



Fairbanks North Star Borough

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2010



Photo by:
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FAIRBANKS NORTH STAR BOROUGH

Fairbanks, Alaska

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010

Luke T. Hopkins, 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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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 98,660¹ and has an assessed valuation of \$8.3 billion², of which \$739.6 million² is related to the trans-Alaska oil pipeline. There are two first-class cities located within the Borough's boundaries: North Pole with 2,200 residents and Fairbanks with a population of 32,506. 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 2,411 regular staff (full and part-time). Fall 2010 enrollment reached 9,855 students (4,445 full-time and 5,410 part-time), and currently has 1,203 students enrolled in graduate studies. In fiscal year 2010, 1,152 students graduated from an academic program. UAF expended \$114 million in research in fiscal year 2010. The university has an exceptional museum which received 77,923 visitors in fiscal year 2010. 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.

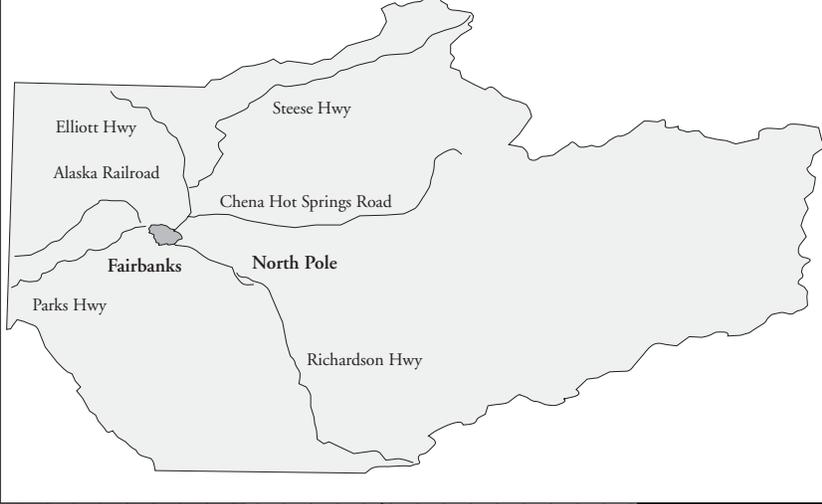
The Borough has over 100 parks. A major attraction among these is the 44-acre Pioneer Park -- a look at yesteryear -- with historic buildings, a stern-wheeler riverboat, and small shops. The largest of the Borough parks is the 2,178-acre Chena Lake Recreation Area with 80 campsites, swimming, and boating. 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 12 hotels and motels in the Borough. In addition, there are 38 bed and breakfasts, 11 lodges, and several recreational vehicle parks and campgrounds accommodating the area.

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

² for 2010 tax year

FAIRBANKS NORTH STAR BOROUGH



Alaska

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.

Nome

Fairbanks

Anchorage

Valdez

Cordova

Bethel

Seward

Homer

Bering Sea

Gulf of Alaska



Fairbanks North Star Borough

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December 15, 2010

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, 2010. 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 2009-10 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, 2010 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, 2010."

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; 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 30-plus schools serving approximately 14,400 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 2009, employment in the borough decreased 1.6 percent, to 38,000 workers, after 20 years of consecutive growth. However, average employment was up 0.7 percent through the first nine months of 2010 to 38,267 workers, although, the remaining fall-winter months of the calendar year are expected to pull down the average annual employment for 2010 to slightly under the 2009 number.

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 32 percent of total borough employment (9 percent federal, 14 percent State, 9 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 \$106.5 million in fiscal year 2009. UAF enrollment (student credit hours) increased 4.7 percent for the fall 2010 semester compared to fall a year ago. In November 2010, voters approved statewide general obligation bonds for education projects, including \$88 million toward the \$108.6 million project for a new life sciences facility on the Fairbanks campus. Construction is expected to begin in spring 2011, with occupancy by early 2014. On the downside, the Arctic Region Supercomputing Center is planning to scale back from 46 to 10 regular employees because its primary funding, a contract with the U.S. Department of Defense, is not expected to be renewed when it expires in May 2011.

Trade, transportation, and utilities is the next largest employment sector in the borough, accounting for 20 percent of total employment. Wal-Mart and Sam's Club together are the sixth largest employer in the borough. Fred Meyer is 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 seventh, tenth, and eleventh largest taxable properties in the Borough, respectively.

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. See MD&A and Note 18 to the financial statements for information about the Borough's litigation with Alyeska over the assessed valuation of TAPS.

See MD&A for a discussion of a new \$160 million bridge (phase I) over the Tanana River for the State-owned Alaska Railroad Corporation. The U.S. Army Corps of Engineers' regulatory review and permitting process is still underway, with the Railroad hoping to begin Phase I construction in 2011. The Borough has received a \$40 million State grant for river-training construction-related work on the project.

The third largest taxable property in the Borough was first taxable in fiscal year 2009 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. 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) is Banner Health which operates Fairbanks Memorial Hospital and other health services in Fairbanks. 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. The Surgery Center of Fairbanks, a new \$25 million private outpatient surgery center, opened its doors in November 2010. Tanana Chiefs Conference (TCC), the traditional tribal consortium of the 42 villages in Interior Alaska, oversees the Chief Andrew

Health Center (CAIHC) for ambulatory care. TCC is planning to build a new \$75 million CAIHC facility. Employment in the health care subsector continues to grow steadily despite employment losses in other sectors.

Approximately ten 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 eighth and ninth largest Borough property taxpayers, respectively. After a large decrease in 2009, receipts of hotel-motel room tax indicate that tourism in summer 2010 increased somewhat, although it was not back to the levels in 2008. Some businesses experienced a boost from the annual convention of the Alaska Federation of Natives held in Fairbanks in October 2010. Also in October, the Borough submitted a bid to host the 2014 Arctic Winter Games, a circumpolar three-country multi-sport competition held every other year and rotated among the participating countries.

The construction, mining and logging, and manufacturing sectors comprise the goods-producing domain, and represent 6.4 percent, 2.8 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 fourth largest property taxpayer.

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. It has an expected productive life to 2018. The Pogo gold mine, just seven miles outside the Borough's southern boundary, expects to operate through 2016. 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. The Livengood project is now in transition from an exploration project to undertaking a pre-feasibility study. With an office in Fairbanks, International Tower Hill Mines Ltd. plans expenditures of approximately \$37.5 million dollars in 2011 for the continuation of exploration, definition and condemnation drilling, and for technical studies to produce the pre-feasibility study.

In addition to the construction projects previously mentioned, the Borough has several projects in progress (see Capital Assets section of MD&A). Like the rest of the nation and the state, construction has slowed in the borough. However, a multitude of other projects are also underway on the two military installations, on the existing railroad, 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, is the Borough's sixth largest property taxpayer. 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, placing them on the top ten list for the first time in 2009.

Military Installations

There are two large military installations within the borough, Fort Wainwright Army Post (Fort Wainwright) and Eielson Air Force Base (Eielson). Eielson, along with joint base Elmendorf-Richardson in Anchorage, hosts Red Flag-Alaska, a ten-day combat training exercise for U.S. Air Force and allied crews. Crews usually arrive one week prior to the exercise for orientation and preparation. Red Flag-Alaska is held up to four times a year with a total of over 3,600 U.S. and international participants, over half of which deploy to Eielson through the course of a year's exercises. In May 2010, following the first Red Flag-Alaska

exercise of the year, an additional international five-day Distant Frontier exercise was based out of Eielson.

The Tanana River bridge construction project for the Alaska Railroad, mentioned in the Employment and Industries subsection, above, and discussed in more detail in the MD&A, would provide year-round access to joint Army and Air Force training ranges south of the Tanana River. In addition, the Department of Defense has just issued a notice of intent to prepare an environmental impact statement evaluating potential environmental impacts associated with modernizing and enhancing current military ground and air training assets and with expanding and/or establishing new airspace and controlled access land for training in the interior of Alaska.

City of Fairbanks

In November 2009, the State's Local Boundary Commission (LBC) approved the City of Fairbanks' petition to annex 0.05 square miles of 26 mostly residential enclave lots and a subdivision of three commercial properties west of its City limits. The Borough formally opposed the annexation of the commercial subdivision. By mutual agreement, the annexation was effective July 1, 2010. The Borough estimates a combined 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.

Natural Gas Pipelines

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 currently two major 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. Both projects recently completed their initial solicitations of long-term commitments from natural gas owners to send gas through the pipeline (open season). TransCanada allowed bids to ship gas through an alternative project pipeline terminating in Valdez, Alaska (the Valdez option). BP, ConocoPhillips, and ExxonMobil currently hold leases for most of the known reserves. As expected, leaseholders' commitments were made with conditions, some of which will likely not be resolved without the involvement of various governments. Both projects are currently assessing the commitment bids and negotiating with the leaseholders.

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:

gov.alaska.gov/parnell/priorities/alaska-gasline-project.html

www.gasline.alaska.gov

www.thealaskapipelineproject.com

www.denalipipeline.com

www.arcticgas.gov

In April 2010, the Governor signed a bill intended to expedite the process for an in-state natural gas pipeline, a "bullet" line from the North Slope through Fairbanks to Anchorage. The bill creates a Joint In-state Gasline Development Team. The Team members are the in-state gasline project coordinator, the Alaska Natural Gas Development Authority chief executive officer, the Department of Transportation and Public Facilities commissioner, the chair of the board of directors of the Alaska Railroad Corporation, and the Alaska Housing Finance Corporation executive director as chair of the Team. As allowed by the law, the Alaska Gasline Development Corporation was formed as a subsidiary of the Alaska Housing Finance Corporation, whose Chief Executive Officer chairs the Development Team. The law's timeline calls for a project plan by July 1, 2011, with gas flowing by the end of 2015. Almost \$16 million was appropriated for the Development Team for the 2010-11 fiscal year. See the following web sites for further information:

gov.alaska.gov/parnell/priorities/alaska-gasline-project/bullet-line.html

www.gasline.us.com/

www.angda.state.ak.us/overview.asp

See also the **Borough Initiatives**, *Alaska Gasline Port Authority* subsection, below.

