</u>	<u>\$135,963</u>	<u>\$22,687</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2009
With Comparative Totals for June 30, 2008

	Borda Road	Brookside	Chena Goldstream Volunteer Fire	Chena Hills Road
Revenues				
Taxes	\$25,775	\$7,623	\$880,398	\$83,050
Intergovernmental - state				
Other revenues	425	184	9,552	6,363
Revenues total	26,200	7,807	889,950	89,413
Expenditures				
Current				
Road and other service areas	27,440	2,766		100,726
Fire service areas			715,515	
Capital outlay				
Expenditures total	27,440	2,766	715,515	100,726
Excess (deficiency) of revenues over expenditures	(1,240)	5,040	174,435	(11,313)
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	(1,240)	5,040	174,435	(11,313)
Fund balances (deficit), beginning	73,919	28,252	711,882	68,867
Fund balances (deficit), ending	\$72,679	\$33,293	\$886,317	\$57,553

Chena Hot Springs II	Chena Marina	Chena Point Road	Chena Spur	Cleary Summit
\$557	\$19,899	\$87,606	\$36,172	\$728
1	345	812	672	6
558	20,244	88,418	36,844	734
550	25,502	61,347	18,111	660
550	25,502	61,347	18,111	660
8	(5,258)	27,071	18,733	74
		(40,000)	(40,000)	
		(40,000)	(40,000)	
8	(5,258)	(12,929)	(21,267)	74
(10)	51,478	(22,778)	99,488	986
(\$1)	\$46,221	(\$35,707)	\$78,221	\$1,060

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2009
With Comparative Totals for June 30, 2008

	College	College Hills	Cooper Estates	Cordes Drive
Revenues				
Taxes	\$458,119	\$23,055	\$22,258	\$22,282
Intergovernmental - state				
Other revenues	11,027	202	560	203
Revenues total	469,146	23,257	22,818	22,485
Expenditures				
Current				
Road and other service areas	198,486	12,929	4,479	24,752
Fire service areas				
Capital outlay				
Expenditures total	198,486	12,929	4,479	24,752
Excess (deficiency) of revenues over expenditures	270,660	10,327	18,339	(2,267)
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	270,660	10,327	18,339	(2,267)
Fund balances (deficit), beginning	1,696,222	25,605	85,006	30,915
Fund balances (deficit), ending	\$1,966,883	\$35,932	\$103,344	\$28,647

Cripple Creek	Deep Forest	Diane Subdivision	Drake Estates	Edanella Heights Road
\$53,305	\$17,249	\$3,277	\$7,058	\$27,890
919	130	295	95	331
54,224	17,379	3,571	7,153	28,222
32,932	7,893	1,634	2,521	34,486
32,932	7,893	1,634	2,521	34,486
21,291	9,486	1,937	4,632	(6,265)
	(9,156)			
	(9,156)			
21,291	330	1,937	4,632	(6,265)
144,332	11,671	51,279	12,715	54,791
<u>\$165,623</u>	<u>\$12,001</u>	<u>\$53,216</u>	<u>\$17,347</u>	<u>\$48,527</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2009
With Comparative Totals for June 30, 2008

	Ester Lump Road	Ester Volunteer Fire	Fairfields	Fairhill
Revenues				
Taxes	\$16,082	\$323,657	\$14,440	\$11,569
Intergovernmental - state				
Other revenues	496	1,605	361	175
Revenues total	16,578	325,262	14,802	11,744
Expenditures				
Current				
Road and other service areas	20,553		16,747	4,796
Fire service areas		334,641		
Capital outlay				
Expenditures total	20,553	334,641	16,747	4,796
Excess (deficiency) of revenues over expenditures	(3,975)	(9,379)	(1,946)	6,948
Other financing sources (uses)				
Transfers in				
Transfers out			(17,500)	
Other financing sources (uses) total			(17,500)	
Net change in fund balances	(3,975)	(9,379)	(19,446)	6,948
Fund balances (deficit), beginning	89,037	258,895	59,647	23,916
Fund balances (deficit), ending	\$85,062	\$249,515	\$40,201	\$30,864

Fairwest	Garden	Golden Valley Road	Goldstream Alaska	Goldstream Moose Creek
\$21,378	\$33,591	\$12,111	\$22,545	\$44,039
1,102	612	135	331	293
22,480	34,203	12,246	22,876	44,332
5,315	2,300	4,188	15,856	26,327
5,315	2,300	4,188	15,856	26,327
17,165	31,903	8,058	7,020	18,005
		(40,038)		(8,000)
		(40,038)		(8,000)
17,165	31,903	(31,980)	7,020	10,005
184,912	84,329	16,047	52,511	29,952
\$202,077	\$116,232	(\$15,934)	\$59,532	\$39,957

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2009
With Comparative Totals for June 30, 2008

	Gordon	Granola Estates	Grieme Road	Haystack
Revenues				
Taxes	\$46,367	\$4,202	\$14,870	\$30,991
Intergovernmental - state				
Other revenues	1,324	221	347	384
Revenues total	47,691	4,423	15,217	31,375
Expenditures				
Current				
Road and other service areas	74,425	4,168	6,290	14,752
Fire service areas				
Capital outlay				
Expenditures total	74,425	4,168	6,290	14,752
Excess (deficiency) of revenues over expenditures	(26,734)	255	8,926	16,623
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	(26,734)	255	8,926	16,623
Fund balances (deficit), beginning	247,449	38,984	53,604	49,605
Fund balances (deficit), ending	\$220,715	\$39,239	\$62,530	\$66,228

Herning Hills	Hopeless	Horseshoe Downs	Jennifer Drive	Jones Road
\$23,336	\$19,491	\$11,106	\$4,886	\$55,065
280	266	208	52	342
23,616	19,756	11,314	4,937	55,407
25,245	29,097	13,405	1,336	78,204
25,245	29,097	13,405	1,336	78,204
(1,629)	(9,341)	(2,091)	3,601	(22,797)
(1,629)	(9,341)	(2,091)	3,601	(22,797)
37,029	48,811	8,314	5,880	53,983
\$35,399	\$39,470	\$6,223	\$9,482	\$31,186

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2009
With Comparative Totals for June 30, 2008

	Joy Road	Keeney Road	Kendall	Keystone
Revenues				
Taxes	\$6,259	\$1,924	\$9,847	\$11,383
Intergovernmental - state				
Other revenues	135	41	318	336
Revenues total	6,394	1,965	10,165	11,719
Expenditures				
Current				
Road and other service areas	1,682	1,791	7,269	6,394
Fire service areas				
Capital outlay				
Expenditures total	1,682	1,791	7,269	6,394
Excess (deficiency) of revenues over expenditures	4,712	174	2,896	5,325
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	4,712	174	2,896	5,325
Fund balances (deficit), beginning	20,230	6,554	53,582	53,428
Fund balances (deficit), ending	\$24,942	\$6,728	\$56,478	\$58,753

Kris Kringle	Lakloey Hill	Lee Lane	Loose Moose	Martin
<u>\$11,642</u>	<u>\$32,955</u>	<u>\$4,944</u>	<u>\$5,594</u>	<u>\$20,649</u>
<u>368</u>	<u>794</u>	<u>137</u>	<u>76</u>	<u>1,092</u>
<u>12,010</u>	<u>33,749</u>	<u>5,081</u>	<u>5,671</u>	<u>21,742</u>
<u>7,093</u>	<u>37,371</u>	<u>2,262</u>	<u>6,215</u>	<u>19,464</u>
<u>7,093</u>	<u>37,371</u>	<u>2,262</u>	<u>6,215</u>	<u>19,464</u>
<u>4,917</u>	<u>(3,622)</u>	<u>2,819</u>	<u>(544)</u>	<u>2,278</u>
<u>4,917</u>	<u>(3,622)</u>	<u>2,819</u>	<u>(544)</u>	<u>2,278</u>
<u>59,313</u>	<u>136,734</u>	<u>21,808</u>	<u>13,001</u>	<u>28,817</u>
<u>\$64,231</u>	<u>\$133,112</u>	<u>\$24,627</u>	<u>\$12,457</u>	<u>\$31,095</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2009
With Comparative Totals for June 30, 2008

	McCloud	McGrath Estates	McKinley View	Mellow Woods Road
Revenues				
Taxes	\$27,923	\$61,771	\$3,866	\$14,755
Intergovernmental - state				
Other revenues	458	971	132	283
Revenues total	28,381	62,742	3,997	15,038
Expenditures				
Current				
Road and other service areas	11,255	50,186	1,056	4,973
Fire service areas				
Capital outlay				
Expenditures total	11,255	50,186	1,056	4,973
Excess (deficiency) of revenues over expenditures	17,126	12,556	2,942	10,065
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	17,126	12,556	2,942	10,065
Fund balances (deficit), beginning	64,091	137,148	21,050	40,759
Fund balances (deficit), ending	\$81,216	\$149,703	\$23,992	\$50,824

Miller Hill Extension	Moose Creek	Moose Meadows	Mt. View	Murphy
\$46,935	\$13,728	\$63,552	\$24,249	\$11,595
333	421	1,294	539	170
47,268	14,149	64,846	24,788	11,765
42,213	9,089	14,979	17,842	6,219
42,213	9,089	14,979	17,842	6,219
5,055	5,061	49,867	6,945	5,546
5,055	5,061	49,867	6,945	5,546
55,708	66,352	184,819	88,020	23,842
\$60,763	\$71,413	\$234,686	\$94,965	\$29,388

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2009
With Comparative Totals for June 30, 2008

	Musk Ox	Newby Park	North Ridge	North Star Volunteer Fire
Revenues				
Taxes	\$21,102	\$15,082	\$8,620	\$1,358,395
Intergovernmental - state				705
Other revenues	554	133	138	53,409
Revenues total	21,655	15,215	8,758	1,412,509
Expenditures				
Current				
Road and other service areas	17,583	7,966	3,491	
Fire service areas				1,295,750
Capital outlay				
Expenditures total	17,583	7,966	3,491	1,295,750
Excess (deficiency) of revenues over expenditures	4,072	7,249	5,267	116,759
Other financing sources (uses)				
Transfers in		1,356		
Transfers out				(300,000)
Other financing sources (uses) total		1,356		(300,000)
Net change in fund balances	4,072	8,605	5,267	(183,241)
Fund balances (deficit), beginning	87,390	4,246	19,090	572,026
Fund balances (deficit), ending	\$91,462	\$12,851	\$24,357	\$388,785

O'Connor Creek	Old Wood Road	Our	Parksville	Peede Country Estates
\$107,018	\$9,618	\$3,374	\$10,039	\$4,487
652	137	58	279	93
107,670	9,755	3,432	10,318	4,579
76,292	8,495	4,516	8,691	3,202
76,292	8,495	4,516	8,691	3,202
31,378	1,260	(1,084)	1,627	1,377
31,378	1,260	(1,084)	1,627	1,377
46,407	21,027	10,219	47,934	14,238
<u>\$77,785</u>	<u>\$22,287</u>	<u>\$9,134</u>	<u>\$49,560</u>	<u>\$15,615</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2009
With Comparative Totals for June 30, 2008

	Pine Stream	Pleasureland	Polar Heights	Potlatch
Revenues				
Taxes	\$18,951	\$7,344	\$16,685	\$10,675
Intergovernmental - state				
Other revenues	492	348	217	144
Revenues total	19,442	7,692	16,902	10,819
Expenditures				
Current				
Road and other service areas	8,540	1,882	12,810	4,573
Fire service areas				
Capital outlay				
Expenditures total	8,540	1,882	12,810	4,573
Excess (deficiency) of revenues over expenditures	10,902	5,810	4,092	6,245
Other financing sources (uses)				
Transfers in				
Transfers out				(10,000)
Other financing sources (uses) total				(10,000)
Net change in fund balances	10,902	5,810	4,092	(3,755)
Fund balances (deficit), beginning	77,002	57,975	28,002	19,370
Fund balances (deficit), ending	\$87,904	\$63,785	\$32,094	\$15,615

Prospect Park	Reed Acres Road	Ridgecrest	Salchaket Heights	Scenic Heights
\$7,151	\$7,226	\$1,920	\$2,085	\$16,130
133	306	28	71	542
7,284	7,532	1,947	2,156	16,672
2,449	21,903	1,635	1,878	12,261
2,449	21,903	1,635	1,878	12,261
4,835	(14,371)	312	278	4,412
4,835	(14,371)	312	278	4,412
19,414	66,783	4,139	11,457	90,514
\$24,249	\$52,412	\$4,452	\$11,736	\$94,925

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2009
With Comparative Totals for June 30, 2008

	Seavy	Secluded Acres	Serendipity Hill	Six Mile Village Road
Revenues				
Taxes	\$9,005	\$7,178	\$5,802	\$7,727
Intergovernmental - state				
Other revenues	277	208	219	187
Revenues total	9,282	7,386	6,020	7,914
Expenditures				
Current				
Road and other service areas	4,390	2,990	3,310	3,089
Fire service areas				
Capital outlay				
Expenditures total	4,390	2,990	3,310	3,089
Excess (deficiency) of revenues over expenditures	4,892	4,396	2,710	4,825
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	4,892	4,396	2,710	4,825
Fund balances (deficit), beginning	43,839	32,631	36,216	28,501
Fund balances (deficit), ending	\$48,731	\$37,026	\$38,927	\$33,326

Smallwood Trail Road	Smith Ranch	Spring Glade	Spruce Acres	Steamboat Landing
\$4,952	\$32,798	\$25,915	\$5,494	\$14,469
171	351	601	187	265
5,123	33,149	26,515	5,682	14,734
1,237	3,083	12,370	5,494	7,118
1,237	3,083	12,370	5,494	7,118
3,887	30,066	14,146	188	7,616
3,887	30,066	14,146	188	7,616
27,385	37,840	90,830	31,508	40,152
\$31,272	\$67,906	\$104,976	\$31,695	\$47,768

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2009
With Comparative Totals for June 30, 2008

	Steese Volunteer Fire	Straight Creek	Summerwood	Summit Drive
Revenues				
Taxes	\$1,086,758	\$14,531	\$33,208	\$98,863
Intergovernmental - state				
Other revenues	10,250	114	646	1,628
Revenues total	<u>1,097,008</u>	<u>14,645</u>	<u>33,854</u>	<u>100,491</u>
Expenditures				
Current				
Road and other service areas		14,657	18,560	51,408
Fire service areas	1,083,345			
Capital outlay				
Expenditures total	<u>1,083,345</u>	<u>14,657</u>	<u>18,560</u>	<u>51,408</u>
Excess (deficiency) of revenues over expenditures	13,664	(12)	15,295	49,083
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balances	13,664	(12)	15,295	49,083
Fund balances (deficit), beginning	<u>408,362</u>	<u>12,792</u>	<u>97,008</u>	<u>140,623</u>
Fund balances (deficit), ending	<u>\$422,026</u>	<u>\$12,780</u>	<u>\$112,302</u>	<u>\$189,705</u>

Sunny Hills Terrace	Sunrise	Tan Terra	Thomas	Timberlane Road
\$26,170	\$10,237	\$16,878	\$9,548	\$6,964
753	401	159	66	391
26,924	10,638	17,037	9,614	7,354
10,255	5,332	8,855	10,896	2,918
10,255	5,332	8,855	10,896	2,918
16,669	5,306	8,182	(1,282)	4,436
		(13,300)		
		(13,300)		
16,669	5,306	(5,118)	(1,282)	4,436
120,137	67,868	19,037	8,633	66,219
<u>\$136,806</u>	<u>\$73,174</u>	<u>\$13,918</u>	<u>\$7,351</u>	<u>\$70,655</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2009
With Comparative Totals for June 30, 2008

	Tungsten	Twenty Three Mile Slough	Ullrhaven	University Fire
Revenues				
Taxes	\$30,846	\$27,019	\$3,540	\$1,987,241
Intergovernmental - state				
Other revenues	233	771	98	13,670
Revenues total	31,079	27,790	3,638	2,000,911
Expenditures				
Current				
Road and other service areas	11,461	50,161	3,146	
Fire service areas				1,614,040
Capital outlay				
Expenditures total	11,461	50,161	3,146	1,614,040
Excess (deficiency) of revenues over expenditures	19,617	(22,371)	492	386,871
Other financing sources (uses)				
Transfers in				27,186
Transfers out	(37,000)			(751,618)
Other financing sources (uses) total	(37,000)			(724,432)
Net change in fund balances	(17,383)	(22,371)	492	(337,561)
Fund balances (deficit), beginning	22,959	150,850	15,352	1,881,883
Fund balances (deficit), ending	\$5,576	\$128,478	\$15,844	\$1,544,322