Unemployment Rate

The average borough monthly unemployment rate for the twelve months ended September 30, 2010 was 7.3 percent, up slightly from 7.2 percent for the same period last year. The average for the last ten calendar years is 6.2 percent. 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 effects in Alaska have lagged behind the nation, and in the borough, have 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 7.4 percent annually, on average, since 2001. 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 seven years, with over \$400 million of value added in the 2010 tax year (levied in the 2009-10 fiscal year). However, new construction is expected to decline significantly for the 2010-11 fiscal year, as the economic downturn has slowed commercial and residential construction considerably.

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 9.2 percent (in 2010). TAPS is valued by the State of Alaska for all governments which encompass its route. See Note 18 to the financial statements for information about the disputed 2006, 2007, 2008, 2009, and 2010 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 2009-10 could not exceed the total amount levied for fiscal year 2008-09, adjusted for inflation with certain defined exclusions. For computation purposes, the fiscal year 2008-09 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.

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 \$9.2 million of reimbursements in fiscal year 2010. 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, due to the Legislature's decision not 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. The State has annually "forward-funded" the program for three years to allow for the maximum \$60 million total annual distribution prescribed by Statutes. For fiscal year 2010, the distribution to the Borough was \$3.8 million.

Oil tax and royalty revenues comprise about 90 percent of the State's general fund unrestricted revenues. 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, then trending steadily higher to their present level. The State is expecting to end fiscal year 2011 with a \$260 million surplus. In November 2010, Moody's upgraded the State of Alaska's bond rating to its highest grade, citing large financial reserves, strong financial management, and conservative fiscal decisions. While the market price of oil has more than tripled since 1988, Alaska oil production has declined about 68 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 2010 were for federal and State payments in lieu of taxes (\$1,193,717), operations of the Borough's mass transit system (\$622,183), child care assistance program administration (\$601,343), State telephone/electric co-op taxes (\$418,403), the State's Health & Human Services Community Matching Grant Program (\$312,670), Homeland Security functions and equipment (\$288,499), transportation planning (\$164,810), and various library programs (\$153,988).

The Borough has also received numerous State and federal non-recurring grants. In fiscal year 2010, some of the largest of these revenues included \$3.2 million for a variety of capital and other grants from the State; \$2.5 million to close sections of the landfill; \$528,406 for studies and projects related to the PM_{2.5} air quality standard (see discussion under **Borough Initiatives**, below); \$369,783 for continued development of the Tanana Lakes Recreation Area (see Parks & Recreation discussion under **Borough Initiatives**); \$335,525 for wild land fire management and community fire assistance; and \$327,521 for operating the Borough's newest bus routes. Included in these amounts is \$2,623,978 of federal funding under ARRA (American Recovery and Reinvestment Act of 2009).

The School District's major sources of State revenues are the public school foundation funding program, at \$109.7 million for fiscal year 2010, and pupil transportation at \$9.9 million. Federal impact aid is received for educating student-dependents of the uniformed military and totaled \$12.0 million in fiscal year 2010. The School District received approximately \$16.0 million in ARRA spending authority over a two-year period ending in the fall of 2011 and spent \$7.5 million of ARRA funding in fiscal year 2010.

In addition to all of the above, the Borough also benefited from other ARRA programs. In June 2009, the U.S. Treasury announced direct allocations of bonding authority for two ARRA Recovery Zone Bonds programs, Recovery Zone Economic Development (RZED) bonds for private activity and Recovery Zone Facility (RZF) bonds for governments. The Borough's allocations are \$32.8 million and \$49.1 million, respectively. The RZED bonds are also a type of Build America Bonds (BAB). The Borough's 2010 Series M bonds qualified as RZED BABs due to the 2005 realignment of Eielson Air Force Base under the Defense Base Closure and Realignment Act of 1990 ("BRAC 2005"). The \$11,950,000 Series M RZED BABs are taxable municipal bonds that have a direct federal subsidy to the Borough of 45 percent of the interest paid to the bondholders. This past summer, the State's Alaska Industrial Development and Export Authority took over the Borough's remaining RZF allocation. Several projects located in the Borough have been approved under the RZF bond program, including the two new outpatient surgery facilities mentioned in the **Economy, Employment and Industries** subsection, above.

Long-Term Financial Planning

Reserves

The Borough has established a number of reserves for a variety of purposes. The balances in these reserves are reported in Additional Information Schedule 6. Further details follow here.

Information on the Borough's \$2.6 million health care contingency reserve can be found in Note 15 to the financial statements.

In fall 2009, the Borough Assembly established a School District Facilities Maintenance Reserve, to be funded by the first 28.5 percent of the school district's annual lapse, for the purpose of major

maintenance, repairs, and upgrades of Borough school district facilities. The first contribution, based on the fiscal year 2009-10 lapse, is \$2,183,369.

Information on the Borough's voluntary landfill closure and postclosure care reserve can be found in Note 11 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 \$825 million. As of June 30, 2010, the Assembly has set aside \$25.5 million in the FMR through the years, of which \$24.7 million has been allocated to fund 142 discrete projects, leaving approximately \$874,000 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. The transfer to the FMR in fiscal year 2011 will be \$2,391,800. 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 was no transfer to the FMR in fiscal year 2010.

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 \$1,635,200 has been deposited into the ARF and almost \$668,400 has been set aside or used for purchases. And in fiscal year 2010, the Assembly opted to withdraw \$350,000 from the ARF to aid in balancing the budget, leaving an available balance of almost \$617,000 at June 30, 2010. The fiscal year 2010-11 deposit to the ARF will be \$231,000 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 (2008) and the Borough's median property taxes paid on owner-occupied housing is 27 percent greater than the national median (2009). Of note, however, is that exemptions increase the mill rate 10 percent higher than it would be without exemptions, including both mandatory exemptions (6.6 percent) and optional exemptions (3.8 percent). A persistent concern for the Borough is the financial pressure on homeowners that can result from combining the high cost of home energy in arctic Interior Alaska with high property taxes.

The annual addition of new construction assessed values has enabled the Borough to keep the areawide mill rate stable, while allowing total property tax revenues to rise. (See **Economy**, *Real Property Values* subsection, above.) From fiscal year 2002 through fiscal year 2010, the mill rate actually declined each year. While the mill rate increased slightly for fiscal year 2011, by 0.246 of a mill, it is still lower than any of the rates in fiscal years 1990 to 2008. For fiscal year 2010, areawide property taxes were levied \$4.9 million under the tax limit. Historically, for many years, the Borough has levied significantly under the tax limit.

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 2012 ballot.

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.

Testing has determined that at least 50 percent of Fairbanks' wintertime PM_{2.5} air pollution derives from wood burning. With an arctic climate and high energy costs, wood is a popular, relatively low-cost heating source for borough citizens. Scientific work related to PM_{2.5} in the Fairbanks non-attainment area continues with federal funding and the Borough has concentrated its mitigation efforts on reducing particulates from wood-burning devices.

The Assembly passed an air quality ordinance in June 2010. The new law limits the types and locations for new installations of most wood- and coal-burning devices; establishes complaint-driven visible emissions standards (effective September 2011); bans the burning of specific materials in the non-attainment area; requires commercial sellers to provide certain written notices to buyers and lessors of such devices; creates fines for violations of the preceding requirements; offers cash and property tax credits as incentives to remove, replace, or repair high-polluting devices; and provides for voluntary burning restrictions during air quality alerts. An education program has also been funded with grants from the federal and State governments.

In October 2010, voters approved an initiative that the Borough "shall not ban, prohibit, or fine residents for the use of home heating devices". Consequently, the Mayor has proposed an ordinance for review by

the Borough's Air Pollution Control Commission amending the new law to remove the not-yet-effective emissions standards and related fines.

Transfer of the Land Management Department

In April 2010, the Assembly adopted an ordinance transferring the functions of the land management department from a business-type enterprise fund to various governmental activities - governmental funds, effective July 1, 2009. All land was moved to governmental activities capital assets. All inception-to-date program accounts related to activities generating revenue from land; including development and sale, leases and easements, and natural resource permitting and extraction; were moved to the land revenue reserve in the local programs special revenue fund. The remaining department operational accounts, including accounts associated with property tax foreclosures, were moved to the general fund. The intent is for the land revenue reserve to continue funding the department's operations by an annual transfer to the general fund. However, with the land management department now a part of the general fund, it is no longer necessary for the department to pay for support services from other general fund departments. In conjunction with these transfers, the accounting for land sales was changed from an installment basis to a full accrual basis, with appropriate deferrals in the land revenue reserve in keeping with its modified accrual basis of accounting. See Note 17. B. to the financial statements.

Energy and Energy Costs

In spring 2008, borough 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 initially was able to continue the 16 -year downward trend in its property tax mill rate, and for fiscal year 2011, the Borough was able to keep the increase very small, raising it by only 2.2 percent (see Property Taxes subsection, above). The Borough also adopted an emergency energy program, appropriating almost \$1.8 million. \$750,000 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, 2010, about \$528,000 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 October 2010, the Assembly accepted a \$1 million research grant from the U.S. Department of Energy to engage a designated project partner, who will match the grant with another \$1 million, to model a deep geothermal reservoir system, drill a test well, and analyze the results. For itself, the Borough adopted a Resource Conservation Management Program encompassing the Borough's office and computer equipment and appliances, lighting, heating and cooling, vehicle use, recycling and waste reduction, water use, and procurement.

In November 2010, the Governor and the Alaska Energy Authority announced the State's endorsement of the development of a large hydroelectric project on the Susitna River. A \$10 million appropriation in the last Legislative session is to fund the Alaska Energy Authority's efforts toward planning, design, and permitting.

See also the **Economy**, [Natural Gas Pipelines](#) subsection, above.

[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 2010, some trails work was completed and volunteers removed over 15 tons of trash, other debris, and invasive plants. The boat launch facility is being designed and construction is anticipated to begin in spring 2012.

In March 2000, the Borough approved a master plan for the 128-acre sports-focused South Davis Park. During 2010, lights were added to one of the parking lots and at the dog park; and 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 2010, another mile of trail was "hardened".

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. The Borough intends this to be a passive park. Accordingly, 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. The North Slope Borough has since withdrawn from the AGPA. Construction of a pipeline 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.

While the community waits for low cost natural gas to become available (see **Economy**, [Natural Gas Pipelines](#) subsection, above), AGPA continues negotiations to purchase Fairbanks Natural Gas (FNG), the local gas distribution utility, to provide lower costing gas to the local electrical utility as the anchor customer, Golden Valley Electrical Association (GVEA), and to provide larger volumes of lower priced natural gas to other customers in our community and to the city of Valdez, the other AGPA member community. The availability of greater volumes of lower cost, clean-burning natural gas would stimulate economic growth and would improve the borough's poor winter air quality (see [PM2.5 Air Quality Standard](#) subsection, above).

As of December 2010, underwriters, bond counsels, GVEA, and current owners are finalizing the debt-financed purchase by AGPA. The purchase of FNG would greatly increase the local natural gas supply. Following two year construction seasons to provide a liquefaction plant on the North Slope, LNG and propane byproduct would be trucked to a new 11-million-gallon storage tank in North Pole; to FNG's current storage facilities in south Fairbanks that supply the existing piped network and would provide annual distribution system growth; and to facilities in Valdez.

For further information about the AGPA, please visit their web site at www.allalaskagasline.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, 2009, its twenty-second 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, 2009 and July 1, 2010, its twentieth and twenty-first 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

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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, 2009

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 stylized, handwritten signature in black ink.

President

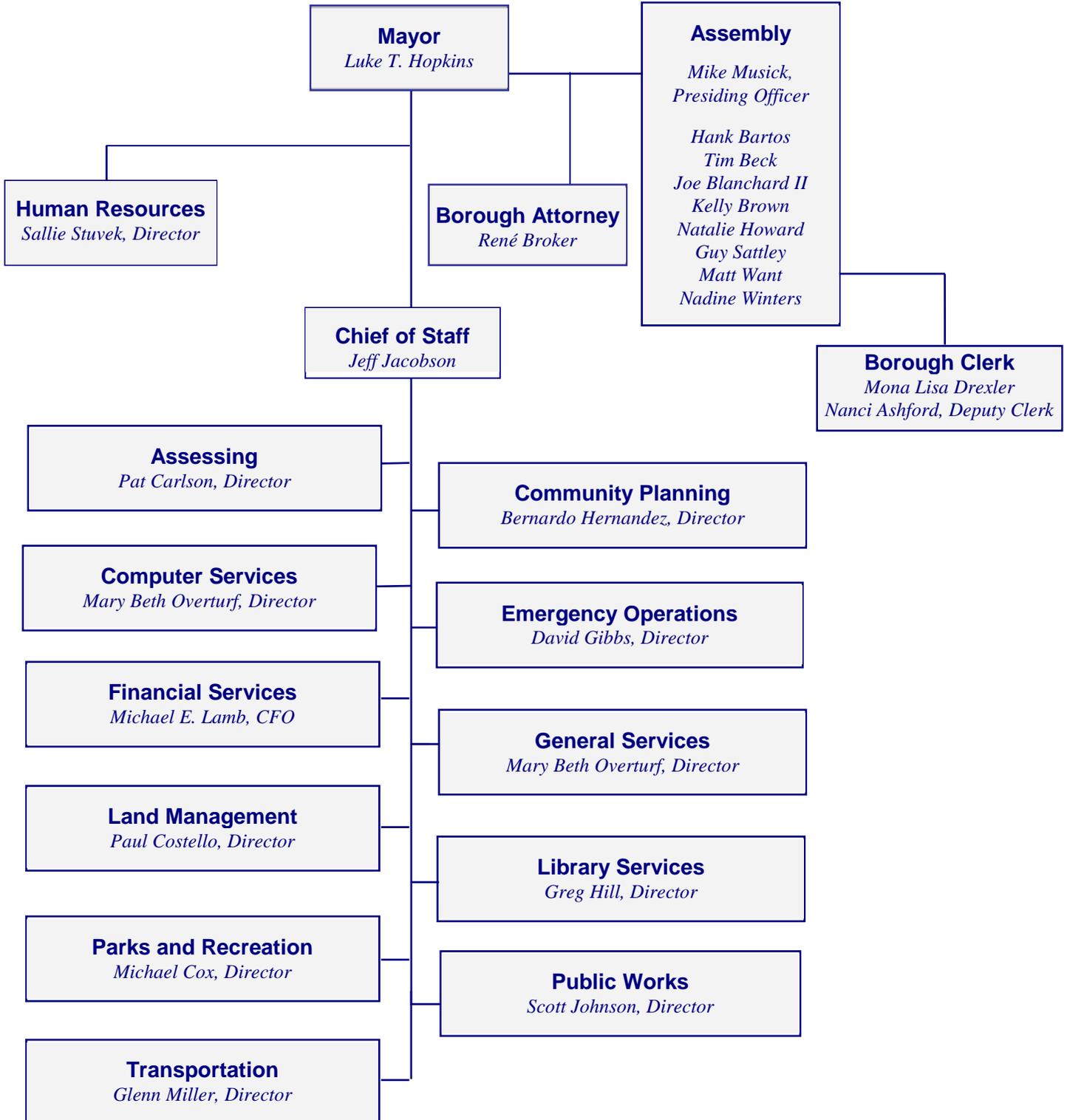
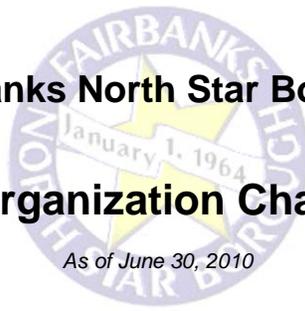
A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

Fairbanks North Star Borough

Organization Chart

As of June 30, 2010



Fairbanks North Star Borough

LIST OF PRINCIPAL OFFICIALS

as of June 30, 2010

Borough Assembly

Mike Musick, Presiding Officer
Guy Sattley, Deputy Presiding Officer
Hank Bartos
Tim Beck
Joe Blanchard II
Kelly Brown
Natalie Howard
Matt Want
Nadine Winters

Board of Education

Leslie Hajdukovich, President
Wendy Dominique, Vice President
Sharon McConnell, Treasurer
Sue Hull, Clerk
Kristina Brophy, Member
Silver Chord, Member
Sean Rice, Member
Lt. Col. Jesse Johnson, Base Representative
Col. Timothy Jones, Post Representative
Danielle Wilson, Student Representative

Borough Mayor

Luke T. Hopkins

Administration

Borough Clerk	Mona Lisa Drexler
Borough Attorney	René Broker
Chief of Staff	Jeff Jacobson
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
Director Human Resources	Sallie Stuvek
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, Pete Lewis
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 13, 2010

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, 2010, 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, 2010, 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, 2009 financial statements which have been restated as described in Note 17 to these financial statements and, in our report dated December 16, 2009, 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, 2010 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, 2010, 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. Note 17 to the financial statements includes a discussion of the change in accounting principle relating to the Land enterprise fund.

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 13, 2010, 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, 2010 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, 2010, 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, 2009, which are not presented with the accompanying financial statements. In our report dated December 16, 2009, 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, 2009 additional information schedules 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 which have been restated as described in Note 17 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 - Haugeberg 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, 2010

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, 2010. 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 (through fiscal year 2008-09), 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, 2010

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 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, 2010

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 (through fiscal year 2008-09), 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 (fiscal year 2009-10 final contribution and transfers out), 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 Borough. 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, 2010**

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 \$578 million at the close of the most recent fiscal year.