University Heights	University West Street Light	Vienna Wood	Viewpointe	Violet Drive
\$49,913	\$57,319	\$20,709	\$15,693	\$53,984
938	1,025	295	636	392
50,850	58,344	21,004	16,329	54,377
30,025	69,236	20,938	7,746	45,668
30,025	69,236	20,938	7,746	45,668
20,825	(10,892)	66	8,583	8,709
20,825	(10,892)	66	8,583	8,709
134,388	182,685	48,534	105,286	50,510
<u>\$155,214</u>	<u>\$171,794</u>	<u>\$48,600</u>	<u>\$113,869</u>	<u>\$59,220</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2009
With Comparative Totals for June 30, 2008

	Vista Gold Road	Vue Crest	Whitman	Wildview
Revenues				
Taxes	\$33,837	\$28,089	\$3,431	\$163,150
Intergovernmental - state				
Other revenues	295	775	118	2,450
Revenues total	34,132	28,864	3,550	165,600
Expenditures				
Current				
Road and other service areas	24,169	30,148	2,726	132,150
Fire service areas				
Capital outlay				
Expenditures total	24,169	30,148	2,726	132,150
Excess (deficiency) of revenues over expenditures	9,963	(1,284)	824	33,450
Other financing sources (uses)				
Transfers in				
Transfers out	(7,500)			(40,000)
Other financing sources (uses) total	(7,500)			(40,000)
Net change in fund balances	2,463	(1,284)	824	(6,550)
Fund balances (deficit), beginning	38,040	121,607	20,012	384,832
Fund balances (deficit), ending	\$40,503	\$120,323	\$20,836	\$378,282

Woodland	Yak Road	Totals	
		2009	2008
<u>2,222</u>	<u>\$70,494</u>	<u>\$8,706,549</u>	<u>\$8,155,370</u>
27	1,295	705	290,801
<u>2,250</u>	<u>71,789</u>	<u>8,856,390</u>	<u>9,096,952</u>
1,824	95,545	2,224,420	2,216,696
		5,043,291	4,497,076
<u>1,824</u>	<u>95,545</u>	<u>7,267,711</u>	<u>6,743,376</u>
425	(23,755)	1,588,679	2,353,575
		28,542	76
	<u>(10,000)</u>	<u>(1,349,112)</u>	<u>(439,109)</u>
	<u>(10,000)</u>	<u>(1,320,570)</u>	<u>(439,033)</u>
425	(33,755)	268,108	1,914,542
<u>3,773</u>	<u>204,972</u>	<u>11,846,816</u>	<u>9,932,273</u>
<u>\$4,198</u>	<u>\$171,216</u>	<u>\$12,114,925</u>	<u>\$11,846,816</u>

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DEBT SERVICE FUND

The **Debt Service Fund** is a major fund and is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

FAIRBANKS NORTH STAR BOROUGH

Debt Service Fund

Comparative Balance Sheet
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Equity in central treasury cash	\$428,017	\$412,017
Accrued interest receivable	21	4,362
Assets total	<u>\$428,038</u>	<u>\$416,380</u>
Liabilities and Fund Balance (Deficit)		
Liabilities		
Fund balance (deficit)		
Undesignated	\$428,038	\$416,380
Fund balance (deficit) total	<u>428,038</u>	<u>416,380</u>
Liabilities and fund balance (deficit) total	<u>\$428,038</u>	<u>\$416,380</u>

FAIRBANKS NORTH STAR BOROUGH

Debt Service Fund

Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues		
Other revenues	\$9,644	\$126,755
Expenditures		
Debt service		
Areawide		
Principal retirement of bonds	7,903,000	10,165,000
Interest on bonds	6,258,972	6,416,838
Fiscal agent fees and other costs	3,853	4,346
Expenditures total	<u>14,165,825</u>	<u>16,586,184</u>
Excess (deficiency) of revenues over expenditures	(14,156,182)	(16,459,429)
Other financing sources (uses)		
Transfers in	<u>14,167,840</u>	<u>16,587,710</u>
Other financing sources (uses) total	<u>14,167,840</u>	<u>16,587,710</u>
Net change in fund balance	11,658	128,281
Fund balance, beginning	<u>416,380</u>	<u>288,099</u>
Fund balance, ending	<u><u>\$428,038</u></u>	<u><u>\$416,380</u></u>

FAIRBANKS NORTH STAR BOROUGH

Debt Service Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance from Budget- Positive (Negative)</u>
Revenues					
Other revenues	\$	\$9,644	\$	\$9,644	\$9,644
Expenditures					
Debt service					
Areawide					
Principal retirement of bonds	7,903,000	7,903,000		7,903,000	
Interest on bonds	6,258,974	6,258,972		6,258,972	2
Fiscal agent fees and other costs	5,866	3,853		3,853	2,013
Expenditures total	14,167,840	14,165,825		14,165,825	2,015
Excess (deficiency) of revenues over expenditures	(14,167,840)	(14,156,182)		(14,156,182)	11,658
Other financing sources (uses)					
Transfers in	14,167,840	14,167,840		14,167,840	
Net change in fund balance	\$	11,658	\$	\$11,658	\$11,658
Fund balance, beginning		416,380			
Fund balance, ending		\$428,038			

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CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition, construction, renovation, or major maintenance of significant capital items and capital facilities.

NONMAJOR CAPITAL PROJECTS FUNDS

Federal Pass-Through Grants Fund - This fund is used to account for all grants received from the federal government through the State of Alaska and other entities for capital projects.

* * * * *

Federal Grants Fund - This fund is used to account for all grants received directly from the federal government for capital projects.

* * * * *

Local Projects Fund - This fund is used to account for Assembly appropriations for multi-fiscal year capital projects.

MAJOR CAPITAL PROJECTS FUNDS

State Grants Fund - This fund is used to account for all grants received directly from the State of Alaska for capital projects.

* * * * *

Bond Projects Fund - This fund is used to account for all bond-funded capital projects.

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Capital Projects Funds

Combining Balance Sheet
June 30, 2009

	Federal Pass-Through Grants	Federal Grants	Local Projects	Total Nonmajor Capital Projects Funds
Assets				
Equity in central treasury cash	\$515,260	\$789,809	\$9,779,886	\$11,084,955
Accrued interest receivable			4	4
Due from governmental agencies	195,030			195,030
Assets total	<u>\$710,290</u>	<u>\$789,809</u>	<u>\$9,779,889</u>	<u>\$11,279,989</u>
Liabilities and Fund Balances (Deficit)				
Liabilities				
Accounts payable	\$134,076	\$	\$1,080,016	\$1,214,093
Interfund payable	33,149			33,149
Unearned revenues		21		21
Liabilities total	<u>167,225</u>	<u>21</u>	<u>1,080,016</u>	<u>1,247,263</u>
Fund balances (deficit)				
Reserved for encumbrances	56,901	3,018	1,111,429	1,171,348
Unreserved - undesignated	486,163	786,770	7,588,444	8,861,377
Fund balances (deficit) total	<u>543,065</u>	<u>789,788</u>	<u>8,699,873</u>	<u>10,032,726</u>
Liabilities and fund balances (deficit) total	<u>\$710,290</u>	<u>\$789,809</u>	<u>\$9,779,889</u>	<u>\$11,279,989</u>

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2009

	Federal Pass-Through Grants	Federal Grants	Local Projects	Total Nonmajor Capital Projects Funds
Revenues				
Taxes	\$	\$	\$35,675	\$35,675
Intergovernmental revenues	4,151,593	28,368	3,250,000	7,429,961
Other revenues		414	154	568
Revenues total	<u>4,151,593</u>	<u>28,782</u>	<u>3,285,829</u>	<u>7,466,204</u>
Expenditures				
Current				
General government		28,368	240,618	268,986
Public works			868,833	868,833
Parks and recreation			921,638	921,638
Library			42,588	42,588
Road and other service areas	204,506		91,253	295,759
Education			743	743
Fire service areas			152	152
Capital outlay	4,014,033		983,053	4,997,086
Expenditures total	<u>4,218,539</u>	<u>28,368</u>	<u>3,148,879</u>	<u>7,395,786</u>
Excess (deficiency) or revenues over expenditures	(66,945)	414	136,950	70,419
Other financing sources (uses)				
Transfers in	109,075		4,612,103	4,721,178
Transfers out			(3,431,588)	(3,431,588)
Other financing sources (uses) total	<u>109,075</u>		<u>1,180,515</u>	<u>1,289,590</u>
Net change in fund balances	42,130	414	1,317,465	1,360,009
Fund balances (deficit), beginning	500,935	789,374	7,382,408	8,672,717
Fund balances (deficit), ending	<u>\$543,065</u>	<u>\$789,788</u>	<u>\$8,699,873</u>	<u>\$10,032,726</u>

FAIRBANKS NORTH STAR BOROUGH

Capital Projects Funds

Project-length Schedule of Revenues and Expenditures
Budget and Actual
Beginning of Projects to June 30, 2009

	Nonmajor Capital Projects Funds		
	Federal Pass-Through Grants	Federal Grants	Local Projects
Total project budget	\$5,411,668	\$3,202,292	\$81,190,398
Revenues and other financing sources			
Taxes	\$	\$	\$35,675
Intergovernmental			
State	318,071		5,250,000
Federal		1,507,620	
Local	3,944,878	414	302,618
Transfers in and prior years' operating transfers in	628,565	1,265,000	46,592,282
Bond issuance and premium on bond debt			
Revenues and other financing sources total	\$4,891,514	\$2,773,034	\$52,180,575
Expenditures and other financing uses	\$4,348,449	\$1,983,246	\$44,480,702

Major Capital Projects Funds

<u>State Grants</u>	<u>Bond Projects</u>	<u>2009 Project-to-Date Totals</u>
<u>\$42,740,455</u>	<u>\$81,990,810</u>	<u>\$214,535,622</u>
\$	\$	\$35,675
27,776,486		33,344,557
500	3,569,584	1,507,620
138,451		7,817,995
<u> </u>	<u>78,693,934</u>	<u>48,624,297</u>
<u>\$27,915,437</u>	<u>\$82,263,518</u>	<u>\$170,024,078</u>
<u>\$20,537,400</u>	<u>\$68,175,746</u>	<u>\$139,525,543</u>

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PROPRIETARY FUNDS

Enterprise Funds
Internal Service Fund

ENTERPRISE FUNDS

Enterprise Funds may be used to account for any activity for which a fee is charged to external users for goods or services.

MAJOR ENTERPRISE FUNDS

Transit Enterprise Fund - This fund is used to account for the activities of the public transportation system (Metropolitan Area Commuter System – MACS – for fixed route service and Van Tran for limited on-demand service with wheelchair lift-equipped vans), the air quality function, and maintenance of the Borough's vehicle fleet.

* * * * *

Land Enterprise Fund - This fund is used to account for the acquisition, development, and management of all Borough lands including those received under the State of Alaska Municipal Land Act. It also accounts for the Chena Riverfront Trust.

* * * * *

Carlson Center Enterprise Fund - This fund is used to account for the operations of the John A. Carlson Community Activity Center.

* * * * *

Solid Waste Disposal Enterprise Fund - This fund is used to account for the activities of the Borough's solid waste disposal function, which includes operation of the landfill, household hazardous waste disposal, and recycling of paper and other materials.

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Net Assets
June 30, 2009 and 2008

Assets	<u>2009</u>	<u>2008</u>
Current assets		
Equity in central treasury cash	\$2,094,292	\$2,462,444
Restricted equity in central treasury cash	193,088	75,429
Restricted due from governmental agencies	416,289	357,097
Inventories	192,780	213,665
Current assets total	<u>2,896,449</u>	<u>3,108,636</u>
Noncurrent assets		
Capital assets - non-depreciable		
Land and land improvements	595,234	595,234
Capital assets - depreciable		
Buildings	4,032,842	4,032,842
Improvements other than buildings	268,627	268,627
Equipment	4,223,117	4,120,389
Intangible assets - software	204,769	204,769
Accumulated depreciation	<u>(2,915,767)</u>	<u>(2,418,634)</u>
Noncurrent assets (net) total	<u>6,408,823</u>	<u>6,803,228</u>
Assets total	<u><u>\$9,305,272</u></u>	<u><u>\$9,911,863</u></u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Net Assets
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$58,835	\$69,134
Wages and payroll taxes	121,695	109,378
Accrued compensated absences	215,380	199,203
Accrued self-insurance losses	5,204	21,365
Deposits from others	5,467	4,625
Payable from restricted assets		
Accounts payable	22,793	7,120
Interfund payable	337,489	290,092
Unearned revenues	837	8,122
Current liabilities total	<u>767,701</u>	<u>709,039</u>
Long-term liabilities		
Accrued compensated absences	28,747	34,494
Accrued self-insurance losses	6,113	22,814
Long-term liabilities total	<u>34,860</u>	<u>57,308</u>
Liabilities total	<u>802,561</u>	<u>766,348</u>
Net assets		
Invested in capital assets	6,408,823	6,803,228
Restricted for		
Grants	248,258	127,191
Unrestricted	1,845,630	2,215,097
Net assets total	<u>8,502,711</u>	<u>9,145,516</u>
Liabilities and net assets total	<u>\$9,305,272</u>	<u>\$9,911,863</u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Revenues, Expenses
and Changes in Net Assets
Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues		
Fares	\$359,148	\$322,230
Advertising	19,988	14,435
Charges for services	1,050,100	1,036,163
Operating revenues total	<u>1,429,236</u>	<u>1,372,828</u>
Operating expenses		
Wages and benefits	4,366,400	3,743,123
Fuels, lubricants, and parts	670,520	610,999
Other commodities	25,296	12,331
Contractual services	407,099	415,086
Utilities	130,866	132,287
Professional services	122,718	75,317
Depreciation	517,353	418,468
Training, dues and professional expenses	37,066	30,055
Repairs and maintenance	101,268	70,460
Supplies	69,626	48,654
Intragovernmental charges	836,023	889,151
Operating expenses total	<u>7,284,236</u>	<u>6,445,930</u>
Operating income (loss)	<u>(5,855,000)</u>	<u>(5,073,102)</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Revenues, Expenses
and Changes in Net Assets
Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Non-operating revenues (expenses)		
Grants revenue	\$1,908,418	\$1,305,892
Investment income	7,745	58,980
Gain (loss) on sales of capital assets		(180,345)
Miscellaneous revenue (expense)	94	122
Non-operating revenues (expenses) total	<u>1,916,257</u>	<u>1,184,649</u>
Income (loss) before contributions and transfers	(3,938,744)	(3,888,453)
Transfers in	3,282,640	3,805,700
Capital contributions	13,299	2,906,347
Change in net assets	(642,805)	2,823,594
Net assets, beginning	<u>9,145,516</u>	<u>6,321,922</u>
Net assets, ending	<u><u>\$8,502,711</u></u>	<u><u>\$9,145,516</u></u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Land

Comparative Statement of Net Assets
June 30, 2009 and 2008

Assets	<u>2009</u>	<u>2008</u>
Current assets		
Equity in central treasury cash	\$4,543,268	\$5,052,160
Taxes receivable - foreclosure reimbursement	198,889	190,898
Accounts receivable	16,608	45,312
Accrued interest receivable	20,034	10,392
Land contracts receivable, current portion	133,331	156,226
Due from governmental agencies	2,929	
Restricted due from governmental agencies		14,430
Inventories	232,026	36,730
Current assets total	<u>5,147,086</u>	<u>5,506,148</u>
Noncurrent assets		
Land inventory - long-term	12,294,142	12,168,503
Land contracts receivable	594,188	831,008
Capital assets - non-depreciable		
Retained land	980,610	978,312
Capital assets - depreciable		
Buildings	314,927	314,927
Intangible assets - software	18,864	18,864
Accumulated depreciation	(283,890)	(276,648)
Noncurrent assets (net) total	<u>13,918,841</u>	<u>14,034,966</u>
Assets total	<u>\$19,065,927</u>	<u>\$19,541,114</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Land