Net Assets
(shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2010	2009 Restated	2010	2009 Restated	2010	2009 Restated
Current and other assets	\$121,509	\$116,058	\$18,796	\$36,361	\$140,305	\$152,419
Capital assets	591,196	583,395	33,737	35,497	624,932	618,892
Total assets	<u>712,705</u>	<u>699,452</u>	<u>52,533</u>	<u>71,858</u>	<u>765,238</u>	<u>771,311</u>
Long-term liabilities	143,814	139,623	20,692	26,002	164,507	165,625
Other liabilities	20,667	21,858	2,450	1,405	23,116	23,263
Total liabilities	<u>164,481</u>	<u>161,481</u>	<u>23,142</u>	<u>27,407</u>	<u>187,623</u>	<u>188,888</u>
Net assets:						
Invested in capital assets, net of related debt	493,419	487,414	31,212	31,739	524,631	519,153
Restricted	46,094	47,836	557	586	46,651	48,422
Unrestricted	8,712	2,721	(2,379)	12,126	6,333	14,847
Total net assets	<u>\$548,224</u>	<u>\$537,971</u>	<u>\$29,391</u>	<u>\$44,451</u>	<u>\$577,614</u>	<u>\$582,423</u>

By far the largest portion of the Borough's net assets (\$524.6 million or 90.8 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 (unrestricted net assets or future revenues), because the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Borough's net assets (\$46.7 million or 8.1 percent) represents resources that are subject to external restrictions on how they may be used, such as restrictions imposed by grant agreements, bond covenants, and agreements with other external parties, and restrictions for special taxing jurisdictions. The remaining balance of unrestricted net assets (\$6.3 million or 1.1 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, unrestricted net assets of business-type activities was a \$2.4 million deficit, down from a \$12.1 million positive balance in the prior year. All other categories of the Borough's net assets report positive balances, both for the government as a whole, as well as for its separate governmental and business-type activities. At the end of the prior fiscal year all categories of net assets reported positive balances. 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, 2010**

Changes in Net Assets
(shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2009		2009		2009	
	2010	Restated	2010	Restated	2010	Restated
Revenues:						
Program revenues:						
Charges for services	\$3,291	\$3,361	\$8,023	\$8,086	\$11,313	\$11,447
Operating grants and contributions	2,338	3,654	1,725	2,054	4,062	5,707
Capital grants and contributions	4,602	19,788	2,802	77	7,404	19,864
General revenues:						
Property taxes	98,490	93,708			98,490	93,708
Other taxes	4,742	4,122			4,742	4,122
Grants and contributions not restricted to specific programs	16,604	14,124		41	16,604	14,166
Other	3,156	1,996	34	233	3,190	2,229
Total revenues	<u>133,222</u>	<u>140,752</u>	<u>12,583</u>	<u>10,491</u>	<u>145,805</u>	<u>151,243</u>
Expenses, netted with indirect expenses allocation:						
General government	20,760	19,297			20,760	19,297
Community planning	2,264	1,875			2,264	1,875
Public works	10,782	10,564			10,782	10,564
Parks and recreation	9,734	9,257			9,734	9,257
Library	5,980	5,591			5,980	5,591
Road and other service areas	5,712	4,394			5,712	4,394
Education	62,819	61,898			62,819	61,898
Emergency operations	5,863	5,733			5,863	5,733
Fire service areas	6,115	5,399			6,115	5,399
Interest on long-term debt	5,485	6,052			5,485	6,052
Transit			7,845	7,282	7,845	7,282
Land				1,333		1,333
Carlson Center			1,558	1,596	1,558	1,596
Solid waste disposal			5,975	11,235	5,975	11,235
Total expenses, net	<u>135,513</u>	<u>130,060</u>	<u>15,377</u>	<u>21,447</u>	<u>150,891</u>	<u>151,507</u>
Changes in net assets before transfers	(2,292)	10,692	(2,794)	(10,955)	(5,086)	(263)
Transfers	12,267	(5,022)	(12,267)	5,022		
Changes in net assets	<u>9,975</u>	<u>5,670</u>	<u>(15,060)</u>	<u>(5,933)</u>	<u>(5,086)</u>	<u>(263)</u>
Net assets, beginning as restated (see Note 17.B.)	<u>538,249</u>	<u>532,302</u>	<u>44,451</u>	<u>50,384</u>	<u>582,700</u>	<u>582,686</u>
Net assets, ending	<u>\$548,224</u>	<u>\$537,971</u>	<u>\$29,391</u>	<u>\$44,451</u>	<u>\$577,614</u>	<u>\$582,423</u>

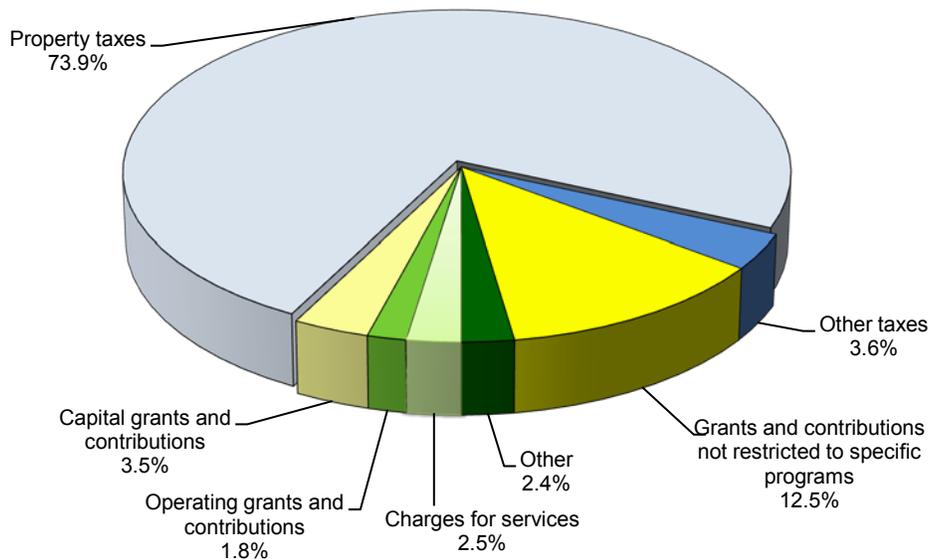
FAIRBANKS NORTH STAR BOROUGH

**Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2010**

The Borough's net assets decreased by \$5.1 million from the prior year's restated amount. Significant differences from the prior year's \$263,000 net decrease in net assets 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.)**



Governmental activities increased the Borough's net assets by \$10.0 million during the current fiscal year. Key elements of this change are as follows:

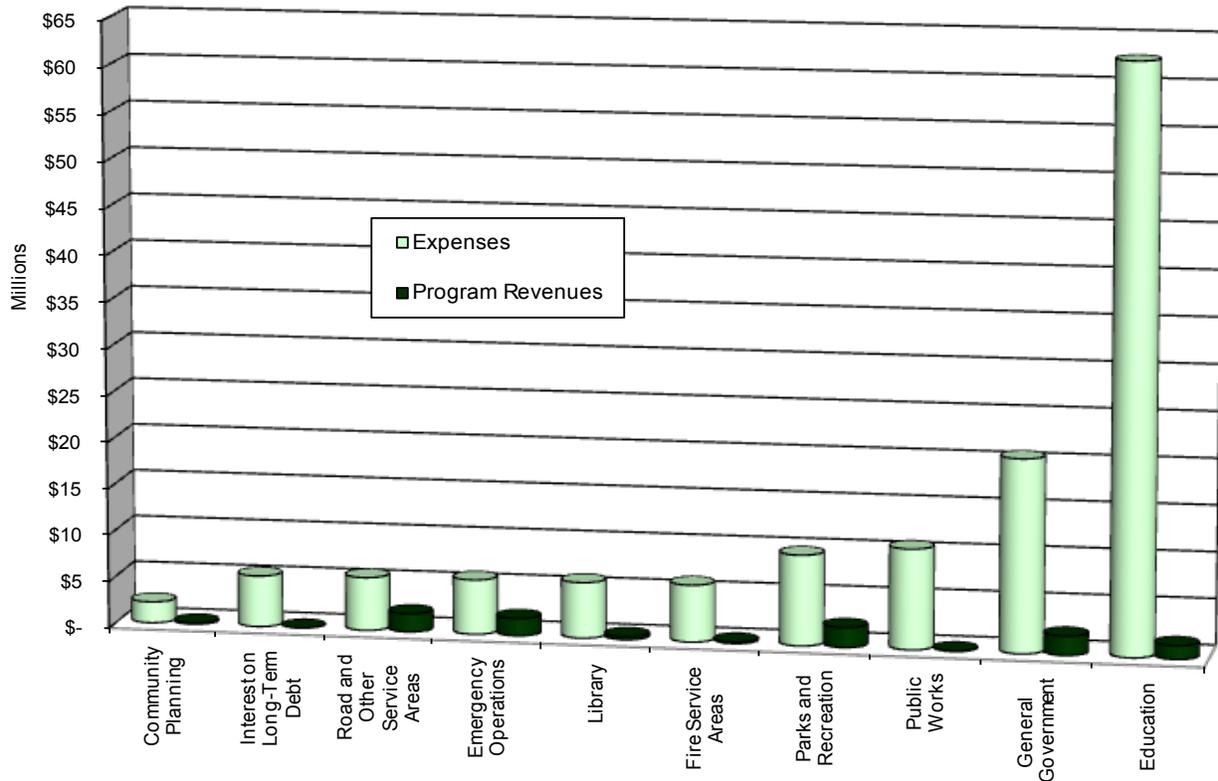
- Capital grants and contributions decreased by \$15.2 million from the prior fiscal year. Of this amount, a \$12.1 million reduction is related to the new School District Central Kitchen which was substantially completed early in the current fiscal year.
- Property tax revenues of governmental activities increased by \$4.8 million from the prior fiscal year, with the majority of the increase being in areawide property tax revenue. The increase in property taxes was needed to fund existing functions and programs and to help cover increasing costs for both the Borough and School District. However, in recognition that taxpayers are affected by the economic downturn, property taxes were kept as low as possible while still maintaining existing basic functions. The most significant expenditure increases and other differences from the prior year are discussed in the Governmental Funds section of this MD&A.
- In the current fiscal year net transfers in to governmental activities were \$12.3 million compared to net transfers out in the prior year of \$5.0 million, a \$17.3 million increase. The primary reason for the

FAIRBANKS NORTH STAR BOROUGH

**Management’s Discussion and Analysis (continued)
For the Year Ended June 30, 2010**

increase in transfers to governmental activities is the reclassification of the land enterprise fund from business-type activities to governmental activities. In the current year the land enterprise fund’s \$18.1 million of net assets were moved to governmental funds and governmental activities. Additional information on the reclassification and related change in accounting principle can be found in Note 17.B. to the financial statements.

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



Business-type activities

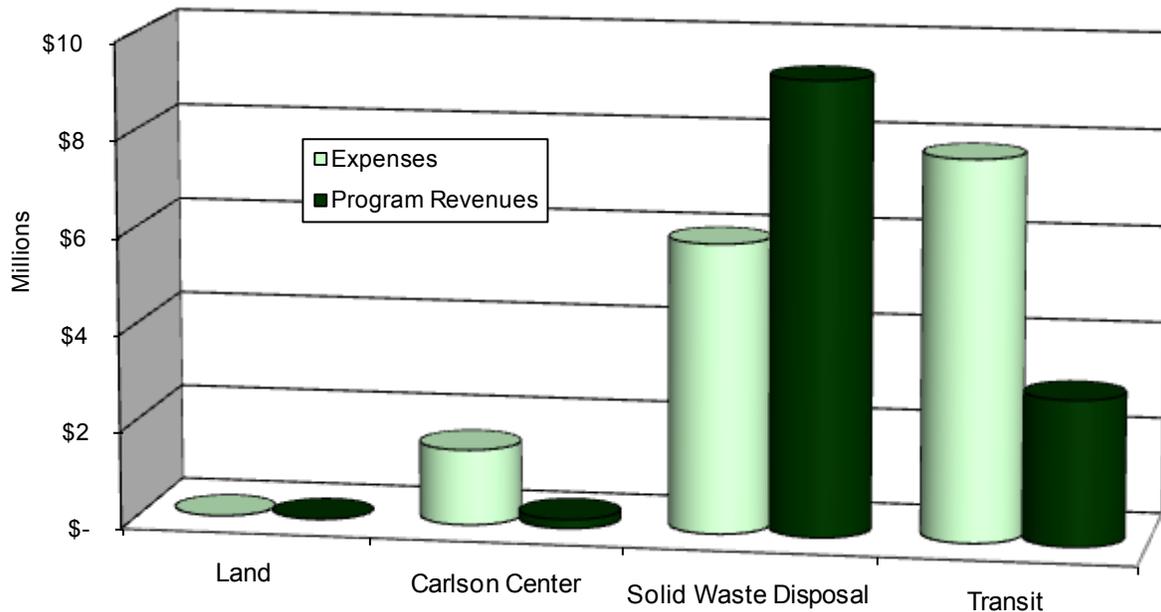
The business-type activities, when including transfers and general revenues that are not included in the following chart, decreased the Borough’s net assets by \$15.1 million in the current fiscal year, compared to the restated \$5.9 million decrease in the prior fiscal year. Key elements of the current year decrease are as follows:

- As part of the reclassification of land management from an enterprise fund / business-type activities to governmental funds / governmental activities, the land management department’s budget and all assets, liabilities, and \$18.1 million net assets of the land enterprise fund were moved to governmental funds and governmental activities. Additional information on the reclassification and related change in accounting principle can be found in Note 17.B. to the financial statements.

FAIRBANKS NORTH STAR BOROUGH

Management’s Discussion and Analysis (continued)
For the Year Ended June 30, 2010

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



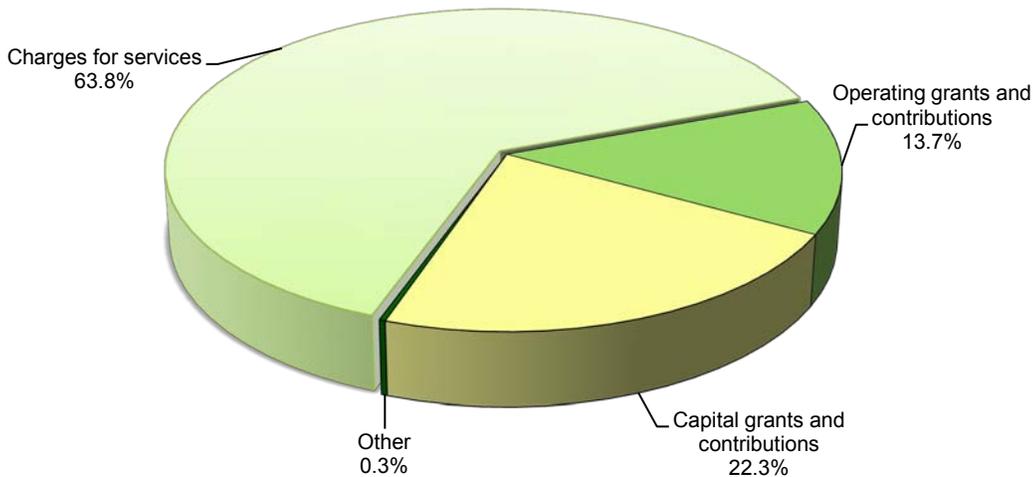
- Expenses of the solid waste disposal function decreased by \$5.3 million as follows: 1) Excluding the accrual for landfill closure and postclosure care costs, expenses increased by \$3.0 million over the prior year’s amount. A major factor in this increase was the \$3.4 million actually spent on landfill closure efforts, partially funded by a \$2.5 million federal American Recovery and Reinvestment Act (ARRA) debt forgiveness subsidy (capital grants and contributions) from the State. 2) The accrual for landfill closure and postclosure care costs (recorded in the solid waste disposal enterprise fund as an expense and a long-term liability) was a negative \$3.6 million in the current fiscal year, a decrease of \$8.2 million from the prior year’s \$4.6 million increase. The majority of the \$3.6 million reduction in the accrued liability is a reflection of the \$3.4 million actually spent on landfill closure during the current fiscal year.
- Based on new cost and compliance data provided by an outside consulting firm, the landfill capacity has increased from 15,381,757 cubic yards to 15,988,393 cubic yards due to model changes to match design. In addition, the life expectancy of the landfill increased from extending through the year 2040 to extending through the year 2068 due to the change in disposal capacity, and reduced waste acceptance projections.

Effective January 1, 2010, with approval from the U.S. Environmental Protection Agency (EPA), the Borough suspended its inspection/maintenance (I/M) program for vehicles within the Borough, accounted for in the transit enterprise fund. The Borough’s I/M program, designed to mitigate excessive vehicular carbon monoxide emissions, operated for the last ten years without a violation of the related federal standard.

FAIRBANKS NORTH STAR BOROUGH

**Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2010**

**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

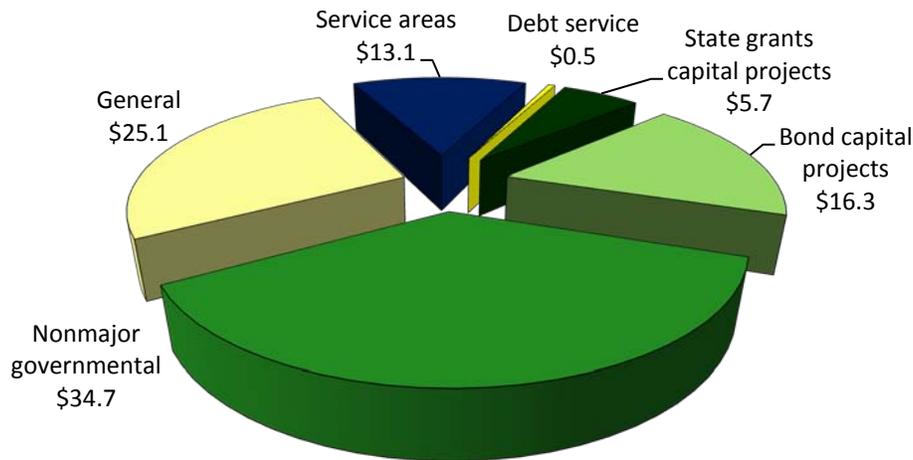
The focus of the Borough's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Borough's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's 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 \$95.5 million, an increase of \$5.4 million from the prior year's restated governmental funds fund balance. Approximately 9 percent of ending fund balances (\$9.0 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 21 percent (\$20.1 million) is designated for various purposes. Of the \$66.4 million in unreserved, undesignated fund balances, \$17.0 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.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2010

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



It should be noted that, in general, fund balance reported in the governmental projects funds (special revenue grants and local programs funds, and capital projects 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). Schedule 6 in the Additional Information section of this report shows balances in major reserve accounts. The major reserve accounts reported in governmental funds are facilities maintenance, asset replacement, hotel-motel room tax, health care contingency, and land revenue reserve.

The main causes for the \$5.4 million increase in governmental funds fund balance during the current fiscal year are as follows:

- Fund balance of the general fund increased by \$2.6 million from the prior year's restated amount. The change in general fund fund balance is discussed below.
- Fund balance of the bond capital projects fund increased by \$2.2 million during the current fiscal year. This was a result of issuing \$11.95 million of new bonds combined with continuing expenditures of bond funds. Significant current year expenditures included \$5.0 million on major maintenance projects at various schools and \$4.1 million on the capital renovation of Barnette Elementary School.