Comparative Statement of Net Assets
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$30,695	\$30,056
Wages and payroll taxes	22,726	18,097
Accrued compensated absences	44,203	36,260
Deposits from others	579,690	810,250
Payable from restricted assets		
Accounts payable		72
Interfund payable		14,358
Unrealized gain on land contracts, current portion	45,489	58,846
Current liabilities total	<u>722,803</u>	<u>967,941</u>
Long-term liabilities		
Accrued compensated absences	1,225	15,756
Unrealized gain on land contracts	252,174	368,487
Long-term liabilities total	<u>253,399</u>	<u>384,243</u>
Liabilities total	<u>976,201</u>	<u>1,352,184</u>
Net assets		
Invested in capital assets	1,030,511	1,035,454
Unrestricted	17,059,215	17,153,475
Net assets total	<u>18,089,726</u>	<u>18,188,929</u>
Liabilities and net assets total	<u>\$19,065,927</u>	<u>\$19,541,114</u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Land

Comparative Statement of Revenues, Expenses
and Changes in Net Assets
Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues		
Land sales, net of cost	\$233,422	\$307,666
Land leases	34,429	49,891
Interest on land contracts receivable	87,031	108,967
Charges for services	262,486	295,310
Other revenues	41,495	308,995
Operating revenues total	<u>658,862</u>	<u>1,070,829</u>
Operating expenses		
Wages and benefits	787,446	708,425
Fuels, lubricants, and parts	20	51
Other commodities	1,520	
Contractual services	92,946	113,069
Utilities		600
Professional services	111,849	41,955
Depreciation	7,242	7,242
Training, dues and professional expenses	7,111	7,666
Repairs and maintenance	1,000	700
Supplies	6,907	7,391
Intragovernmental charges	198,195	241,374
Operating expenses total	<u>1,214,236</u>	<u>1,128,473</u>
Operating income (loss)	<u>(555,374)</u>	<u>(57,643)</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Land

Comparative Statement of Revenues, Expenses
and Changes in Net Assets
Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Non-operating revenues (expenses)		
Grants revenue	\$39,812	\$
Investment income	26,827	170,725
Miscellaneous revenue (expense)		6
Contribution to Land Enterprise Funds		<u>(848,592)</u>
Non-operating revenues (expenses) total	<u>66,639</u>	<u>(677,861)</u>
Income (loss) before contributions and transfers	(488,735)	(735,504)
Transfers in	39,854	
Capital contributions	<u>349,677</u>	<u>870,603</u>
Change in net assets	(99,203)	135,099
Net assets, beginning	<u>18,188,929</u>	<u>18,053,830</u>
Net assets, ending	<u><u>\$18,089,726</u></u>	<u><u>\$18,188,929</u></u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Net Assets

June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Current assets		
Equity in central treasury cash	\$1,993,881	\$1,837,618
Restricted equity in central treasury cash	362,997	291,118
Accounts receivable	56,910	12,034
Restricted accounts receivable	9,099	6,143
Restricted due from governmental agencies	1,836	3,700
Current assets total	<u>2,424,724</u>	<u>2,150,613</u>
Noncurrent assets		
Capital assets - non-depreciable		
Land and land improvements	509,032	509,032
Works of art	120,790	120,790
Construction work in progress	314,892	238,098
Capital assets - depreciable		
Buildings	15,073,945	14,815,299
Improvements other than buildings	1,608,028	1,608,028
Equipment	1,555,835	1,511,858
Accumulated depreciation	(6,280,562)	(5,850,247)
Noncurrent assets (net) total	<u>12,901,960</u>	<u>12,952,858</u>
Assets total	<u>\$15,326,684</u>	<u>\$15,103,471</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Net Assets

June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$172,411	\$
Wages and payroll taxes	2,488	884
Accrued compensated absences	1,811	1,432
Payable from restricted assets		
Accounts payable	34,279	
Interfund payable	1,836	3,700
Current liabilities total	<u>212,825</u>	<u>6,017</u>
Liabilities total	<u>212,825</u>	<u>6,017</u>
Net assets:		
Invested in capital assets	12,901,960	12,952,858
Restricted for		
Asset replacement	337,817	297,261
Unrestricted	1,874,082	1,847,335
Net assets total	<u>15,113,860</u>	<u>15,097,454</u>
Liabilities and net assets total	<u><u>\$15,326,684</u></u>	<u><u>\$15,103,471</u></u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Revenues, Expenses
and Changes in Net Assets
Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues		
Charges for services	\$105,393	\$110,700
Operating revenues total	<u>105,393</u>	<u>110,700</u>
Operating expenses		
Wages and benefits	38,997	40,545
Other commodities	18,003	8,891
Contractual services	467,280	459,039
Depreciation	436,709	425,550
Repairs and maintenance	2,470	49,045
Supplies	140	1,659
Management contractor fee	169,890	174,541
Intragovernmental charges	463,723	463,926
Operating expenses total	<u>1,597,213</u>	<u>1,623,195</u>
Operating income (loss)	<u>(1,491,820)</u>	<u>(1,512,495)</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Revenues, Expenses
and Changes in Net Assets
Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Non-operating revenues (expenses)		
Investment income	\$2,823	\$13,467
Gain (loss) on sales of capital assets	61	
Miscellaneous revenue (expense)		15
Non-operating revenues (expenses) total	<u>2,884</u>	<u>13,482</u>
Income (loss) before contributions and transfers	(1,488,935)	(1,499,013)
Transfers in	1,497,380	2,631,048
Capital contributions	7,961	227,945
Change in net assets	<u>16,405</u>	<u>1,359,980</u>
Net assets, beginning	<u>15,097,454</u>	<u>13,737,474</u>
Net assets, ending	<u><u>\$15,113,860</u></u>	<u><u>\$15,097,454</u></u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Net Assets
June 30, 2009 and 2008

	2009	2008 Restated
Assets		
Current assets		
Equity in central treasury cash	\$11,810,939	\$13,746,617
Accounts receivable (net of allowance for uncollectibles 2009 - \$3,785; 2008 - \$910)	556,145	402,176
Interfund receivable	128,373	143,305
Inventories	752,123	997,424
Current assets total	13,247,579	15,289,522
Noncurrent assets		
Long-term receivable, (net of allowance for uncollectibles 2009 - \$203,290; 2008 - \$199,120)		
Capital assets - non-depreciable		
Land and land improvements	746,003	746,003
Construction work in progress	23,558	23,558
Capital assets - depreciable		
Land	346,044	346,044
Buildings	6,581,935	6,572,280
Improvements other than buildings	16,992,749	16,992,749
Equipment	3,526,537	2,563,709
Accumulated depreciation	(13,060,738)	(12,566,842)
Noncurrent assets (net) total	15,156,089	14,677,502
Assets total	\$28,403,669	\$29,967,024

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Net Assets
June 30, 2009 and 2008

Liabilities and Net Assets	2009	2008 Restated
Current liabilities		
Accounts payable	\$304,340	\$175,537
Wages and payroll taxes	48,820	48,572
Accrued compensated absences	58,653	43,249
Accrued self-insurance losses	164,349	42,237
Loans payable	1,234,218	1,215,978
Current liabilities total	1,810,379	1,525,574
Long-term liabilities		
Accrued compensated absences	18,522	5,898
Accrued self-insurance losses	153,468	55,716
Loans payable	2,524,253	3,758,471
Landfill closure and postclosure care	21,248,521	16,639,936
Long-term liabilities total	23,944,763	20,460,021
Liabilities total	25,755,142	21,985,594
Net assets		
Invested in capital assets, net of related debt	11,397,619	9,703,053
Unrestricted	(8,749,092)	(1,721,623)
Net assets total	2,648,527	7,981,430
Liabilities and net assets total	\$28,403,669	\$29,967,024

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Revenues, Expenses
and Changes in Net Assets
Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008 Restated</u>
Operating revenues		
Charges for services	\$5,920,210	\$6,289,283
Operating revenues total	<u>5,920,210</u>	<u>6,289,283</u>
Operating expenses		
Wages and benefits	2,023,592	1,410,904
Fuels, lubricants, and parts	213,791	254,598
Other commodities	14,071	7,977
Contractual services	1,420,865	949,966
Utilities	134,442	131,557
Professional services	611,126	74,044
Depreciation	892,267	695,567
Training, dues and professional expenses	21,607	34,904
Repairs and maintenance	213,082	254,952
Supplies	148,244	154,686
Landfill closure and postclosure care costs	4,608,585	997,589
Intragovernmental charges	867,988	861,175
Operating expenses total	<u>11,169,660</u>	<u>5,827,919</u>
Operating income (loss)	<u>(5,249,450)</u>	<u>461,364</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Revenues, Expenses
and Changes in Net Assets
Years Ended June 30, 2009 and 2008

	2009	2008 Restated
Non-operating revenues (expenses)		
Interest expense	(\$74,617)	(\$92,840)
Investment income	78,282	516,493
Gain (loss) on sales of capital assets	2,726	24,910
Miscellaneous revenue (expense)	2,068	3,719
Non-operating revenues (expenses) total	<u>8,459</u>	<u>452,281</u>
Income (loss) before contributions and transfers	(5,240,991)	913,645
Transfers in		32,469
Transfers out	(91,912)	(579,490)
Change in net assets	<u>(5,332,903)</u>	<u>366,624</u>
Net assets, beginning as restated for 2008	<u>7,981,430</u>	<u>7,614,805</u>
Net assets, ending	<u><u>\$2,648,527</u></u>	<u><u>\$7,981,430</u></u>

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INTERNAL SERVICE FUND

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government on a cost-reimbursement basis.

Vehicle and Equipment Fleet Internal Service Fund –

This fund is used to account for the acquisition and financing of Borough vehicles and equipment.

FAIRBANKS NORTH STAR BOROUGH

Internal Service Fund - Vehicle and Equipment Fleet

Comparative Statement of Net Assets
June 30, 2009 and 2008

Assets	<u>2009</u>	<u>2008</u>
Current assets		
Equity in central treasury cash	\$655,080	\$629,142
Restricted equity in central treasury cash	24,363	24,363
Accounts receivable		16,614
Due from governmental agencies	5,602	
Current assets total	<u>685,044</u>	<u>670,120</u>
Noncurrent assets		
Capital assets - depreciable		
Equipment	6,603,256	6,365,770
Accumulated depreciation	(3,660,544)	(3,419,348)
Noncurrent assets (net) total	<u>2,942,711</u>	<u>2,946,422</u>
Assets total	<u>\$3,627,756</u>	<u>\$3,616,542</u>
Liabilities and Net Assets		
Current liabilities		
Accounts Payable	\$7,591	\$17,369
Deposits from others		56,299
Payable from restricted assets		
Unearned revenues	18,200	18,200
Capital leases payable	420,730	406,075
Current liabilities total	<u>446,521</u>	<u>497,943</u>
Long-term liabilities		
Capital leases payable	585,755	569,877
Long-term liabilities total	<u>585,755</u>	<u>569,877</u>
Liabilities total	<u>1,032,276</u>	<u>1,067,820</u>
Net assets		
Invested in capital assets, net of related debt	1,936,226	1,970,470
Restricted for		
Grants	6,163	6,163
Unrestricted	653,090	572,088
Net assets total	<u>2,595,480</u>	<u>2,548,722</u>
Liabilities and net assets total	<u>\$3,627,756</u>	<u>\$3,616,542</u>

FAIRBANKS NORTH STAR BOROUGH

Internal Service Fund - Vehicle and Equipment Fleet

Comparative Statement of Revenues, Expenses
and Changes in Net Assets
Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues		
Charges for services	\$561,660	\$544,870
Operating revenues total	<u>561,660</u>	<u>544,870</u>
Operating expenses		
Other contractual services	25	
Depreciation	446,938	449,020
Repairs and maintenance	2,395	6,349
Interest expense - capital leases	51,415	47,990
Intragovernmental charges	43,418	32,328
Operating expenses total	<u>544,191</u>	<u>535,688</u>
Operating income (loss)	<u>17,469</u>	<u>9,182</u>
Non-operating revenues (expenses)		
Grants revenue	5,602	
Gain (loss) on sales of capital assets	(12,911)	25,380
Miscellaneous revenue (expense)		221
Non-operating revenues (expenses) total	<u>(7,309)</u>	<u>25,601</u>
Income (loss) before contributions and transfers	10,160	34,783
Capital contributions	36,598	
Change in net assets	46,758	34,783
Net assets, beginning	2,548,722	2,513,939
Net assets, ending	<u>\$2,595,480</u>	<u>\$2,548,722</u>

FIDUCIARY FUND

Agency Fund

AGENCY FUND

Agency Funds are used to account for assets held by the government as an agent for individuals, private organizations, and/or other governments.

FAIRBANKS NORTH STAR BOROUGH

Agency Fund - Taxes

Statement of Changes in Assets and Liabilities
Year Ended June 30, 2009

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
Assets				
Equity in central treasury cash	\$159,831	\$13,567,992	\$13,521,760	\$206,062
Property tax liens receivable	326,362	13,380,286	13,367,739	338,909
Sales tax receivable	44,445			44,445
	<u>\$530,637</u>	<u>\$26,948,278</u>	<u>\$26,889,499</u>	<u>\$589,416</u>
Liabilities				
Due to other governmental agencies for collected taxes	\$18,786	\$13,372,631	\$13,380,715	\$10,702
Due to other governmental agencies for uncollected taxes	370,807	13,380,286	13,367,739	383,354
Advance tax payments	141,045	195,361	141,045	195,361
	<u>\$530,637</u>	<u>\$26,948,278</u>	<u>\$26,889,499</u>	<u>\$589,416</u>

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ADDITIONAL INFORMATION

These schedules provide additional fiscal data considered valuable in meeting other informational needs and in providing a better understanding of the finances of the Borough.

FAIRBANKS NORTH STAR BOROUGH

Schedule 1

Cash and Investment Balances Classified by Depository
 All Funds and School District
 June 30, 2009
 With Comparative Totals for June 30, 2008

	Fair Value of Cash Invested (a)	Checking and Cash on Hand	Totals	
			2009	2008
Change and petty cash funds	\$	\$44,705	\$44,705	\$41,892
Goldman Sachs FS Government Fund (b)	146,177		146,177	51,738,249
Fidelity Treasury Money Market Fund	42,034,363		42,034,363	2,016,126
Federated - Government Obligation Tax Fund	137,324		137,324	
Federated - Govt. Obligation Tax Managed Fund	7,300,085		7,300,085	
Certificates of Deposit (c)	5,000,000		5,000,000	
U.S. securities and agencies				3,003,450
Commercial paper				31,831,761
Wells Fargo Bank Alaska	5,130,288	(2,222,979)	2,907,309	158,449
Alaska Municipal League Investment Pool	91,662,227		91,662,227	72,672,315
Cash and temporary investments	151,410,464	(2,178,274)	149,232,190	161,462,243
Less: Fiduciary Fund - Borough	(206,062)		(206,062)	(159,831)
Less: Fiduciary Fund - School District	(43,714)		(43,714)	(34,373)
Cash and temporary investments total	<u>\$151,160,687</u>	<u>(\$2,178,274)</u>	<u>\$148,982,414</u>	<u>\$161,268,039</u>

- (a) Investments are presented at fair value.
- (b) These funds are invested by the Borough's custodial bank, Bank of New York, BNY Western Trust.
- (c) Certificate of Deposit Account Registry Service

**Enterprise Funds
Cash Balances
June 30, 2009**

<u>Enterprise Fund</u>	<u>Operating</u>	<u>Project Appropriations</u>	<u>Total</u>
Transit	\$1,787,478	\$499,902	\$2,287,380
Land	3,413,778	1,129,490	4,543,268
Carlson Center	203,094	2,153,784	2,356,878
Solid waste disposal	<u>4,146,278</u>	<u>7,664,661</u>	<u>11,810,939</u>
Enterprise funds total	<u><u>\$9,550,628</u></u>	<u><u>\$11,447,837</u></u>	<u><u>\$20,998,466</u></u>

Each of the Borough's four enterprise funds are comprised of operating cost centers for which annual budgets are adopted, and project cost centers for appropriations for specific projects that extend beyond one fiscal year.