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 \$17.0 million, and unreserved fund balance was \$24.9 million, while total fund balance was \$25.1 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 15.9 percent of total general fund expenditures and transfers out, and unreserved fund balance represents 23.3 percent of that same amount, while total fund balance represents 23.5 percent.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2010

The total fund balance of the Borough's general fund increased by \$2.6 million during the current fiscal year, compared to a \$2.5 million decrease (restated) in the prior year. There were several factors that contributed to the increase in general fund fund balance. The major causes of the increase are as follows:

- Property tax revenue of the general fund increased by \$3.1 million from the prior year, but was \$6.8 million under the Borough's tax cap. The fiscal year 2009-10 areawide tax mill levy was set at 11.186 mills, 0.101 mills less than the prior year's 11.287 mill rate, and the lowest rate in over 20 years. The Borough's ability to increase property tax revenue while reducing the mill rate is primarily due to taxes on new construction; in the current fiscal year, property tax revenue on \$246 million of new construction is an estimated \$2.8 million. The increase in assessed value of the trans-Alaska pipeline system also played a role in reducing the mill rate.
- Intergovernmental revenues from the State of Alaska increased by \$5.4 million from the prior year. Of this amount, \$3.8 million is community revenue sharing/fiscal relief funds received from the State and recorded in the general fund; the majority of State fiscal relief funds received in the prior year were recorded in the facilities maintenance reserve in the local projects nonmajor capital projects fund. In addition, a \$2.0 million ARRA grant allocation received from the State in the current year was recorded in the general fund.
- Investment income was \$148,000 in the current fiscal year, a decrease of \$1.3 million from the prior year, and a decrease of \$4.9 million from fiscal year 2007-08's \$5.1 million investment income. For the current fiscal year the Borough's average rate of return on investments was only 0.14 percent, due to unprecedented historically low market interest rates combined with the Borough's conservative investment philosophy. The Borough has lost no principal on any of its investments.
- Pursuant to Borough Code, \$2.2 million of the School District's fiscal year 2009-10 annual lapse was recorded as a transfer to the Borough's School District facilities maintenance reserve for the purpose of major maintenance, repairs, and upgrades to Borough facilities used by the School District. In the Borough's general fund, this is presented in the various revenues line (and due from School District) and as a transfer out (and interfund payable) to the School District facilities maintenance reserve in the local projects nonmajor capital projects fund.
- General fund expenditures increased \$4.6 million over the prior year, as follows:
 - Beginning in the current fiscal year, land management activities are accounted for in the general fund, with \$1.0 million of expenditures recorded in the current fiscal year. To partially fund the land management department's current year operating budget, \$1.0 million was moved to the general fund from the local programs nonmajor special revenue fund's land revenue reserve. Additional information on the reclassification and related change in accounting principle can be found in Note 17.B. to the financial statements.
 - The Borough's direct local contribution to the School District increased by \$1.3 million in the current fiscal year to \$45.5 million. The Borough's support for education continues to increase due to increasing operational costs inflation. The Borough's assessed values continue to increase which, by law, has a negative impact on State funding for education.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2010

- Another \$1.6 million of the expenditure increase (excluding land management expenditures) is related to personnel costs including a 4.5 percent negotiated cost-of-living adjustment, normal union and management longevity increases, and a 4.0 percentage point increase in the health and life benefit rate over the prior year's rate.

Due to substantial completion of the new School District Central Kitchen, intergovernmental revenues and capital expenditures in the state grants capital projects fund decreased by \$8.3 million from the prior year, and intergovernmental revenues and capital expenditures in the federal pass-through grants nonmajor capital projects fund decreased by \$3.8 million.

As part of the reclassification of land management, \$4.6 million of the existing equity (and all cash, other non-capital assets, and liabilities) of the land enterprise fund (excluding land inventory and capital assets) were transferred to governmental funds as follows: \$3.5 million to the local programs nonmajor special revenue fund, \$898,000 to the local projects nonmajor capital projects fund, and \$127,000 to the general fund. Additional information on the reclassification and related change in accounting principle can be found in Note 17.B. to the financial statements.

It should be noted that although fund balance of the governmental funds increased by \$5.4 million from the prior fiscal year's restated amount, governmental activities net assets increased by \$10.0 million, for a net difference of \$4.6 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 outlay expenditures become additions to capital assets and reduce net assets over time as depreciation expense. In addition, capital asset dispositions, donations received, and transfers are recorded only in governmental activities. In the current year, depreciation expense exceeded capital outlay expenditures by \$6.1 million. In addition the net effect of other transactions involving capital assets, primarily transfers from the land enterprise fund, increased net assets by \$13.7 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.

Proprietary funds

The Borough's proprietary funds financial statements 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 \$2.1 million, those for the Carlson Center enterprise fund amounted to \$877,000, solid waste disposal enterprise fund was a \$5.3 million deficit, and the vehicle and equipment fleet internal service fund was \$708,000. During fiscal year 2009-10 the total net assets of the land enterprise fund, \$18.1 million, was moved to governmental funds and governmental activities. The total increase in net assets of the enterprise funds, excluding the land enterprise fund, was \$3.0 million. Net assets of the internal service fund increased by \$55,000.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2010

Although the solid waste disposal fund has \$13.6 million in cash, it has a deficit in unrestricted net assets of \$5.3 million. This difference is mostly due to the \$17.6 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. A total of \$7.1 million has been transferred from the reserve to separate project cost centers to be used for landfill closure design and construction. In addition to the \$1.4 million ending balance in the reserve, the \$4.8 million remaining in a landfill closure project cost center at year end should help to offset the \$17.6 million accrued liability for landfill closure and postclosure care.

Schedule 6 in the Additional Information section of this report shows balances in major reserve accounts. The major reserve accounts reported in proprietary funds are Carlson Center and landfill closure and postclosure care.

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 \$5.8 million, and included the following items:

- Effective July 1, 2009, the land management department's \$1.1 million operating budget was reappropriated to the general fund from the land enterprise fund, and \$1.0 million was transferred to the general fund from the local programs nonmajor special revenue fund's land revenue reserve. The reappropriation and transfer were made as part of the reclassification of land management from an enterprise fund to governmental funds and governmental activities. Additional information on the reclassification and related change in accounting principle can be found in Note 17.B. to the financial statements.
- Various revenues increased by \$2.2 million as a result of the School District's fiscal year 2009-10 annual lapse to the Borough's School District facilities maintenance reserve. Pursuant to Borough Code, this amount is transferred from the School District to the Borough (to the Borough's general fund and then to the Borough's School District facilities maintenance reserve in the local projects nonmajor capital projects fund) for the purpose of major maintenance, repairs, and upgrades to Borough facilities used by the School District.
- Transfers to the special revenue funds increased by \$1.3 million from the original budget. More than \$1.0 million of this amount was for ongoing costs related to the trans-Alaska pipeline system valuation litigation, appropriated from general fund fund balance. Additional information on the trans-Alaska pipeline system valuation litigation can be found in Note 18.A. to the financial statements.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2010

- As a result of a portion of the Borough being designated as a "nonattainment area" by the EPA for fine particle air pollution known as PM_{2.5}, \$1 million was transferred from general fund fund balance to the transit enterprise fund for PM_{2.5} air quality attainment and maintenance. Additional information on the Borough's PM_{2.5} air quality issue can be found in the letter of transmittal.

During the current fiscal year, positive actual variances from the final budget reduced the net decrease in fund balance by \$4.6 million, from the budgeted \$2.2 million decrease in fund balance to the actual fund balance increase of \$2.4 million. The most significant budget-to-actual differences follow:

- The Borough received \$2.0 million in ARRA funding from the State, recorded as State grant revenue in the general fund.
- Due to adverse market conditions, investment income was \$1.7 million less than budgeted. The actual average rate of return on the Borough's investments was 0.14 percent, compared to the 1.75 percent rate used for the budget projection.
- The general fund lapsed \$3.0 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 6.9 percent of the final expenditure budget (excluding the direct contribution to education), compared to the prior year lapse of 6.8 percent.

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, 2010, amounts to \$625 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 \$6.0 million (1.0 percent), a \$7.8 million increase (1.3 percent) for governmental activities and a \$1.8 million decrease (5.0 percent) for business-type activities.

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

Governmental activities:

- Work was substantially completed on the \$13.8 million School District Central Kitchen replacement, funded with State and federal 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, 2010**

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

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
All land and land improvements	\$251,577	\$237,920	\$1,916	\$2,908	\$253,494	\$240,827
Buildings	272,971	270,198	17,501	16,498	290,472	286,696
Improvements other than buildings	42,905	44,991	8,031	8,951	50,935	53,942
Equipment	8,506	8,073	5,971	6,536	14,476	14,610
Works of art	157	157	121	121	278	278
Library materials	2,033	1,998			2,033	1,998
Intangible assets – software	206	278	115	145	320	423
Construction in progress	12,841	19,780	83	338	12,924	20,118
Total	\$591,196	\$583,395	\$33,737	\$35,497	\$624,932	\$618,892

- Work continues 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.
 - \$5.1 million rebuild of the Pioneer Park parking lot, financed with State grants and local funds.
 - The Borough spent an additional \$20,000 toward the development and construction of South Davis Park, bringing the total for capital expenditures and contributed value by user groups to \$3.3 million, project-to-date.
 - Tanana Lakes Recreation Area is a 750-acre multi-use park being developed south of the City of Fairbanks along the Tanana River. During the current fiscal year an additional \$948,000 from various sources was expended at Tanana Lakes Recreation Area for site preparation, landscaping, fill, parking lot construction, trail construction, and playing field development, increasing the total project-to-date amount for capital expenditures to \$1.3 million. 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.

- Work began on the \$1.7 million phase I of the renovation of Ryan Middle School, financed with general obligation bonds. Phase I of the renovation includes design and planning for renovation of the entire building and beginning the interior refurbishments and remodeling and exterior upgrades.

- Governmental activities construction in progress was \$12.8 million at fiscal year end.

FAIRBANKS NORTH STAR BOROUGH

**Management’s Discussion and Analysis (continued)
For the Year Ended June 30, 2010**

In business-type activities, work was substantially completed on the \$1.6 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.