FAIRBANKS NORTH STAR BOROUGH

Schedule 3

**Combined Schedule of Investments
All Funds and School District
June 30, 2009**

	<u>Maturity Dates</u>	<u>Interest (Coupon)</u>	<u>Principal</u>	<u>Fair Value</u>
<u>Overnight Investment</u>				
Wells Fargo Bank Alaska N.A.	Open	0.400	\$282,218	\$282,218
Wells Fargo Bank Alaska N.A.	Open	0.100	4,848,070	4,848,070
Overnight investment total			<u>5,130,288</u>	<u>5,130,288</u>
<u>Government Securities Money Market Funds</u>				
BNY Goldman Sachs FS Government Fund		0.030	146,177	146,177
Fidelity Institutional Money Market		0.250	42,034,363	42,034,363
Federated - Government Obligation Tax Fund		0.240	137,324	137,324
Federated - Government Obligation Tax		0.240	7,300,085	7,300,085
Government securities money market funds total			<u>49,617,949</u>	<u>49,617,949</u>
<u>External Investment Pool</u>				
Alaska Municipal League Investment Pool		0.380	91,662,227	91,662,227
<u>Certificates of Deposit</u>				
Certificate of Deposit Account Registry Service	10/15/09	0.800	2,500,000	2,500,000
Certificate of Deposit Account Registry Service	04/15/10	1.250	2,500,000	2,500,000
Certificates of deposit total			<u>5,000,000</u>	<u>5,000,000</u>
Investments total			<u>\$151,410,464</u>	<u>\$151,410,464</u>

**Combined Schedule of Delinquent Taxes Receivable
By Fund Type
June 30, 2009**

<u>Delinquent Taxes by Calendar Year</u>	<u>Total</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Agency Fund</u>
Delinquent property taxes				
2005 and prior	\$237,703	\$187,157	\$24,712	\$25,834
2006	117,521	93,388	14,806	9,327
2007	599,864	444,992	82,424	72,448
Delinquent taxes total	<u>\$955,088</u>	<u>\$725,537</u>	<u>\$121,942</u>	<u>\$107,609</u>

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FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt
June 30, 2009 and 2008

	<u>Interest Rates on Remaining Coupons</u>	<u>Payment Dates</u>	<u>Bond Date</u>	<u>Final Maturity Date</u>
General Obligation Bonds Payable:				
1997 Series A - school facilities - library	5.000-6.500%	05-01/11-01	11-01-97	11-01-17
1999 Series B - school facilities	4.250-5.125%	04-01/10-01	04-01-99	04-01-19
2000 Series C - school facilities	4.500-7.500%	12-01/06-01	12-19-00	12-01-20

Remaining Annual Serial Payments (a)	Authorized	Issued	Retired	June 30, 2009 Outstanding	June 30, 2008 Outstanding
\$1,900,000 (09)	\$34,000,000	\$34,000,000	\$13,744,681	\$20,255,319	\$21,991,489
2,000,000 (10)	1,250,000	1,250,000	505,319	744,681	808,511
2,100,000 (11)					
2,200,000 (12)					
2,350,000 (13)					
2,450,000 (14)					
2,500,000 (15)					
2,700,000 (16)					
2,800,000 (17)					
1,300,000 (10)	26,210,129	26,210,000	10,035,000	16,175,000	17,420,000
1,360,000 (11)					
1,425,000 (12)					
1,490,000 (13)					
1,565,000 (14)					
1,640,000 (15)					
1,715,000 (16)					
1,800,000 (17)					
1,890,000 (18)					
1,990,000 (19)					
410,000 (09)	9,000,000	9,000,000	2,450,000	6,550,000	6,940,000
430,000 (10)					
450,000 (11)					
475,000 (12)					
495,000 (13)					
525,000 (14)					
550,000 (15)					
580,000 (16)					
610,000 (17)					
640,000 (18)					
675,000 (19)					
710,000 (20)					

FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt
June 30, 2009 and 2008

	<u>Interest Rates on Remaining Coupons</u>	<u>Payment Dates</u>	<u>Bond Date</u>	<u>Final Maturity Date</u>
2001 Series D - school facilities	4.125-7.125%	08-01/02-01	02-01-01	02-01-21
2002 Series E - school facilities	4.000-4.800%	08-01/02-01	12-23-02	08-01-22
2003 Series F - school facilities	3.750-4.750%	10-01/04-01	04-14-03	10-01-22

Remaining Annual Serial Payments	Authorized	Issued	Retired	June 30, 2009 Outstanding	June 30, 2008 Outstanding
(a)					
\$405,000 (10)	\$9,050,000	\$9,050,000	\$2,640,000	\$6,410,000	\$6,795,000
425,000 (11)					
445,000 (12)					
465,000 (13)					
485,000 (14)					
510,000 (15)					
540,000 (16)					
565,000 (17)					
595,000 (18)					
625,000 (19)					
655,000 (20)					
695,000 (21)					
565,000 (09)	14,000,000	14,000,000	2,900,000	11,100,000	11,645,000
595,000 (10)					
620,000 (11)					
650,000 (12)					
680,000 (13)					
715,000 (14)					
755,000 (15)					
790,000 (16)					
835,000 (17)					
880,000 (18)					
925,000 (19)					
975,000 (20)					
1,030,000 (21)					
1,085,000 (22)					
565,000 (09)	13,500,000	13,500,000	2,500,000	11,000,000	11,540,000
590,000 (10)					
615,000 (11)					
645,000 (12)					
675,000 (13)					
710,000 (14)					
745,000 (15)					
785,000 (16)					
825,000 (17)					
870,000 (18)					
915,000 (19)					
965,000 (20)					
1,020,000 (21)					
1,075,000 (22)					

FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt
June 30, 2009 and 2008

	<u>Interest Rates on Remaining Coupons</u>	<u>Payment Dates</u>	<u>Bond Date</u>	<u>Final Maturity Date</u>
2004 Series G - school facilities	3.125-4.250%	10-01/04-01	03-29-04	10-01-23
2005 Series H - school facilities	3.500-4.375%	10-01/04-01	01-25-05	10-01-24

Remaining Annual Serial Payments	Authorized	Issued	Retired	June 30, 2009 Outstanding	June 30, 2008 Outstanding
(a)					
\$585,000 (09)	\$14,164,000	\$14,164,000	\$2,749,000	\$11,415,000	\$11,985,000
600,000 (10)					
620,000 (11)					
640,000 (12)					
660,000 (13)					
685,000 (14)					
710,000 (15)					
740,000 (16)					
770,000 (17)					
805,000 (18)					
840,000 (19)					
880,000 (20)					
915,000 (21)					
960,000 (22)					
1,005,000 (23)					
555,000 (09)	13,750,000	13,750,000	2,000,000	11,750,000	12,290,000
570,000 (10)					
585,000 (11)					
605,000 (12)					
625,000 (13)					
650,000 (14)					
675,000 (15)					
700,000 (16)					
730,000 (17)					
755,000 (18)					
790,000 (19)					
825,000 (20)					
860,000 (21)					
900,000 (22)					
940,000 (23)					
985,000 (24)					

FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt
June 30, 2009 and 2008

	<u>Interest Rates on Remaining Coupons</u>	<u>Payment Dates</u>	<u>Bond Date</u>	<u>Final Maturity Date</u>
2006 Series I - school facilities	4.250-4.300%	11-01/05-01	01-31-06	11-01-25
2007 Series J - school facilities	4.000-4.500%	11-01/05-01	02-16-07	11-01-26

Remaining Annual Serial Payments	Authorized	Issued	Retired	June 30, 2009 Outstanding	June 30, 2008 Outstanding
(a)					
\$365,000 (09)	\$9,750,000	\$9,750,000	\$905,000	\$8,845,000	\$9,195,000
375,000 (10)					
390,000 (11)					
405,000 (12)					
425,000 (13)					
440,000 (14)					
460,000 (15)					
480,000 (16)					
505,000 (17)					
525,000 (18)					
550,000 (19)					
580,000 (20)					
605,000 (21)					
635,000 (22)					
670,000 (23)					
700,000 (24)					
735,000 (25)					
430,000 (09)	12,000,000	12,000,000	705,000	11,295,000	11,710,000
450,000 (10)					
465,000 (11)					
485,000 (12)					
510,000 (13)					
530,000 (14)					
550,000 (15)					
570,000 (16)					
600,000 (17)					
625,000 (18)					
650,000 (19)					
680,000 (20)					
710,000 (21)					
740,000 (22)					
775,000 (23)					
805,000 (24)					
840,000 (25)					
880,000 (26)					

FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt
June 30, 2009 and 2008

	Interest Rates on Remaining Coupons	Payment Dates	Bond Date	Final Maturity Date
2007 Refunding Series K	4.000%	11-01/05-01	02-16-07	11-01-16
2008 Series L - school facilities	3.500-4.500%	11-01/05-01	01-25-08	11-01-27
General obligation bonds payable total				
Proprietary Long-Term Debt:				
Solid Waste Disposal loan payable Cell 2 - substantial completion at 9/30/06	1.500%	Annual	09-24-97	10-01-11
Capital leases payable	3.420-5.150%	Various	Various	Various
Proprietary long-term debt total				
Long-term debt total				

(a) Years shown are calendar years.

Remaining Payments	Authorized	Issued	Retired	June 30, 2009 Outstanding	June 30, 2008 Outstanding
(a)					
\$915,000 (09)	\$10,460,000	\$10,460,000	\$1,620,000	\$8,840,000	\$9,715,000
960,000 (10)					
1,025,000 (11)					
1,065,000 (12)					
1,130,000 (13)					
1,170,000 (14)					
1,255,000 (15)					
1,320,000 (16)					
385,000 (09)	11,128,000	11,128,000	248,000	10,880,000	11,128,000
400,000 (10)					
415,000 (11)					
430,000 (12)					
445,000 (13)					
465,000 (14)					
485,000 (15)					
505,000 (16)					
525,000 (17)					
550,000 (18)					
575,000 (19)					
600,000 (20)					
630,000 (21)					
660,000 (22)					
690,000 (23)					
725,000 (24)					
760,000 (25)					
800,000 (26)					
835,000 (27)					
	<u>178,262,129</u>	<u>178,262,000</u>	<u>43,002,000</u>	<u>135,260,000</u>	<u>143,163,000</u>
1,234,218 (09)	6,172,203	6,172,203	2,413,732	3,758,471	4,974,449
1,252,731 (10)					
1,271,522 (11)					
Various		2,484,889	1,478,404	1,006,485	975,952
	<u>6,172,203</u>	<u>8,657,092</u>	<u>3,892,136</u>	<u>4,764,956</u>	<u>5,950,401</u>
	<u>\$184,434,332</u>	<u>\$186,919,092</u>	<u>\$46,894,136</u>	<u>\$140,024,956</u>	<u>\$149,113,401</u>

**Balances in Major Reserve Accounts
June 30, 2009 and 2008**

<u>Reserve Account</u>	<u>2009</u>	<u>2008</u>
Facilities Maintenance	\$1,630,335	\$999,761
Asset Replacement (a)	818,410	540,570
Carlson Center (b)	222,701	288,421
Landfill Closure and Postclosure Care (c)	354,087	6,071,818
Hotel-Motel Room Tax (d)	158,486	95,402
Health Care Contingency	<u>2,891,768</u>	<u>2,677,179</u>
Reserves total	<u><u>\$6,075,787</u></u>	<u><u>\$10,673,151</u></u>

(a) On July 1, 2009, \$350,000 was transferred out to the general fund as part of the annual appropriating budget ordinance 2009-20.

(b) Can be used for replacement of building systems, major equipment, and renovations and improvements to the Center.

(c) FY2009 Landfill Cell 1 reached capacity. Funds in the amount of \$5,750,000 were appropriated to postclosure design and construction projects.

(d) Used primarily for destination marketing.

**Library Special Revenue Fund
Selected Financial Information
As of and for the Fiscal Years Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Unreserved fund balance designated for library endowment	\$9,219,041	\$8,380,596
Unreserved, undesignated fund balance	340,539	315,317
Donations	813,224	750,000
Interest revenue	50,443	290,518

The library fund was established April 30, 1990 to account for the donations received from two trusts created by siblings of the Bentley family. Upon the mandated dissolution of the trusts, assets remaining were transferred to the Bentley Beneficiaries Trust. The "Fairbanks North Star Borough Public Library" was, and is, a 15 percent beneficiary of each of these trusts.

On behalf of the Library, the Borough enacted FNSBC 3.01.045 to set its own rules for managing those donations and the related earnings. Under FNSBC 3.01.045, the donations from the trusts shall be deemed fund principal. The fund may not spend the principal nor may it spend more than 50 percent of any income earned on this principal.

Notwithstanding the provisions of FNSBC 3.01.045, the Assembly appropriated \$1,000,000 from the library fund in 1996 and 1997 to partially finance an expansion at the Noel Wien Public Library; \$370,000 in 2002 and 2003 for the creation and construction of the Cheryl Bidwell Story Garden on the library grounds; \$65,000 in 2005 to plan for a remodel/addition of the Noel Wien Library, \$75,000 for a library materials security system; \$424,979 in 2006 to search and acquire a new site for the North Pole branch, and \$120,000 for upgrading compact shelving.

FAIRBANKS NORTH STAR BOROUGH

Schedule 8

**John A. Carlson Community Activity Center
Contractor Operations
Fiscal Years Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Operating revenues		
Vending and concession, net of cost	\$635,169	\$672,721
Arena rental	368,048	303,890
Self-promoted events	132,034	138,924
Signage	140,997	147,629
Equipment rental and service	67,525	87,446
Other	221,017	221,712
	<u>1,564,790</u>	<u>1,572,322</u>
Operating expenses		
Concession supplies and fees	59,723	91,771
Conferences and meetings	17,633	13,163
Contractual services	40,792	32,470
Insurance	35,477	38,548
Contractor management fee	77,526	75,270
Contractor incentive fees	92,364	99,271
Office and operating supplies	45,662	51,855
Professional services	27,681	19,306
Repairs and maintenance	96,468	66,683
Self-promoted events	25,860	48,679
Utilities	496,908	513,855
Wages and benefits - event labor	369,461	243,459
Wages and benefits - operations	701,972	792,838
	<u>2,087,527</u>	<u>2,087,168</u>
Operating loss	<u>(522,737)</u>	<u>(514,846)</u>
Non-operating revenues (expenses)		
Provision for asset replacement	<u>(105,393)</u>	<u>(110,700)</u>
Net loss	<u><u>(\$628,130)</u></u>	<u><u>(\$625,546)</u></u>

The Carlson Center can seat over 5,000 and is available for sports, concerts, trade shows, banquets, and meetings. An outside contractor, whose activities are audited by independent certified public accountants, manages the Center's operations. The Center operates at a loss and under the contract, the Borough provides the contractor with the subsidy funds necessary to operate the Center.

**Risk Management
Coverage for Largest Exposures
Year Ended June 30, 2009**

	Self-Insured Retention/ Deductible	Upper Coverage Limit of Excess Insurance Policies
Employee/dependent medical	\$ (a)	\$ (a)
Auto and general liability		
Road and fire service areas		15,500,000
All other	250,000	15,000,000
Workers' compensation		
Fire service areas		(b)
All other	500,000	(b)
Errors and omissions / public officials / employment practices (c)	20,000	15,250,000
Property		
Flood	100,000	25,000,000
All other	50,000	500,000,000
Employee Dishonesty & Faithful Performance Bond	10,000	1,000,000

(a) The specific stop loss amount per covered individual is \$125,000 and \$250,000 per year for the Borough and School District, respectively. The annual aggregate stop loss is computed by formula at the end of the fiscal year. The maximum claim liability per employee per month for fiscal year 2008-2009 is \$1,300 and \$1,242 for the Borough and School District, respectively. Medical coverage offered to employees is limited to a lifetime maximum of \$1,000,000, less the deductible, per individual covered.

(b) Covered to statutory limits.

(c) Employment practices deductible is \$25,000.

Miscellaneous Additional Data
June 30, 2009

Authority of Incorporation:	State of Alaska Borough Act of 1963, as amended
Date of Incorporation:	January 1, 1964
Form of Government:	Second Class Borough, Mayor-Assembly. The Borough Mayor is elected for a three-year term. The Assembly is composed of nine Assembly members elected at large for staggered three-year terms.
Areawide Powers/Activities:	Assessment and Collection of Taxes, Education, Elections, Library, Planning and Zoning, Air Pollution Control, Solid Waste Disposal (landfill), Animal Control, Parks and Recreation, Flood Control, Hospital (not exercised), Transit, Disaster and Civil Defense, Child Care Assistance (pursuant to a grant from the State of Alaska), Housing Financing, Emergency Communication Services (enhanced 911), and limited Health and Social Services
Non-Areawide Powers/Activities:	Fireworks Control, Emergency Medical Services, Economic Development, and Debt Service for Solid Waste Transfer Station Bonds, for the area of the Borough outside the two cities of Fairbanks and North Pole
Service Area Powers/Activities:	Sewer and Water, Street Lights, Fire Protection, and Road Maintenance and Construction for 114 neighborhoods and communities
Solid Waste District Powers/Activities:	Solid Waste Collection for the area of the Borough outside the City of Fairbanks.

Elections Information

Number of registered voters:	
2008 State general election	69,650
2008 Borough municipal election	68,710
Number of votes cast in:	
2008 State general election	27,087
2008 Borough municipal election	9,958
Percentage of registered voters in:	
2008 State general election	38.8%
2008 Borough municipal election	14.5%

Note: Last State general election was in November 2008.
Last Borough municipal election was in October 2008.

Annual Salaries of Principal Officials of the Borough Government

Borough Mayor	\$92,500
Borough Clerk	104,132
Chief of Staff	111,149
Borough Attorney	114,142

Annual Salaries of Principal Officials of the School District

Superintendent of Schools	\$145,000
Assistant Superintendent, Secondary Education	132,429
Assistant Superintendent, Elementary Education	132,429
Assistant Superintendent, Facilities Management	132,429
Chief Financial Officer	132,429

Miscellaneous Additional Data
June 30, 2009

Number of School District Personnel (a)

Districtwide administration	4
Professional staff	69
Principals and assistant principals	43
Certified staff	903
Support staff	598
Number of schools	34

	Enrollment (b)
Elementary Schools – District	
Anne Wien	431
Badger Road	565
Barnette	392
Chinook Charter School	153
Denali	395
Hunter	321
Joy	368
Ladd	381
Nordale	396
North Pole Elementary	533
Pearl Creek	406
Salcha	97
Ticasuk Brown	516
Two Rivers	99
University Park	489
Weller	502
Woodriver	440
Secondary Schools – District	
Effie Kokrine Charter	141
Hutchison High	362
Lathrop High	1,186
North Pole Middle	599
North Pole Senior High	823
Randy Smith Middle	366
Ryan Middle	361
Star of the North Charter	201
Tanana Middle	503
West Valley Senior High	1,095
Alternative Learning System	106
Elementary Schools – On-Base	
Anderson	310
Arctic Light	531
Crawford	280
Secondary Schools – On-Base	
Ben Eielson Junior/Senior High	512
Guided Independent Study	252
Fairbanks Youth Facility	20
Total	<u><u>14,132</u></u>

(a) Fairbanks North Star Borough School District Approved Budget document for fiscal year 2008-09

(b) 2008-09 20 Day ADM Official Enrollment as reported to the State of Alaska Department of Education and Early Development

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STATISTICAL SECTION

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

STATISTICAL SECTION

Table Numbers

Financial Trends - These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

I - IV

* * * * *

Revenue Capacity - These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

V - VIII

* * * * *

Debt Capacity - These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

IX - X

The Borough is not subject to debt limitation requirements and does not have pledged revenue; consequently, these tables are not presented.

* * * * *

Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

XI - XII

* * * * *

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

XIII - XV

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Borough implemented GASB Statement 34 in fiscal year 2003.

FAIRBANKS NORTH STAR BOROUGH

**Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)**

	Fiscal		
	2002-03	2003-04	2004-05
Governmental activities			
Invested in capital assets, net of related debt	\$418,100,047	\$428,457,171	\$471,997,696
Restricted	25,473,768	25,723,025	23,064,355
Unrestricted	9,655,952	9,803,121	9,667,809
Total governmental activities net assets	<u>\$453,229,767</u>	<u>\$463,983,317</u>	<u>\$504,729,859</u>
Business-type activities			
Invested in capital assets, net of related debt	\$18,727,057	\$20,814,761	\$19,756,608
Restricted	754,787	671,285	448,714
Unrestricted	24,938,614	22,261,002	19,338,514
Total business-type activities net assets	<u>\$44,420,458</u>	<u>\$43,747,048</u>	<u>\$39,543,836</u>
Primary government			
Invested in capital assets, net of related debt	\$439,739,547	\$449,271,932	\$491,754,304
Restricted	24,181,199	26,394,311	23,513,069
Unrestricted	33,729,480	32,064,123	29,006,323
Total primary government net assets	<u>\$497,650,225</u>	<u>\$507,730,366</u>	<u>\$544,273,696</u>
Component Unit: School District			
Invested in capital assets, net of related debt	\$3,501,604	\$3,613,084	\$3,918,778
Restricted	958,054	960,355	
Unrestricted	21,362,399	19,756,987	22,426,155
Total Component Unit net assets	<u>\$25,822,057</u>	<u>\$24,330,426</u>	<u>\$26,344,933</u>

Notes: Due to changes in the Borough's account structure initiated when GASB Statement No. 34 was implemented, the net assets by component information is only available beginning in fiscal year 2003.

Table I

Year	2006-07 Restated	2007-08 Restated	2008-09
2005-06			
\$472,363,319	\$472,797,399	\$476,565,063	\$487,414,214
29,113,034	45,210,932	48,144,782	47,678,853
8,305,423	9,762,506	7,591,655	2,991,349
<u>\$509,781,777</u>	<u>\$527,770,837</u>	<u>\$532,301,500</u>	<u>\$538,084,417</u>
\$24,830,906	\$25,308,779	\$30,494,592	\$31,738,913
306,887	259,648	424,453	586,075
16,153,220	20,119,274	19,465,432	12,013,314
<u>\$41,291,013</u>	<u>\$45,687,701</u>	<u>\$50,384,477</u>	<u>\$44,338,302</u>
\$497,194,225	\$498,106,178	\$507,059,656	\$519,153,127
29,419,921	45,470,580	48,569,234	48,264,929
24,458,643	29,881,780	27,057,087	15,004,663
<u>\$551,072,789</u>	<u>\$573,458,538</u>	<u>\$582,685,977</u>	<u>\$582,422,719</u>
\$4,235,371	\$4,080,319	\$3,967,368	\$3,672,266
16,687,930	18,453,760	18,535,860	20,059,660
<u>\$20,923,301</u>	<u>\$22,534,079</u>	<u>\$22,503,228</u>	<u>\$23,731,926</u>

FAIRBANKS NORTH STAR BOROUGH

**Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)**

	Fiscal		
	2002-03	2003-04	2004-05 (a)
Expenses			
Governmental Activities:			
General government	\$13,893,304	\$11,548,950	\$13,596,394
Community planning	1,500,120	1,462,714	1,624,308
Public works	6,439,381	6,520,291	7,328,230
Parks and recreation	6,908,554	7,325,198	6,660,529
Library	3,931,771	4,131,145	4,393,299
Direct services	1,711,839	1,712,564	
Road and other service areas	2,017,469	2,068,273	2,140,423
Education	43,971,771	44,421,662	49,459,962
Emergency operations	1,819,191	2,144,597	5,738,694
Fire service areas	3,724,833	4,110,260	4,538,706
Interest on long-term debt	6,092,230	6,468,535	6,532,239
Total governmental activities expense	<u>92,010,463</u>	<u>91,914,188</u>	<u>102,012,783</u>
Business-type activities:			
Transit	3,837,677	4,313,750	5,387,277
Land	1,312,753	1,332,310	1,114,019
Carlson Center	1,328,056	1,301,112	1,400,313
Solid waste disposal	6,081,306	5,799,063	8,850,961
Total business-type activities expense	<u>12,559,793</u>	<u>12,746,234</u>	<u>16,752,570</u>
Total primary government expense	<u><u>\$104,570,256</u></u>	<u><u>\$104,660,422</u></u>	<u><u>\$118,765,354</u></u>
Component units:			
School district expenses	<u>\$142,947,476</u>	<u>\$143,307,386</u>	<u>\$154,861,311</u>
Program Revenues			
Governmental Activities:			
Charges for Services			
General government	\$473,039	\$473,530	\$615,595
Public works	85,005	104,357	108,732
Parks and recreation	904,023	1,028,517	1,023,574
Library	31,510	44,592	32,522
Direct services	188,945	158,240	
Emergency operations	377,849	374,016	938,942
Operating grants and contributions	9,374,227	3,898,701	2,444,643
Capital grants and contributions	3,677,239	12,276,934	45,145,996
Total governmental activities program revenues	<u>15,110,837</u>	<u>18,358,888</u>	<u>50,310,004</u>
Business-type activities:			
Charges for services			
Transit	1,179,823	1,216,183	1,267,108
Land	1,023,703	1,079,834	653,142
Carlson Center	20,000		
Solid waste disposal	4,886,820	4,826,157	5,379,272
Operating grants and contributions	420,810	794,314	1,320,715
Capital grants and contributions	18,986	270,008	262,275
Total business-type activities program revenues	<u>7,550,142</u>	<u>8,186,496</u>	<u>8,882,512</u>
Total primary government program revenues	<u><u>\$22,660,978</u></u>	<u><u>\$26,545,384</u></u>	<u><u>\$59,192,514</u></u>

Table II
Sheet 1 of 2

Year	2006-07 Restated	2007-08 Restated	2008-09
2005-06			
\$15,583,246	\$16,144,958	\$16,373,018	\$19,296,522
1,879,673	2,011,929	1,948,949	1,875,392
8,842,658	8,567,422	9,622,350	10,563,903
7,478,378	9,090,178	9,324,514	9,257,309
4,776,959	5,125,795	4,966,535	5,591,433
2,011,343	2,656,458	3,816,780	4,393,522
53,694,197	56,771,562	59,958,407	61,898,187
4,796,649	5,235,955	5,468,214	5,732,871
4,854,626	4,968,182	4,938,156	5,398,620
6,437,366	6,128,977	6,550,818	6,052,131
<u>110,355,095</u>	<u>116,701,416</u>	<u>122,967,742</u>	<u>130,059,889</u>
6,052,940	6,245,393	6,623,980	7,282,170
2,009,504	1,166,463	1,264,690	1,333,141
1,570,809	1,360,931	1,622,048	1,596,110
6,087,732	6,484,640	5,913,299	11,235,460
<u>15,720,985</u>	<u>15,257,426</u>	<u>15,424,017</u>	<u>21,446,881</u>
<u>\$126,076,080</u>	<u>\$131,958,842</u>	<u>\$138,391,759</u>	<u>\$151,506,770</u>
<u>\$169,311,838</u>	<u>\$175,241,013</u>	<u>\$206,099,005</u>	<u>\$206,735,507</u>
\$640,713	\$773,783	\$928,108	\$995,973
119,708	123,915	69,393	52,268
1,003,199	1,005,680	1,154,422	1,106,668
28,995	44,579	58,947	93,804
973,475	1,041,582	1,091,326	1,111,970
6,041,259	5,086,603	4,245,873	3,495,583
5,687,000	14,069,248	6,061,315	19,787,620
<u>14,494,348</u>	<u>\$22,145,391</u>	<u>\$13,609,384</u>	<u>\$26,643,886</u>
1,206,101	1,370,952	1,372,828	1,429,331
1,894,329	633,582	898,626	736,617
5,331,961	5,605,897	6,289,283	5,920,210
2,206,461	1,191,719	1,416,592	2,053,623
2,223,778	1,366,454	4,004,895	76,866
<u>12,862,631</u>	<u>10,168,604</u>	<u>13,982,223</u>	<u>10,216,647</u>
<u>\$27,356,978</u>	<u>\$32,313,995</u>	<u>\$27,591,607</u>	<u>\$36,860,533</u>

FAIRBANKS NORTH STAR BOROUGH

**Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)**

	Fiscal		
	2002-03	2003-04	2004-05
Component unit: School District			(a)
Charges for services			
School district program revenues	\$2,115,244	\$1,938,367	\$1,886,887
Operating grants and contributions	21,809,523	22,496,034	27,208,171
Capital grants and contributions	1,049,171	2,708,367	1,640,256
Total component unit program revenues	<u>\$24,973,938</u>	<u>\$27,142,768</u>	<u>\$30,735,314</u>
Net revenues (expenses)			
Governmental activities	(\$76,899,626)	(\$73,555,300)	(\$51,702,779)
Business-type activities	(5,009,651)	(4,559,739)	(7,870,059)
Total primary government net expense	<u>(\$81,909,277)</u>	<u>(\$78,115,039)</u>	<u>(\$59,572,839)</u>
Component unit: School District net expense	<u>(\$117,973,538)</u>	<u>(\$116,164,618)</u>	<u>(\$124,125,997)</u>
General Revenues and Other Changes in Net Assets			
Governmental activities			
Taxes			
Property taxes	\$68,043,555	\$72,805,069	\$77,031,587
Hotel-motel taxes	1,377,641	1,483,708	1,531,027
Alcoholic beverage taxes			1,247,562
Tobacco excise taxes			988,813
Unrestricted grants and contributions	11,529,986	12,106,377	12,227,556
Other federal and state aid	1,683,384		
Unrestricted investment earnings	317,601	994,096	2,040,316
Other		143,957	549,821
Transfers	(2,748,240)	(3,224,357)	(3,167,359)
Total governmental activities	<u>\$80,203,929</u>	<u>\$84,308,849</u>	<u>\$92,449,322</u>
Business-type activities			
Unrestricted grants and contributions	\$263,640	\$446,012	\$50,973
Unrestricted investment earnings	452,269	209,102	445,019
Other	3,013	6,858	3,496
Transfers	2,748,240	3,224,357	3,167,359
Total business-type activities	<u>\$3,467,161</u>	<u>\$3,886,329</u>	<u>\$3,666,847</u>
Component unit: School District			
Foundation program	\$68,097,408	\$65,676,616	\$73,052,157
Other federal and state aid	11,144,790	11,943,538	14,267,731
Borough direct appropriation	33,545,700	34,545,700	36,545,700
Other	3,331,254	2,507,133	2,274,916
Total component unit	<u>\$116,119,152</u>	<u>\$114,672,987</u>	<u>\$126,140,504</u>
Change in Net Assets			
Governmental activities	\$3,304,302	\$10,753,550	\$40,746,542
Business-type activities	(1,542,490)	(673,410)	(4,203,212)
Total primary government	<u>\$1,761,812</u>	<u>\$10,080,140</u>	<u>\$36,543,331</u>
Component Unit: School District	<u>(\$1,854,386)</u>	<u>(\$1,491,631)</u>	<u>\$2,014,507</u>

Notes: Due to changes in the Borough's account structure initiated when GASB Statement No. 34 was implemented, the net assets by component information is only available beginning in fiscal year 2003.

(a) Beginning in fiscal year 2005, the direct services function was dissolved and moved to the public works function and the emergency operations function.

Table II
Sheet 2 of 2

Year	2006-07	2007-08	
2005-06	Restated	Restated	2008-09
\$1,894,564	\$2,034,531	\$2,162,538	\$2,365,595
27,354,672	27,084,712	55,175,797	50,760,894
1,544,726	676,148	511,057	2,515,129
<u>\$30,793,962</u>	<u>\$29,795,391</u>	<u>\$57,849,392</u>	<u>\$55,641,618</u>
(\$95,860,748)	(\$94,556,026)	(\$109,358,359)	(\$103,416,003)
(2,858,354)	(5,088,821)	(1,441,793)	(11,230,235)
<u>(\$98,719,102)</u>	<u>(\$99,644,847)</u>	<u>(\$110,800,152)</u>	<u>(\$114,646,238)</u>
<u>(\$138,517,876)</u>	<u>(\$145,445,622)</u>	<u>(\$148,249,613)</u>	<u>(\$151,093,889)</u>
\$82,605,092	\$88,584,284	\$93,330,750	\$93,707,963
1,551,623	1,696,639	1,824,832	1,660,803
1,233,545	1,329,319	1,434,006	1,384,156
1,013,728	994,039	983,683	1,077,166
13,775,527	18,660,580	15,069,990	14,124,381
3,968,731	5,897,632	5,959,023	1,910,276
401,295	172,986	327,873	356,210
(3,636,875)	(4,790,392)	(5,041,135)	(5,022,034)
<u>\$100,912,665</u>	<u>\$112,545,086</u>	<u>\$113,889,022</u>	<u>\$109,198,920</u>
\$114,509	\$3,574,961	\$308,995	\$41,495
852,984	1,108,130	759,665	115,677
1,161	12,026	28,773	4,854
3,636,875	4,790,392	5,041,135	5,022,034
<u>\$4,605,530</u>	<u>\$9,485,509</u>	<u>\$6,138,567</u>	<u>\$5,184,059</u>
\$80,045,140	\$90,029,160	\$85,688,097	\$96,001,077
12,257,249	11,405,933	19,037,350	11,418,547
38,022,700	40,022,700	42,222,700	44,222,700
2,771,155	3,819,360	1,270,615	680,263
<u>\$133,096,244</u>	<u>\$145,277,153</u>	<u>\$148,218,762</u>	<u>\$152,322,587</u>
\$5,051,918	\$17,989,060	\$4,530,663	\$5,782,917
1,747,176	4,396,688	4,696,774	(6,046,175)
<u>\$6,799,093</u>	<u>\$22,385,748</u>	<u>\$9,227,438</u>	<u>(\$263,258)</u>
<u>(\$5,421,632)</u>	<u>(\$168,469)</u>	<u>(\$30,851)</u>	<u>\$1,228,698</u>

FAIRBANKS NORTH STAR BOROUGH

**Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

					Fiscal
	1999-00 (a)	2000-01	2001-02	2002-03 (b)	2003-04
General Fund					
Reserved	\$370,787	\$286,112	\$231,960	\$316,869	\$1,345,345
Unreserved, designated	2,000,000	2,306,315	3,526,749	3,760,820	2,904,310
Unreserved, undesignated	12,720,564	13,650,339	14,103,801	13,711,517	12,714,117
Total general fund	<u>\$15,091,351</u>	<u>\$16,242,766</u>	<u>\$17,862,510</u>	<u>\$17,789,206</u>	<u>\$16,963,772</u>
All Other Governmental Funds					
Reserved	\$4,851,246	\$4,937,126	\$11,978,468	\$25,707,427	\$27,481,832
Unreserved, reported in:					
Annual special revenue funds	12,156,081	9,474,801	9,446,099	13,032,304	14,675,852
Other special revenue funds	3,618,628	1,175,990	1,914,255	2,929,846	3,175,386
Debt service funds	(256,614)	100,133	23,009	8,606	112,317
Capital projects funds	12,970,892	22,476,005	13,675,541	15,591,940	9,260,685
Total all other governmental funds	<u>\$33,340,233</u>	<u>\$38,164,055</u>	<u>\$37,037,372</u>	<u>\$57,270,123</u>	<u>\$54,706,072</u>

- Notes:
- (a) The \$256,614 deficit resulted from the timing of state legislation that discontinued the sharing of state tobacco tax revenue with local governments.
 - (b) Beginning in fiscal year 2003, the library "trust" is reported with annual special revenue funds.
 - (c) The increase in general fund unreserved, undesignated was the result of increased property tax revenue and additional state fiscal relief funding. Capital projects funds fund balance increased as a result of issuing \$12 million in new bonds.
 - (d) The increase in fiscal year 2008 governmental funds reserved balance was caused by encumbrances in capital projects funds. The Borough had commitments for renovations in several schools.