During the current fiscal year, the land enterprise fund’s net \$13.6 million of land inventory and capital assets were moved to governmental activities capital assets. Additional information on the land enterprise fund’s reclassification and related change in accounting principle can be found in Note 17.B. to the financial statements.

Additional information on the Borough’s capital assets can be found in Note 6 to the financial statements.

Long-Term Debt

At the end of the current fiscal year, the Borough had total long-term debt outstanding of \$141.0 million. The Borough’s total long-term debt increased by \$1.0 million (0.7 percent) during the current fiscal year.

Outstanding Debt
(shown in 000’s)

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$137,210	\$135,260	\$	\$	\$137,210	\$135,260
Solid waste disposal loan			2,524	3,758	2,524	3,758
Capital leases payable	1,249	1,006			1,249	1,006
Total	\$138,459	\$136,266	\$2,524	\$3,758	\$140,983	\$140,025

The increase in governmental activities long-term debt is due to a mix of factors including the following:

- Issued \$11.95 million of Recovery Zone Economic Development Bonds for capital maintenance and upgrades of Borough schools.
- Issued \$17.48 million of general obligation refunding bonds with true interest cost of 1.93 percent to refund the remaining \$19.10 million of 1997 general obligation school bonds with interest at 5.19 percent.
- Retired an additional \$8.38 million of bond principal.

Standard & Poor’s upgraded the Borough’s rating on its general obligation bonds to “AA” from “A+”. The “AA” rating was affirmed when the Borough’s fiscal year 2009-10 bond issues were rated “AA” by S&P.

In business-type activities, a \$1.2 million payment was applied to principal on the Alaska Department of Environmental Conservation landfill cell 2 loan.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2010

Additional information on the Borough's long-term debt can be found in Notes 9 and 10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- In December 2010, the Borough issued \$13.680 million of general obligation refunding bonds, to refund the remaining \$14.875 million of 1999 general obligation school bonds. In addition to the principal reduction, the average interest rate on the refunding bonds is significantly lower than the interest rate on the original bonds.
- The Borough and other Alaska municipalities are involved in litigation with Alyeska Pipeline Service Company over the assessed valuation of the trans-Alaska pipeline system for the years 2006 through 2010 (fiscal years 2007 through 2011). Decisions on the 2006 valuation by the State Assessment Review Board and Superior Court have been favorable to the municipalities, but Alyeska has appealed to the Alaska Supreme Court. Trials for the remaining years' assessed valuations will begin in 2011. The Alyeska properties represent 9.2 percent of the Borough's total assessed valuation, based on the State's original 2010 assessed value of Alyeska properties. Additional information on this subject can be found in Note 18.A. to the financial statements.
- The Borough has accepted a \$40 million appropriation from the State which will be passed through to the Alaska Railroad Corporation to help with river training costs for the bridge to be built across the Tanana River in the southern portion of the borough. The bridge is planned to accommodate trucks and trains, with rail embedded in the roadway. The bridge's rail component is phase I of the railroad's proposed Northern Rail Extension project to extend the railroad 80 miles southeast to Delta Junction from its current endpoint at Eielson Air Force Base. The Department of Defense has already appropriated approximately \$104 million for the projected \$160 million cost of phase I of the project (the Tanana River bridge). The bridge will provide dependable year-round access to 1.2 million acres of isolated military training grounds, one of the largest military training areas in the country, that are currently accessible only by winter ice bridges or aircraft.
- In October 2010, voters reaffirmed the Borough's tax cap. Under the tax cap, the total amount of taxes levied for a year cannot exceed the total amount levied for the previous year plus inflation, with certain defined exclusions.
- 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. The Borough follows prudent investment policies which emphasize safety and liquidity, and has suffered no investment losses. For the first five months of fiscal year 2010-11, the actual average interest rate on Borough investments was less than the 1.00 percent rate used for the investment income projection in the Borough's fiscal year 2010-11 budget.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2010

- The local contribution to the School District increased by another \$1.0 million to \$46.5 million in the fiscal year 2010-11 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 and reductions based on the State's education foundation formula for school funding, combined with the School District's increasing salary, benefit, and other costs.

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, 2010

	Primary Government	
	Governmental Activities	Business- type Activities
Assets		
Equity in central treasury cash	\$47,811,177	\$16,826,596
Restricted equity in central treasury cash	61,272,795	631,508
Taxes receivable (net of allowance for uncollectibles 2010 - \$726,273; 2009 - \$723,399)	2,928,175	
Restricted taxes receivable	355,286	
Accounts receivable (net of allowance for uncollectibles 2010 - \$13,679; 2009 - \$13,043)	69,160	619,071
Restricted accounts receivable (net of allowance for uncollectibles 2010 - \$315,000; 2009 - \$132,529)	468,321	3,985
Accrued interest receivable	10,074	
Restricted accrued interest receivable	329	
Internal balances (payable from restricted assets: governmental activities \$248,228; business-type activities \$2,812,143)	2,524,769	(2,524,769)
Due from Borough		
Due from School District	2,183,369	
Due from governmental agencies	540,225	
Restricted due from governmental agencies	1,175,798	2,935,371
Inventories		304,551
Other assets	1,366,368	
Land contracts receivable	803,253	
Long-term receivable (net of allowance for uncollectibles 2010 - \$207,668; 2009 - \$203,290)		
Capital assets (See Note 6)		
Non-depreciable	266,414,886	2,054,012
Depreciable, net of accumulated depreciation	324,780,743	31,682,528
Assets total	712,704,726	52,532,854

See accompanying notes to financial statements.

Primary Government		Component Unit School District
Totals		
2010	2009 Restated	
\$64,637,773	\$65,482,827	\$22,107,878
61,904,303	62,089,099	11,611
2,928,175	2,298,707	
355,286	334,408	
688,232	785,823	12,416,102
472,306	772,272	
10,074	64,783	
329	4,548	
		28,736
2,183,369		
540,225	600,722	
4,111,169	4,613,832	
304,551	13,471,070	1,615,114
1,366,368	1,173,084	27,518
803,253	727,519	
268,468,898	262,236,831	
356,463,270	356,655,093	4,180,344
<u>765,237,580</u>	<u>771,310,618</u>	<u>40,387,303</u>

FAIRBANKS NORTH STAR BOROUGH

**Statement of Net Assets
June 30, 2010**

Liabilities	Primary Government	
	Governmental Activities	Business- type Activities
Advance tax payments	\$10,396,545	\$
Accounts payable	1,458,372	2,033,134
Due to Borough		
Due to School District	21,705	
Wages and payroll taxes	1,103,758	210,475
Payable from restricted assets		
Accounts payable	2,781,799	80,656
Due to School District	7,030	
Unearned revenues	2,871,187	120,831
Due to governmental agencies		
Accrued interest payable	1,246,331	
Deposits from others	779,861	4,784
Long-term liabilities (See Note 10)		
Due within one year	11,530,299	1,615,812
Due in more than one year	132,283,902	19,076,616
Liabilities total	164,480,790	23,142,310
Net Assets		
Invested in capital assets, net of related debt	493,418,704	31,212,287
Restricted for		
Debt service	383,248	
Employee healthcare and labor relations	2,694,107	
Grant-funded special programs	959,042	
Service areas	15,170,427	
Non-areawide	1,430,995	
Solid waste collection	3,254,683	
Enhanced 911	2,507,152	
Library special revenue (donor-restricted)	8,131,122	
Grant-funded capital projects	6,049,376	
School bond capital projects	5,507,357	
Proprietary fund grants and asset replacement	6,163	557,235
Unrestricted	8,711,560	(2,378,977)
Net assets total	\$548,223,936	\$29,390,545

See accompanying notes to financial statements.

Primary Government		Component Unit School District
Totals		
2010	2009 Restated	
\$10,396,545	\$9,256,715	\$
3,491,506	3,038,359	1,927,248
		2,183,369
21,705	7,367	
1,314,233	1,129,843	944,753
2,862,456	4,711,031	
7,030	181,445	
2,992,019	2,820,793	11,611
		551
1,246,331	1,330,109	
784,645	787,459	
13,146,111	12,834,934	7,740,403
151,360,519	152,790,060	2,444,744
<u>187,623,100</u>	<u>188,888,116</u>	<u>15,252,679</u>
524,630,990	519,153,127	4,180,344
383,248	383,194	
2,694,107	2,994,318	
959,042	1,317,653	
15,170,427	14,015,251	
1,430,995	1,336,493	
3,254,683	2,964,621	
2,507,152	2,407,900	
8,131,122	8,091,985	
6,049,376	8,991,915	
5,507,357	5,326,517	
563,398	592,239	
6,332,583	14,847,290	20,954,280
<u>\$577,614,480</u>	<u>\$582,422,502</u>	<u>\$25,134,624</u>

FAIRBANKS NORTH STAR BOROUGH

**Statement of Activities
For the Year Ended June 30, 2010**

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	\$23,610,759	(\$2,850,492)	\$910,610	\$1,145,684	\$15,271
Community planning	2,263,322	407		141,042	2,109
Public works	12,232,358	(1,450,415)	52,318		10,000
Parks and recreation	9,717,840	15,675	1,120,921	26,381	998,050
Library	5,979,255	632	77,233	263,525	
Road and other service areas	5,323,457	388,450		22,793	1,941,355
Education	62,819,397				1,470,414
Emergency operations	5,678,236	184,467	1,129,474	730,284	8,999
Fire service areas	6,101,934	13,561		7,828	155,672
Interest on long-term debt	5,484,528				
Total governmental activities	139,211,087	(3,697,716)	3,290,556	2,337,538	4,601,870
Business-type activities					
Transit	6,935,570	909,049	1,167,823	1,620,636	219,987
Land					
Carlson Center	1,158,171	399,701		104,064	82,358
Solid waste disposal	5,193,242	781,403	6,854,740		2,500,000
Total business-type activities	13,286,983	2,090,152	8,022,564	1,724,701	2,802,345
Total primary government	\$152,498,069	(\$1,607,564)	\$11,313,119	\$4,062,238	\$7,404,215
Component unit					
School District	\$221,551,241	\$1,607,564	\$2,216,143	\$52,835,590	\$369,871