Table III

Year				
<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u> <u>Restated</u> <u>(c)</u>	<u>2007-08</u> <u>Restated</u> <u>(d)</u>	<u>2008-09</u>
\$1,308,728	\$2,445,532	\$1,746,549	\$286,354	\$233,114
3,820,591	4,034,592	6,771,813	7,067,050	8,072,713
13,395,095	12,257,177	17,063,104	17,665,754	14,440,506
<u>\$18,524,414</u>	<u>\$18,737,301</u>	<u>\$25,581,466</u>	<u>\$25,019,157</u>	<u>\$22,746,334</u>
\$4,920,774	\$10,232,691	\$6,632,400	\$23,880,617	\$13,950,338
15,820,582	18,014,755	21,049,041	24,774,630	27,215,603
4,388,926	5,155,174	6,159,683	7,021,689	4,614,384
114,129	13,600	288,099	416,380	428,038
17,482,996	18,170,915	35,075,210	20,506,225	21,673,821
<u>\$42,727,407</u>	<u>\$51,587,135</u>	<u>\$69,204,433</u>	<u>\$76,599,541</u>	<u>\$67,882,185</u>

FAIRBANKS NORTH STAR BOROUGH

**Changes in Fund Balances, Governmental Funds
Last Seven Fiscal Years
(modified accrual basis of accounting)**

	Fiscal		
	2002-03	2003-04	2004-05 (a)
Revenues			
Taxes	\$69,311,055	\$73,888,994	\$81,125,145
Intergovernmental revenues	19,745,905	15,338,100	15,504,905
Charges for services	1,966,643	2,069,176	2,580,450
Other revenues	4,601,887	12,383,871	4,647,584
Revenues total	<u>95,625,490</u>	<u>103,680,141</u>	<u>103,858,084</u>
Expenditures			
Current			
General government	13,640,156	11,328,660	12,459,675
Community planning	1,495,477	1,453,595	1,503,538
Public works	6,453,081	6,508,813	7,074,498
Parks and recreation	5,609,152	5,981,705	5,066,744
Library	3,408,590	3,613,451	3,575,982
Direct Services (a)	1,677,568	1,679,730	
Road and other service areas	2,017,469	2,068,273	2,140,423
Education	36,372,671	36,495,627	40,394,679
Emergency operations	1,750,861	1,954,598	3,818,549
Fire service areas	3,171,411	3,589,662	4,014,101
Capital outlay	14,091,370	29,274,457	28,747,744
Debt service			
Principal retirement	7,390,000	8,290,000	9,639,000
Interest and fiscal agent fees	5,740,463	6,512,649	6,482,728
Expenditures total	<u>102,818,269</u>	<u>118,751,220</u>	<u>124,917,661</u>
Excess (deficiency) of revenues over expenditures	(7,192,779)	(15,071,079)	(21,059,577)
Other financing sources (uses)			
Transfers in	18,225,240	19,831,265	22,473,615
Transfers out	(21,270,250)	(23,061,662)	(25,568,541)
Bond issuance	27,812,638	14,164,000	13,750,000
Premium on bond debt		158,149	175,853
Payment to refunded bond escrow agent			
Other financing sources (uses) total	<u>24,767,628</u>	<u>11,091,752</u>	<u>10,830,927</u>
Net change in fund balances	17,574,849	(3,979,327)	(10,228,650)
Fund balances (deficit), beginning as restated for 2008	<u>57,484,479</u>	<u>75,059,328</u>	<u>\$71,080,001</u>
Fund balances (deficit), ending	<u>\$75,059,328</u>	<u>\$71,080,001</u>	<u>60,851,352</u>
Debt service as a percentage of noncapital expenditures	14.80%	16.54%	16.76%

Notes: Due to changes in the Borough's account structure initiated when GASB Statement No. 34 was implemented, the changes in fund balance information is only available beginning in fiscal year 2003.

(a) Beginning In fiscal year 2005, the direct services function was dissolved and moved to the public works function and the emergency operations function.

Table IV

Year	2006-07 Restated	2007-08 Restated	2008-09
2005-06			
\$86,260,935	\$92,771,899	\$97,420,541	\$98,097,157
19,767,388	32,031,536	20,714,305	33,740,365
2,661,083	2,835,267	2,849,476	3,097,501
7,783,449	8,771,600	8,717,887	4,074,401
<u>116,472,855</u>	<u>136,410,302</u>	<u>129,702,209</u>	<u>\$139,009,423</u>
14,688,581	15,824,328	17,219,384	18,701,474
1,812,730	1,967,873	2,098,840	1,873,065
8,750,017	8,487,852	10,184,809	10,682,814
5,814,749	7,526,894	8,021,967	7,589,790
4,044,681	4,431,108	4,649,316	4,944,300
2,019,189	2,656,562	3,817,022	4,393,833
43,386,995	45,984,740	49,137,624	50,993,244
4,542,640	5,013,710	5,292,665	5,185,352
4,314,473	4,183,744	4,570,079	5,286,090
6,472,046	7,507,952	6,638,611	21,455,853
10,645,000	9,315,000	10,165,000	7,903,000
6,591,969	6,601,766	6,421,184	6,262,825
<u>113,083,071</u>	<u>119,501,528</u>	<u>128,216,500</u>	<u>145,271,640</u>
3,389,784	16,908,774	1,485,709	(6,262,217)
32,020,697	24,684,907	38,733,398	25,534,095
(35,797,855)	(29,424,785)	(44,623,126)	(30,262,058)
9,750,000	22,460,000	11,128,000	
110,458	207,567	108,817	
	(10,375,000)		
<u>6,083,300</u>	<u>7,552,689</u>	<u>5,347,090</u>	<u>(4,727,963)</u>
9,473,084	24,461,463	6,832,799	(10,990,180)
60,851,352	70,324,436	94,785,899	101,618,698
<u>\$70,324,436</u>	<u>\$94,785,899</u>	<u>\$101,618,698</u>	<u>\$90,628,518</u>
16.17%	14.21%	13.64%	11.44%

FAIRBANKS NORTH STAR BOROUGH

**Assessed Value and Estimated Actual Value of
Taxable Property
Last Ten Calendar Years**

<u>Calendar Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Pipeline and Personal Property</u>
1999	\$2,361,729,135	\$488,193,989	\$617,550,101	\$303,577,810
2000	2,511,729,194	539,178,081	625,087,790	258,225,360
2001	2,587,074,209	589,404,786	632,107,765	277,581,520
2002	2,751,675,089	617,545,662	658,750,150	263,366,140
2003	2,963,148,571	653,082,170	685,991,689	270,805,700
2004	3,265,296,769	686,178,389	703,988,463	271,188,340
2005	3,690,431,430	757,571,240	699,161,448	275,302,600
2006	4,118,775,754	875,014,529	733,298,427	377,817,080
2007	4,595,949,320	943,261,759	767,721,675	369,500,480
2008	4,863,123,964	1,033,947,976	812,797,405	508,804,970

Source: Borough Assessing department

Notes: Property taxes are assessed on a calendar year basis. Estimated actual values are derived using the state confirmed sales ratio plus state assessed pipeline. Assessed values are per certified assessment rolls of the Fairbanks North Star Borough. All values are for real property only unless otherwise noted.

(a) includes tax-exempt property.

Table V

<u>Vacant Land</u>	<u>Less: Tax Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value (a)</u>
\$255,285,201	\$308,363,625	\$3,717,972,611	14.480	\$3,856,205,349	96.415%
259,596,172	331,043,832	3,862,772,765	13.662	3,991,843,960	96.767
254,297,594	349,634,461	3,990,831,413	13.860	4,164,987,187	95.819
277,175,320	375,715,896	4,192,796,465	13.693	4,317,501,674	97.112
281,742,922	402,570,639	4,452,200,413	13.693	4,588,376,599	97.032
312,728,247	438,116,409	4,801,263,799	13.606	5,020,392,059	95.635
317,147,285	479,593,358	5,260,020,645	13.219	5,522,981,852	95.239
312,650,776	652,965,644	5,764,590,922	12.923	6,102,033,479	94.470
367,089,029	691,802,402	6,351,719,861	12.209	6,732,886,695	94.339
377,730,452	721,729,006	6,874,675,761	11.287	7,410,674,986	92.767

FAIRBANKS NORTH STAR BOROUGH

**Direct and Underlying Property Tax Rates
Last Ten Calendar Years**

	Tax Rates - Millage									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
This Borough:										
Areawide	14.480	13.662	13.860	13.693	13.693	13.606	12.923	12.209	11.287	11.186
Non-areawide	0.516	0.522	0.521	0.525	0.523	0.435	0.418	0.409	0.400	0.393
Solid Waste Collection District	1.188	1.159	1.162	1.187	1.187	1.183	1.150	1.126	1.103	1.121
Airway S.A.	1.201	1.175	1.259	1.251	1.214	1.210	1.120	1.089	1.089	1.207
Arctic Fox S.A.	1.184	2.158	2.283	2.325	2.167	2.272	1.944	1.864	1.804	1.861
Aztec S.A.	1.647	1.622	1.674	1.580	1.555	1.576	1.431	1.339	1.257	1.259
Ballaine Lake S.A.	8.085	8.411	8.797	11.744	11.543	11.758	13.775	12.828	12.413	12.671
Becker Ridge S.A.	1.517	1.490	1.542	1.527	1.490	1.500	1.359	1.346	1.376	1.450
Birch Hill S.A.	2.146	2.080	2.085	2.083	2.025	1.986	1.861	1.832	1.814	1.939
Bluebird Road S.A.	1.967	2.195	2.253	2.326	2.329	2.408	2.187	2.004	2.054	2.333
Borda Road S.A.	1.240	1.177	1.192	1.195	1.166	1.152	1.131	1.067	1.079	1.119
Brookside S.A.	0.493	0.484	0.488	0.487	0.495	0.482	0.457	0.435	0.437	0.479
Chena Goldstream Fire S.A.	1.678	1.632	1.674	1.639	1.627	1.615	1.483	1.434	1.473	1.547
Chena Hills Road S.A.	1.059	1.046	1.097	1.051	1.067	1.068	1.001	0.987	0.985	1.047
Chena Hot Springs II S. A. (a)							0.681	0.888	0.698	0.713
Chena Marina S.A.				0.493	0.471	0.893	0.825	0.792	0.756	0.796
Chena Point Road S.A.	1.974	1.997	2.002	1.708	1.710	1.705	3.176	3.154	2.958	3.064
Chena Spur S.A.	0.934	0.930	0.945	0.893	0.893	0.897	2.354	2.407	2.329	2.606
Cleary Summit S.A. (b)								0.189	0.183	0.190
College S.A.	1.502	1.469	1.476	1.480	1.418	1.391	1.292	1.249	1.257	1.391
College Hills S.A.	0.941	0.917	0.919	0.927	0.923	0.922	0.789	0.754	0.785	0.835
Cooper Estates S.A.	2.089	3.233	3.291	3.149	2.927	3.045	2.709	2.717	2.614	2.821
Cordes Drive S.A.	1.230	1.306	1.338	1.338	1.403	1.337	1.150	1.060	1.074	1.112
Cripple Creek S.A.	1.923	1.835	1.875	1.868	1.835	1.754	1.679	1.477	1.520	1.601
Deep Forest S.A. (c)				0.865	0.944	6.229	0.759	0.714	0.707	0.724
Diane Subdivision S.A.	0.377	0.362	0.359	0.359	0.362	0.351	0.322	0.303	0.310	0.333
Drake Estates S.A. (d)					1.931	2.120	1.783	0.688	0.719	0.762
Edanella Heights Road S.A.	1.033	1.013	1.027	0.984	0.945	0.977	1.281	1.273	1.249	1.388
Ester Lump Road S.A.	2.031	2.000	2.016	2.000	2.053	2.021	1.881	1.710	1.741	1.773
Ester Volunteer Fire S.A.	2.577	2.545	2.580	2.634	2.657	2.590	2.501	2.270	2.384	2.444
Fairfields S.A.	0.894	0.870	0.887	0.861	0.824	0.812	0.707	0.683	0.675	0.713
Fairhill S.A.	1.328	1.305	1.296	1.332	1.295	1.211	1.170	1.163	1.093	1.188
Fairwest S.A.	2.015	2.030	2.007	2.024	1.999	1.971	1.878	1.850	1.789	1.896
Garden S.A.	1.250	1.203	1.225	1.205	1.116	1.158	1.103	1.074	1.035	1.089
Golden Valley Road S.A.	3.541	3.362	3.427	3.224	2.728	2.618	2.695	2.665	4.285	4.483
Goldstream-Alaska S.A.	1.609	1.524	1.567	1.536	1.498	1.512	2.294	2.109	2.171	2.246
Goldstream Moose Creek S.A. (e)	2.022	1.971	2.057	2.064	1.988	1.873	1.723	1.586	1.635	1.598
Gordon S.A.	1.312	1.267	1.303	1.289	1.281	1.245	1.167	1.112	1.028	1.096
Granola Estates S.A.	1.173	1.164	1.207	1.253	1.216	1.210	1.323	1.117	1.089	1.239
Grieme Road S.A.	3.016	2.855	3.617	3.542	3.137	3.144	3.486	3.418	3.466	3.780
Haystack S.A.	1.675	1.672	1.664	3.175	3.309	3.285	3.106	2.875	2.901	3.231
Herning Hills S.A.	1.480	1.465	1.495	1.469	1.511	1.482	1.382	1.318	1.258	1.368
Hopeless S.A. (a)							0.869	0.833	0.838	0.889
Horseshoe Downs S.A.	1.459	1.447	1.486	1.577	2.633	2.591	2.384	2.278	2.297	2.447

See notes on Sheet 3 of 3.

Tax Levies (in 000's)									
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
\$56,487	\$55,566	\$58,314	\$60,682	\$64,568	\$69,324	\$74,094	\$79,537	\$82,628	\$82,551
1,290	1,356	1,412	1,496	1,588	1,424	1,543	1,672	1,812	1,921
3,260	3,295	3,436	3,683	3,916	4,194	4,536	4,912	5,319	5,636
8	8	8	9	9	10	10	11	12	12
2	4	4	4	4	5	5	5	5	5
12	13	13	13	14	16	17	19	18	20
12	13	13	18	18	19	22	25	26	26
50	52	55	59	64	70	82	90	98	105
50	53	55	59	63	68	75	87	100	104
4	4	5	5	5	6	6	6	6	7
13	14	14	16	19	21	23	25	27	28
6	6	6	6	7	7	7	8	8	9
414	449	479	521	572	637	710	779	853	933
24	30	35	39	45	54	63	71	80	88
			7	7	15	17	19	20	21
5	9	11	15	18	24	48	60	86	90
8	9	9	9	10	10	23	35	38	39
								1	1
322	330	341	356	370	390	419	447	474	493
17	18	19	20	21	22	21	22	23	25
7	12	12	12	13	16	18	20	23	24
5	12	13	13	15	17	18	20	21	24
21	24	27	29	32	37	41	46	52	55
			11	15	46	46	17	18	19
3	3	3	3	3	3	3	3	3	3
				10	12	13	15	7	7
14	14	15	16	16	17	26	27	29	31
12	12	12	13	14	14	15	15	17	18
155	166	182	195	207	228	255	277	318	344
12	12	13	13	14	14	14	14	15	15
8	8	9	10	10	10	11	11	12	12
15	16	16	17	17	18	19	21	23	24
8	9	9	10	10	12	20	26	32	36
3	3	3	4	4	5	6	7	7	12
7	7	8	9	9	11	11	22	23	24
10	11	12	12	30	33	36	40	42	45
22	22	24	25	26	29	35	39	47	50
3	3	3	3	3	4	4	4	5	5
3	5	5	6	7	9	11	13	15	16
7	7	7	15	16	18	19	21	27	34
15	16	16	17	19	20	21	23	25	26
							19	20	22
4	4	4	5	9	10	10	11	11	12

FAIRBANKS NORTH STAR BOROUGH

Direct and Underlying Property Tax Rates
Last Ten Calendar Years

	Tax Rates - Millage									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Jennifer Drive S.A.	0.567	0.563	0.578	0.575	0.571	0.500	1.695	1.533	1.554	1.654
Jones Road S.A.	1.078	1.825	1.798	1.820	1.762	1.697	1.570	1.447	1.470	1.522
Joy Road S.A.	1.440	1.389	1.517	1.508	1.424	1.401	1.274	1.186	1.189	1.265
Keeney Road S.A.	0.683	0.668	0.681	0.706	0.670	0.646	0.549	0.552	0.545	0.561
Kendall S.A.	0.975	0.960	1.001	0.993	0.941	0.958	0.939	0.874	0.854	0.903
Keystone S.A.	3.268	3.247	3.283	3.373	3.166	2.976	3.125	3.065	3.002	3.088
Kris Kringle S.A.	1.924	1.883	1.916	3.719	3.942	2.077	1.938	1.871	1.911	2.023
Lakloey Hill S.A.	1.160	1.144	1.176	1.173	1.172	1.130	1.030	0.992	0.933	1.003
Lee Lane S.A.	1.696	1.655	1.678	1.701	1.650	1.649	1.598	1.615	1.561	1.623
Loose Moose S.A.	1.049	1.015	1.004	0.981	0.926	0.918	0.875	0.786	0.808	0.905
Martin S.A.	6.283	5.813	5.946	6.094	6.267	5.934	7.714	8.034	8.555	8.190
McCloud S.A.	9.301	9.190	8.992	9.164	8.620	8.237	14.746	14.787	15.075	15.055
McGrath Estates S.A.	1.315	1.308	1.336	1.322	1.440	1.431	1.207	1.176	1.212	1.302
McKinley View S.A.	1.725	2.842	2.532	2.510	2.191	2.055	1.808	1.644	1.692	1.590
Mellow Woods Road S.A.	0.897	1.236	1.297	1.275	1.360	1.330	1.253	1.161	1.194	1.242
Miller Hill Extension S.A.	2.641	2.507	2.569	2.493	2.516	5.597	4.607	4.354	4.400	4.481
Moose Creek S.A.	0.372	0.390	0.390	0.394	0.559	0.572	0.421	0.434	0.373	0.350
Moose Meadows S.A.						0.886	0.818	0.784	0.774	0.829
Mt. View S.A.	1.269	1.272	1.276	1.278	1.262	1.247	1.143	1.083	1.119	1.191
Murphy S.A.	1.773	1.708	1.744	1.761	1.647	1.593	1.571	1.456	1.506	1.564
Musk Ox S.A.	1.305	1.288	1.357	1.369	1.344	1.320	1.174	1.133	1.163	1.290
Newby Park S.A.	0.456	0.453	0.459	0.459	0.495	0.477	0.722	0.656	0.676	0.710
North Ridge S.A.			4.075	4.446	3.858	3.921	4.534	4.500	4.009	4.298
North Star Fire S.A.	1.377	1.359	1.382	1.374	1.488	1.462	1.257	1.205	1.153	1.198
O'Connor Creek S.A.	14.005	15.006	14.670	15.176	15.693	16.029	12.475	13.939	9.770	7.831
Old Wood Road S.A.	1.638	1.603	1.794	1.813	2.045	1.988	1.672	1.619	1.733	1.771
Our S.A.	1.012	0.975	0.983	0.970	1.015	0.986	0.929	0.860	0.838	0.828
Parkside S.A.	1.507	1.479	1.579	1.600	1.600	1.584	1.558	1.428	1.446	1.552
Peede Country Estates S.A.	1.683	1.558	1.585	1.554	1.499	1.475	1.402	1.345	1.287	1.409
Pine Stream S.A.	1.064	1.041	1.039	1.028	0.989	0.975	0.902	0.911	0.928	0.981
Pleasureland S.A.	1.152	1.112	1.096	1.090	1.047	0.998	0.976	0.916	0.881	0.962
Polar Heights S.A.	1.088	1.091	1.095	1.081	1.172	1.166	1.027	1.014	0.926	0.926
Potlatch S.A.(f)	2.594	2.551	2.595	2.496	2.430	3.514	2.374	2.277	2.436	4.553
Prospect Park S.A.	0.858	0.850	0.892	0.891	0.961	0.891	1.142	1.083	1.095	1.121
Reed Acres Road S.A.	1.374	1.381	1.411	1.371	1.380	1.359	1.259	1.145	1.146	1.206
Ridgecrest S.A.	1.044	1.015	1.028	0.938	0.928	0.887	0.899	0.890	0.840	0.975
Salchaket Heights S.A.	4.475	4.465	4.589	4.543	4.668	4.292	4.590	4.806	4.966	5.162
Scenic Heights S.A.	1.664	1.698	1.701	1.573	1.584	1.527	1.377	1.370	1.415	1.497
Seavy S.A.	0.444	0.447	0.448	0.446	0.444	0.418	0.349	0.335	0.294	0.299
Secluded Acres S.A.		1.739	1.583	1.585	1.431	1.442	1.451	1.416	1.310	1.365
Serendipity Hill S.A.	2.605	2.661	2.674	3.377	3.287	3.153	3.029	2.716	2.998	3.069
Six Mile Village Road S.A.	1.400	1.525	1.526	1.378	1.408	1.354	1.226	1.223	1.167	1.234
Smallwood Trail Road S.A.	0.694	0.674	0.688	0.680	0.787	0.743	0.613	0.600	0.596	0.673
Smith Ranch S.A.(g)									1.299	1.372

See notes on Sheet 3 of 3.

Table VI
Sheet 2 of 3

Tax Levies (in 000's)									
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
\$1	\$1	\$1	\$1	\$1	\$1	\$4	\$4	\$5	\$5
19	33	35	36	37	37	44	49	53	57
4	4	4	5	5	5	6	6	6	7
1	2	2	2	2	2	2	2	2	2
7	7	7	7	7	9	10	10	10	12
7	7	7	8	8	8	10	11	11	11
6	7	7	16	17	10	11	11	12	12
21	22	22	23	25	26	28	31	33	36
3	3	4	4	4	4	5	5	5	5
5	5	5	5	5	5	5	6	6	7
6	6	7	7	7	9	11	16	21	22
7	8	9	9	9	11	23	24	25	29
40	42	44	46	53	58	55	58	61	65
2	4	4	4	4	4	5	5	5	5
7	11	12	12	14	15	15	16	16	18
13	14	15	16	16	37	41	44	49	51
9	10	10	10	13	14	13	13	14	15
					48	53	59	65	69
19	20	20	21	22	23	24	26	27	28
4	5	5	5	6	7	9	10	11	12
16	17	18	19	20	21	22	23	24	25
6	6	6	7	8	9	9	15	16	17
		3	4	4	5	8	8	10	10
709	770	815	867	1,019	1,110	1,135	1,269	1,387	1,484
78	79	81	83	85	87	90	95	106	107
6	6	7	7	9	9	8	8	10	11
2	2	2	2	2	2	3	3	3	4
4	4	4	5	5	5	7	8	9	10
3	3	3	4	4	4	4	5	5	5
12	13	14	14	14	15	18	19	21	22
4	4	5	5	5	6	6	7	7	7
12	13	13	13	14	15	16	17	17	18
7	8	9	9	9	7	11	9	10	15
3	3	4	4	5	5	4	7	8	8
4	5	5	5	6	6	6	7	8	8
1	1	1	1	2	2	2	2	2	2
1	2	2	2	2	2	2	2	2	2
14	14	14	14	15	16	16	17	18	18
6	6	7	7	8	9	8	9	9	9
	5	5	5	6	6	7	7	7	8
2	3	4	5	6	6	6	6	6	7
3	4	4	4	5	5	8	8	8	9
3	3	3	3	4	5	5	5	5	5
									36

FAIRBANKS NORTH STAR BOROUGH

**Direct and Underlying Property Tax Rates
Last Ten Calendar Years**

	Tax Rates - Millage									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Spring Glade S.A.	1.024	1.011	1.056	1.041	1.008	0.893	0.826	0.779	0.813	0.850
Spruce Acres S.A.	1.725	1.613	1.712	1.665	1.647	1.698	1.568	1.515	1.470	1.614
Steamboat Landing S.A.	1.356	1.334	1.315	1.260	1.251	1.317	1.171	1.176	1.192	1.307
Steese Volunteer Fire S.A.	1.469	1.466	1.494	1.937	1.861	1.809	1.693	1.628	1.600	1.690
Straight Creek S.A.		3.472	3.376	3.373	3.444	3.315	3.393	2.963	3.926	3.776
Summerwood S.A.	1.735	1.657	4.683	2.716	2.658	2.506	2.340	2.185	2.258	2.395
Summit Drive S.A.	1.074	1.065	1.079	1.085	1.060	1.037	1.45	1.375	1.381	1.447
Sunny Hills Terrace S.A.	2.317	2.422	2.484	2.378	2.377	2.432	2.355	2.249	2.367	2.498
Sunrise S.A.	2.543	2.430	2.501	2.467	2.357	2.349	2.078	1.865	1.926	2.031
Tan Terra S.A.	1.079	1.023	1.027	0.970	0.977	0.926	1.624	1.559	1.559	1.478
Thomas S.A.	1.455	1.381	1.272	1.284	1.297	1.209	2.442	2.485	2.460	2.759
Timberlane Road S.A.	1.639	1.577	1.589	1.556	1.470	1.485	1.347	1.251	1.274	1.371
Tungsten S.A.	2.560	2.606	2.797	2.752	2.778	2.737	2.687	2.682	2.648	2.814
Twenty Three Mile Slough S.A.	3.120	2.912	2.847	2.455	2.445	2.489	3.887	3.698	3.986	3.977
Ullrhaven S.A.	1.958	1.897	1.928	1.926	1.916	1.835	1.91	1.787	1.658	1.827
University Fire S.A.	2.305	2.310	2.319	2.326	2.300	2.285	2.163	2.108	2.138	2.301
University Heights S.A.	1.706	1.700	1.684	1.697	1.652	1.600	1.533	1.475	1.520	1.617
University West Street Light S.A.	0.541	0.529	0.527	0.528	0.500	0.485	0.443	0.418	0.419	0.447
Vienna Wood S.A.		1.151	1.179	1.148	0.960	0.904	0.856	0.815	0.772	0.794
Viewpointe S.A.	1.058	1.072	1.055	1.076	1.069	1.021	0.971	0.956	0.982	1.019
Violet Drive S.A.	2.356	2.244	2.264	2.203	2.191	2.118	2.711	2.667	2.572	2.798
Vista Gold Road S.A.	3.005	2.912	2.943	2.959	2.883	2.733	2.459	2.298	2.390	2.377
Vue Crest S.A.	1.521	1.532	1.550	1.510	1.467	1.463	1.389	1.310	1.303	1.429
Whitman S.A.	1.897	1.863	1.742	1.625	1.616	1.623	1.485	1.424	1.369	1.442
Wildview S.A.	3.136	3.090	3.142	3.021	3.078	2.896	2.79	2.579	2.651	2.898
Woodland S.A.	1.332	1.233	1.246	1.222	1.204	1.189	0.999	0.980	0.964	1.036
Woodridge/Mark Acres Road S.A. (h)	3.016	2.802								
Yak Road S.A.	0.973	0.963	0.983	0.956	0.965	0.934	0.888	0.889	0.900	0.976
City of Fairbanks	6.000	6.442	6.426	6.511	6.516	7.171	6.804	6.700	6.594	5.991
City of North Pole	2.300	2.400	2.400	3.000	3.000	3.000	3.000	3.000	3.000	3.000

Source: Borough Treasury and Budget Division

Notes: Alaska Statue 29.45.090 limits the amount of taxes levied to 3% of the assessed value of the property within the municipality. Furthermore, no municipality, or combination of municipalities occupying the same geographic area, may levy taxes which result in tax revenues from all sources exceeding \$1,500 a year for each person residing in the Borough or which exceed the product of 225% of the average per capita full and true value in the state multiplied by the number of residents of the taxing municipality. However, there is no taxing limitation for debt service per Alaska Statute 29.45.100. With some exceptions, the total amount of tax that can be levied during a year cannot exceed the preceding year per FNSB 3.08.145.

(a) Chena Hot Springs II S.A. and Hopeless Road S.A. began taxing real property owners in 2005.

(b) Cleary Summit S.A. began taxing real property owners in 2006.

Table VI
Sheet 3 of 3

Tax Levies (in 000's)									
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
\$15	\$15	\$16	\$18	\$20	\$20	\$22	\$24	\$26	\$27
4	4	4	4	5	5	5	6	6	6
7	8	8	8	9	10	12	13	15	17
460	490	516	736	800	862	935	1,018	1,097	1,172
	7	8	8	8	9	9	10	13	18
4	5	13	21	23	26	28	30	32	34
35	37	38	42	45	48	79	89	99	108
19	19	20	20	21	23	25	27	28	30
7	8	8	8	9	9	10	11	11	12
7	7	7	8	8	9	9	19	19	20
3	4	4	4	4	4	10	10	11	11
6	6	6	6	6	7	7	7	7	8
5	7	10	13	17	22	25	26	29	32
5	7	8	9	10	12	19	23	24	29
2	2	2	3	3	3	3	3	4	4
1,172	1,266	1,355	1,432	1,519	1,609	1,727	1,866	2,020	2,135
33	36	38	40	42	44	46	49	52	55
41	41	43	44	46	49	52	57	60	62
	8	10	11	12	14	16	19	20	21
12	13	13	14	14	15	15	16	17	18
22	23	24	26	27	29	44	48	53	57
18	20	21	23	26	28	29	31	33	35
18	19	19	20	21	22	23	25	27	30
3	3	3	2	3	3	3	3	3	4
73	80	89	97	109	120	131	145	158	171
1	2	2	2	2	2	2	2	2	2
7	7								
31	35	37	43	48	56	62	66	70	73
6,883	7,861	8,033	8,648	9,227	11,113	11,688	12,619	13,477	13,210
562	589	591	759	789	813	770	815	883	924

(c) Deep Forest S.A., starting in 2004, includes a two-year road project under a differential tax zone.

(d) Drake Estates S.A. was established October 10, 2002, with tax mill rate beginning in 2003.

(e) Spinach Creek S.A. changed its name to Goldstream Moose Creek S.A. in 2004.

(f) Potlatch S.A., starting in 2008, includes a two-year road project under a differential tax zone.

(g) Smith Ranch S.A. established its mill rate by vote on March 25, 2008.

(h) Woodridge/Mark Acres Road S.A. merged with Summerwood S.A. in fiscal year 2001-02.

FAIRBANKS NORTH STAR BOROUGH

Table VII

Principal Taxable Properties
Current Year and Nine Years Ago

Property	Type of Business	2008			1999		
		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation (a)	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation (b)
Alyeska and related activities	oil transportation	\$508,804,970	1	6.70%	\$303,577,810	1	7.54%
Fairbanks Gold Mining, Inc. (c)	gold mining	220,039,315	2	2.90	250,779,518	2	6.23
Flint Hills Resources, LLC (d)	oil refining	152,141,863	3	2.00	164,795,818	3	4.10
Doyon Utilities, LLC	utilities	87,599,597	4	1.15			
Alaska Communications Systems	communications	50,897,929	5	0.67	35,595,709	5	0.88
GCI Cable Fairbanks, Inc	utilities	39,061,519	6	0.51			
Westmark Hotel	hotel	33,256,612	7	0.44			
Wal-Mart	shopping center	32,779,914	8	0.43	13,489,470	10	0.34
Alaska Hotel Properties, Inc. (e)	hotel	27,753,848	9	0.37	15,564,047	8	0.39
HEBL Housing (Eielson AFB)	military housing	25,042,511	10	0.33	54,689,642	4	1.36
Fred Meyer Stores, Inc. (west)	shopping center				17,690,368	7	0.44
North Star Alaska Housing Corp.	military housing				29,830,020	6	0.74
Polar Star Alaska Housing Corp.	military housing				13,768,643	9	0.34
		<u>\$1,177,378,078</u>		<u>15.50%</u>	<u>\$899,781,045</u>		<u>22.36%</u>

Sources: Borough Treasury and Budget division and Assessing department

Notes: The table presented reports principle taxable properties rather than taxpayers. Cumulative totals for individual taxpayers are not stored or readily available on our system.

(a) \$7,596,404,767

(b) \$4,026,336,236

(c) Fort Knox

(d) Williams Alaska Petroleum, Inc. in 1999

(e) Princess

FAIRBANKS NORTH STAR BOROUGH

Table VIII

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Net Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Net Levy
1999-2000	\$56,487,428	\$53,750,770	\$52,965,407	98.54%	\$678,874	\$53,644,281	99.80%
2000-01	55,566,051	52,711,220	51,710,487	98.10	744,249	52,454,736	99.51
2001-02	58,313,709	55,223,773	54,516,342	98.72	622,716	55,139,058	99.85
2002-03	60,682,005	57,377,304	56,643,449	98.72	653,121	57,296,570	99.86
2003-04	64,568,352	60,900,931	60,228,158	98.90	603,454	60,831,612	99.89
2004-05	69,324,447	65,291,295	64,576,590	98.91	639,465	65,216,055	99.88
2005-06	74,094,284	69,496,812	68,689,017	98.84	755,358	69,444,375	99.92
2006-07	79,536,709	74,585,658	73,722,859	98.84	695,142	74,418,001	99.78
2007-08	82,627,871	77,656,254	76,752,199	98.84	405,500	77,157,699	99.36
2008-09	82,550,860	77,538,492	76,584,066	98.77		76,584,066	98.77

Source: Borough Treasury and Budget Division, Assessing Department

Notes: Only the areawide taxes levied by the Borough are included in this table. Collections for non-areawide functions, service areas, and other governmental units are not included.

Taxes levied for the fiscal year are the taxes levied after local exemptions, but before state mandated exemptions are applied. Net tax levy is the taxes levied for the fiscal year after the application of state exemptions.

Penalties, interest and legal fees are not included in the tax amounts above.

Farm use lands that have been sold, leased, or otherwise disposed of have been excluded from the tax amounts shown above.

FAIRBANKS NORTH STAR BOROUGH

Table IX

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita (a)
	General Obligation Bonds	Capital Leases	Loans Payable	Capital Leases			
1999-2000	\$104,985,000	\$ 499,039	\$	\$	\$105,484,039	4.58%	\$1,265
2000-01	117,005,000	1,034,577	6,717,278		124,756,855	5.42	1,507
2001-02	110,230,000	1,073,885	5,260,185	160,543	116,724,613	4.85	1,369
2002-03	130,340,000	989,038	5,930,095	126,399	137,385,532	5.45	1,572
2003-04	136,214,000	861,029	6,249,509	91,002	143,415,540	5.55	1,606
2004-05	140,325,000	1,270,358	7,585,945	54,305	149,235,608	5.46	1,615
2005-06	139,430,000	1,478,140	5,865,425	16,261	146,789,826	4.89	1,552
2006-07	142,200,000	1,168,650	6,172,203		149,540,853	4.56	1,577
2007-08	143,163,000	975,952	4,974,449		149,113,401	4.35	1,522
2008-09	135,260,000	1,006,485	3,758,471		140,024,956		

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

(a) See Table XI, Demographic and Economic Statistics for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Data for calendar year 2008 is not available until April 2010.

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FAIRBANKS NORTH STAR BOROUGH

**Ratios of Net Bonded Debt
To Assessed Value and Net General Bonded Debt Per Capita
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Assessment January 1</u>	<u>Assessed Value</u>	<u>Population Calendar Year</u> (a)
1999-2000	1999	\$4,026,336,236	83,390
2000-01	2000	4,193,816,597	82,769
2001-02	2001	4,340,465,874	85,293
2002-03	2002	4,568,512,361	87,412
2003-04	2003	4,854,771,052	89,294
2004-05	2004	5,239,380,208	92,414
2005-06	2005	5,739,614,003	94,561
2006-07	2006	6,417,556,566	94,803
2007-08	2007	7,043,522,263	97,986
2008-09	2008	7,596,404,767	

Source: Borough Assessing department

Notes: (a) See Table XI. Population statistics may vary on an annual basis as adjusted by the State of Alaska. Data for calendar year 2008 is not available until April 2010.

(b) Debt includes only long-term general obligation bonds.

Table X

<u>Gross Bonded Debt</u> (b)	<u>Debt Service Fund</u>	<u>Net General Bonded Debt</u>	<u>Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u> (a)
\$104,985,000	\$	\$104,985,000	2.61%	\$1,259
117,005,000	100,133	116,904,867	2.79	1,412
110,230,000	23,009	110,206,991	2.54	1,292
130,340,000	8,606	130,331,394	2.85	1,491
136,214,000	112,317	136,101,683	2.80	1,524
140,325,000	114,129	140,210,871	2.68	1,517
139,430,000	13,600	139,416,400	2.43	1,474
142,200,000	288,099	141,911,901	2.21	1,497
143,163,000	416,380	142,746,620	2.03	1,457
135,260,000	428,038	134,831,962	1.77	

FAIRBANKS NORTH STAR BOROUGH

Table XI

Demographic and Economic Statistics
Last Ten Calendar Years

<u>Year</u>	<u>Population</u> (a)	<u>Personal Income in 000's</u> (a)	<u>Per Capita Personal Income</u> (a)	<u>Unemployment Rate</u> (b)
1998	83,299	\$2,097,376	\$25,179	5.9%
1999	83,390	2,158,843	25,889	5.8
2000	82,769	2,303,272	27,828	6.0
2001	85,293	2,408,390	28,237	5.8
2002	87,412	2,521,539	28,847	6.4
2003	89,294	2,584,043	28,939	6.9
2004	92,414	2,735,669	29,602	6.4
2005	94,561	3,002,780	31,755	5.8
2006	94,803	3,276,214	34,558	5.6
2007	97,986	3,425,596	34,960	5.2

Sources: (a) U.S. Department of Commerce: Bureau of Economic Analysis
(b) State of Alaska Department of Labor and Workforce Development:
Research and Analysis Section

Notes: Population data is available from multiple sources for the State of Alaska, and the numbers can vary widely. The source for this table has been selected because it also provides the personal income and per capita data.

Data for calendar year 2008 is not available until April 2010.

FAIRBANKS NORTH STAR BOROUGH

Table XII

Principal Employers
Current Year and Nine Years Ago

Employer	2008		1999		Percentage of Total Borough Employment (b)
	Rank	Average Monthly Employment (a)	Employees	Rank	
Federal government (c)	1	1,000 - 3,500	3,318	1	8.12%
University of Alaska Fairbanks (d)	2	1,000 - 3,500	1,859	3	4.55
Fairbanks North Star Borough School District	3	1,000 - 3,500	1,872	2	4.58
State government (e)	4	1,000 - 3,500	1,617	4	3.96
Banner Health (f)	5	1,000 - 3,500	1,004	5	2.46
Fred Meyer Stores Inc	6	500 - 749	569	7	1.39
Sam's Club/Wal-Mart	7	500 - 749			
Fairbanks North Star Borough (FNSB)	8	250 - 499	421	8	1.03
Fairbanks Gold Mining, Inc. (Ft. Knox)	9	250 - 499			
Carrs/Safeway	10	250 - 499			
Tanana Chiefs Conference			609	6	1.49
ASRC Energy Services (Houston/NANA)			379	9	0.93
Fairbanks Native Association			300	10	0.73
			<u>11,948</u>		<u>29.23%</u>

Source: Alaska Department of Labor and Workforce Development (DOLWD), Research and Analysis Section.

Notes: Data is based on calendar year.

Federal regulations prohibit the public release of employment data for individual private-sector employers without each employer's consent. Due to the time involved in obtaining consent, DOLWD now releases the range of employees for each employer. The ranking system has not changed, it is based on the specific employment number for each employer.

- (a) average monthly employment per U.S. Bureau of Labor Statistics' Current Employment Statistics Program; 42,914 total Borough employment in 2008 per U.S. Bureau of Labor Statistics' Current Population Survey
 (b) 40,877 total Borough employment in 1999 per U.S. Bureau of Labor Statistics' Current Population Survey
 (c) excludes military uniformed personnel; for 2008, includes civilian employees at Fort Wainwright Army Post 1,547 and civilian employees at Eielson Air Force Base 788
 (d) student employment not included: 2008 - 836, 1999 - 874
 (e) State government is total State government excluding the University of Alaska
 (f) Fairbanks Memorial Hospital (Lutheran Health Services in 1999)

FAIRBANKS NORTH STAR BOROUGH

Table XIII

Full-time Equivalent Borough Government Employees by Function
Last Seven Fiscal Years

	Full-time Equivalent Employees as of June 30						
	2003	2004	2005	2006	2007	2008	2009
			(a)				
General government	109.95	108.40	112.40	116.90	116.30	116.30	114.30
Community planning	19.00	20.00	20.00	20.00	21.00	22.00	20.00
Public works	35.66	33.32	40.32	38.32	38.32	40.32	40.32
Parks and recreation	48.18	47.24	48.64	49.57	53.45	54.45	55.45
Library	49.35	47.35	47.35	47.35	47.85	47.85	47.85
Direct services	19.06	20.06					
Emergency operations	3.00	3.00	18.01	18.01	21.00	21.00	20.50
Fire service areas	5.00	5.00	5.00	5.00	4.00	4.00	4.00
Transit	36.86	38.86	41.36	41.36	42.67	44.88	44.88
Land	9.00	9.00	9.00	9.00	9.00	9.00	8.00
Carlson Center	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Solid waste disposal	14.84	15.18	15.68	15.68	16.06	16.06	16.06
Total	<u>350.15</u>	<u>347.66</u>	<u>358.01</u>	<u>361.44</u>	<u>369.90</u>	<u>376.11</u>	<u>371.61</u>

Source: Borough Treasury and Budget division

Notes: Employee by function data is available beginning with fiscal year 2003 when the Borough implemented GASB Statement No. 34.

(a) In fiscal year 2005, the direct services function was dissolved. Rural services (roads) was moved into the public works function and animal control was moved into the emergency operations function.

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FAIRBANKS NORTH STAR BOROUGH

**Operating Indicators by Function/Program
Last Seven Fiscal Years**

Function/Program	Fiscal		
	2002-03	2003-04	2004-05
General government			
Annual operating budget	\$101,787,690	\$106,437,380	\$112,772,767
Community planning			
Platting applications processed	230	357	338
Zoning and related permits issued	273	247	333
Public works			
Average annual dollar value of projects completed	\$21 million	\$11 million	\$23 million
Facilities maintenance work orders	2,650	2,940	3,108
Parks and recreation			
Aquatic facility attendance	243,900	212,126	222,675
Chena Lakes annual visitors	66,099	108,117	76,131
Ice arena average daily attendance	423	430	443
Pioneer Park annual visitors	257,581	252,920	237,829
Library			
Items borrowed and used by patrons	518,293	556,747	577,424
Number of library visits by patrons	301,866	355,483	347,297
Road and other service areas			
Number of volunteer commissioners	240	259	273
Education			
Local support to school district	\$33,545,700	\$34,545,700	\$36,545,700
Emergency operations			
Ambulance responses	1,589	1,610	1,625
Animal control call responses	4,415	4,033	4,327
E-911 calls received (b)	44,966	47,628	46,300
Fire service areas			
Call outs (calendar year)	829	874	943
Transit			
Total ridership	375,201	382,000	399,215
Paratransit van rides provided	26,196	31,360	20,175
Vehicle emission tests performed	39,525	39,525	35,940
Land			
Number of acres sold	440	444	80
Gross sales	\$484,935	\$649,720	\$150,500
Carlson Center			
Event tickets sold	57,290	61,873	62,000
Solid waste disposal			
Number of tons into the landfill	102,789	106,625	111,602
Tons of waste paper recycled	1,700	1,179	(c)

Sources: Various Borough departments, State of Alaska Department of Public Safety

Notes: This table provides function and program detail that became available when the Borough implemented GASB Statement No. 34 in fiscal year 2003.

(a) This column contains budgeted numbers, actuals will not be available until the following year

Table XIV

Year			
2005-06	2006-07	2007-08	2008-09
\$121,996,319	\$124,835,720	\$133,920,867	(a) \$135,135,900
338	387	222	200
349	328	258	162
\$33 million	\$34 million	\$24 million	\$18 million
3,230	2,862	2,704	2,730
225,350	220,134	227,671	200,000
80,294	95,038	88,069	97,990
358	481	480	495
259,985	275,581	265,100	285,000
566,640	614,218	662,755	658,926
363,653	327,850	344,723	345,399
278	266	265	283
\$38,022,700	\$40,022,700	\$42,222,700	\$44,222,700
1,632	2,229	2,287	2,096
4,458	4,930	3,997	3,820
45,900	46,500	116,007	117,323
1,164	1,122	1,058	(c)
392,024	294,865	320,000	330,000
21,014	24,765	30,000	31,500
33,389	30,656	28,028	29,830
568	2	340	4
\$1,764,690	\$7,000	\$340,250	\$223,000
102,064	107,336	109,525	118,554
109,780	113,052	115,990	104,391
1,081	622	(d)	(d)

(b) FY2007-08 began tracking all calls through E911 rather than only those resulting in service

(c) Data not available

(d) Recycling program suspended

FAIRBANKS NORTH STAR BOROUGH

**Capital Asset Statistics by Function
Last Seven Fiscal Years**

Function / Program	Fiscal			
	2002-03	2003-04	2004-05	2005-06
General government				
Administration square footage	21,216	21,216	21,127	21,216
Public works				
Re-use areas	5	5	5	5
Transfer sites	14	14	14	14
Parks and recreation				
Ball fields	45	45	45	45
Campgrounds	5	5	5	5
Ice Rinks	8	8	8	8
Parks	128	130	131	133
Picnic facilities	28	28	28	28
Pools	3	3	3	3
Soccer fields	8	8	8	8
Square feet of playground equipment	43,240	44,000	44,000	44,000
Basketball, tennis, and volleyball cour	27	27	27	27
Library				
Items in collection	297,571	311,626	319,692	337,639
Public computers and printers	119	68	70	63
Road and other service areas				
Miles of road	445	447	460	466
Education				
Primary schools	19	19	19	19
Secondary schools	10	10	10	10
Emergency operations				
Animal control vehicles	6	6	6	6
Emergency response vehicles	6	4	6	6
Fire service areas				
Emergency response vehicles	53	54	51	51
Fire stations	13	13	13	13
Transit				
Buses	10	10	9	9
Paratransit vans	7	7	6	18
Carbon monoxide analyzers	3	3	3	4
Carlson Center				
Community activity center	1	1	1	1
Solid waste disposal				
Landfill cells	1	1	1	2
Recycling collection totes	30	30	31	31

Sources: various Borough departments

Table XV

Year		
2006-07	2007-08	2008-09
21,127	21,138	21,138
5	5	5
14	14	14
43	43	43
5	5	5
8	8	8
133	132	136
30	30	30
3	3	3
8	8	8
48,000	47,480	47,480
27	27	27
347,291	348,380	350,881
63	64	72
470	473	476
19	19	19
10	10	10
6	7	7
6	7	6
62	67	68
14	14	14
9	13	13
12	9	9
4	4	4
1	1	1
2	2	2
30	30	30

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