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 (see note 17)
 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	2010	2009 Restated	School District
(\$18,688,701)	\$	(\$18,688,701)	(\$16,975,356)	\$
(2,120,578)		(2,120,578)	(1,725,088)	
(10,719,625)		(10,719,625)	(10,460,574)	
(7,588,163)		(7,588,163)	(7,990,469)	
(5,639,129)		(5,639,129)	(4,397,811)	
(3,747,759)		(3,747,759)	(336,056)	
(61,348,983)		(61,348,983)	(48,494,045)	
(3,993,946)		(3,993,946)	(3,473,742)	
(5,951,996)		(5,951,996)	(3,352,770)	
(5,484,528)		(5,484,528)	(6,052,131)	
(125,283,407)		(125,283,407)	(103,258,041)	
	(4,836,172)	(4,836,172)	(3,931,122)	
	(1,371,449)	(1,371,449)	(501,106)	
	3,380,096	3,380,096	(1,482,757)	
	(2,827,526)	(2,827,526)	(5,315,250)	
(125,283,407)	(2,827,526)	(128,110,932)	(11,230,235)	
				(167,737,201)
98,489,612		98,489,612	93,707,963	
1,698,466		1,698,466	1,660,803	
1,358,690		1,358,690	1,384,156	
1,684,657		1,684,657	1,077,166	
16,604,140		16,604,140	14,165,875	109,730,232
				13,862,337
165,512	25,152	190,665	1,867,774	45,522,700
2,990,559	8,493	2,999,052	361,063	755,216
12,266,595	(12,266,595)			
135,258,232	(12,232,950)	123,025,282	114,224,800	169,870,485
9,974,825	(15,060,475)	(5,085,650)	(263,475)	2,133,284
538,249,111	44,451,020	582,700,131	582,685,977	23,001,340
\$548,223,936	\$29,390,545	\$577,614,480	\$582,422,502	\$25,134,624

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**FUND FINANCIAL
STATEMENTS**

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FAIRBANKS NORTH STAR BOROUGH

Governmental Funds

**Balance Sheet
June 30, 2010**

	General	Service Areas	Debt Service
Assets			
Equity in central treasury cash	\$34,142,149	\$13,538,788	\$517,531
Taxes receivable (net of allowance for uncollectibles - \$726,273)	2,928,175	188,860	
Accounts receivable (net of allowance for uncollectibles - \$324,894)	41,811	15,407	
Accrued interest receivable	10,074		
Interfund receivable	3,303,702		
Due from School District	2,183,369		
Due from governmental agencies	540,225		
Other assets	115,323		
Land sales receivable			
Assets total	\$43,264,826	\$13,743,056	\$517,531
Liabilities and Fund Balances (Deficit)			
Liabilities			
Accounts payable	\$989,293	\$316,751	\$
Wages and payroll taxes	1,183,136		
Accrued self-insurance losses	1,006,660		
Interfund payable	2,183,369	144,359	
Due to School District	6,335		
Deposits from others	192,895		
Deferred revenues	2,184,605	180,540	
Unearned revenues			
Advance tax payments	10,396,545		
Liabilities total	18,142,839	641,649	
Fund balances (deficit)			
Reserved			
Reserved for encumbrances	224,738	35,814	
Unreserved, designated for			
Compensated absences	1,964,222		
Subsequent year's expenditures	4,478,100	209,714	383,190
Self-insurance losses	1,500,000		
Reported in nonmajor special revenue funds			
Undesignated, reported in			
General fund	16,954,927		
Special revenue funds		12,855,879	
Debt service fund			134,341
Capital projects funds			
Fund balances (deficit) total	25,121,987	13,101,406	517,531
Liabilities and fund balances (deficit) total	\$43,264,826	\$13,743,056	\$517,531

See accompanying notes to financial statements.

State Grants Capital Projects	Bond Projects	Other Governmental Funds	Total Governmental Funds
\$8,482,620	\$17,309,545	\$34,360,550	\$108,351,184
		166,426	3,283,461
		480,264	537,481
	329		10,403
54,306		2,183,369	5,541,377
			2,183,369
722,742		453,056	1,716,022
			115,323
		803,253	803,253
<u>\$9,259,669</u>	<u>\$17,309,874</u>	<u>\$38,446,917</u>	<u>\$122,541,873</u>
\$904,772	\$995,389	\$1,033,967	\$4,240,171
			1,183,136
			1,006,660
156,506		537,044	3,021,278
		22,401	28,736
		586,967	779,861
		1,185,794	3,550,939
2,498,420		354,568	2,852,987
			10,396,545
<u>3,559,697</u>	<u>995,389</u>	<u>3,720,740</u>	<u>27,060,314</u>
1,427,127	2,036,567	5,264,935	8,989,181
			1,964,222
			5,071,004
			1,500,000
		11,544,911	11,544,911
			16,954,927
		10,477,075	23,332,954
			134,341
4,272,845	14,277,919	7,439,256	25,990,019
5,699,972	16,314,486	34,726,177	95,481,559
<u>\$9,259,669</u>	<u>\$17,309,874</u>	<u>\$38,446,917</u>	<u>\$122,541,873</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Governmental Funds

**Reconciliation of Balance Sheet
to the Statement of Net Assets
June 30, 2010**

Total fund balances of governmental funds		\$ 95,481,559
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.		
Capital assets cost	\$ 798,041,884	
Less accumulated depreciation	<u>(210,031,125)</u>	588,010,759
Deferred bond issuance costs are not available to pay for current-period expenditures and, therefore are not reported in the funds.		
		1,251,044
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.		
		2,654,897
Earned revenues that are not available to pay current period expenditures are reported as deferred revenues in the funds.		
		3,550,939
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	(137,210,000)	
Deferred premiums on bonds	(2,372,830)	
Deferred refunding bonds difference	68,990	
Accrued interest payable on bonds	(1,246,331)	
Accrued compensated absences	<u>(1,965,091)</u>	<u>(142,725,262)</u>
Net assets of governmental activities		<u><u>\$548,223,936</u></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, 2010**

	General	Service Areas	Debt Service
Revenues			
Taxes	\$85,721,429	\$9,407,378	\$
Intergovernmental revenues	16,666,406	2,400	
Charges for services	1,382,084		
Other revenues	2,993,110	196,151	54
Revenues total	<u>106,763,029</u>	<u>9,605,929</u>	<u>54</u>
Expenditures			
Current			
General government	14,711,193		
Community planning	1,969,061		
Public works	5,118,233		
Parks and recreation	6,676,372		
Library	4,943,528		
Road and other service areas		1,850,748	
Education	45,522,700		
Emergency operations	1,885,994		
Fire service areas		5,331,677	
Capital outlay	332,715		
Debt service			
Principal retirement			8,380,000
Interest and fiscal agent fees			5,834,083
Expenditures total	<u>81,159,795</u>	<u>7,182,425</u>	<u>14,214,083</u>
Excess (deficiency) of revenues over expenditures	<u>25,603,233</u>	<u>2,423,504</u>	<u>(14,214,030)</u>
Other financing sources (uses)			
Transfers in	2,776,354	174,667	14,154,520
Transfers out	(25,733,037)	(1,694,758)	
Bond issuance			17,480,000
Premium on bond debt			1,769,002
Payment to refunded bond escrow agent			(19,100,000)
Other financing sources (uses) total	<u>(22,956,683)</u>	<u>(1,520,091)</u>	<u>14,303,522</u>
Net change in fund balances	2,646,551	903,412	89,493
Fund balances (deficit), beginning as restated	<u>22,475,437</u>	<u>12,197,994</u>	<u>428,038</u>
Fund balances (deficit), ending	<u>\$25,121,987</u>	<u>\$13,101,406</u>	<u>\$517,531</u>

See accompanying notes to financial statements.

State Grants Capital Projects	Bond Projects	Other Governmental Funds	Total Governmental Funds
\$	\$	\$7,524,580	\$102,653,387
2,566,409		3,249,113	22,484,328
		2,048,401	3,430,485
3,599	14,139	601,087	3,808,139
2,570,008	14,139	13,423,182	132,376,340
27,403		5,248,351	19,986,947
		265,386	2,234,446
		5,703,829	10,822,062
135,370		1,232,991	8,044,732
		332,333	5,275,861
2,675,754		1,191,240	5,717,742
1,278,672	5,011,581	25,520	51,838,473
		3,757,303	5,643,297
121,920		134,104	5,587,701
865,369	4,825,849	2,480,119	8,504,052
			8,380,000
			5,834,083
5,104,488	9,837,430	20,371,176	137,869,397
(2,534,480)	(9,823,291)	(6,947,994)	(5,493,057)
874,853		13,682,938	31,663,332
(18,438)		(5,507,183)	(32,953,416)
	11,950,000		29,430,000
	100,005		1,869,007
			(19,100,000)
856,415	12,050,005	8,175,755	10,908,922
(1,678,065)	2,226,714	1,227,761	5,415,865
7,378,037	14,087,772	33,498,416	90,065,694
\$5,699,972	\$16,314,486	\$34,726,177	\$95,481,559

(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, 2010**

Net change in fund balances - total governmental funds \$5,415,865

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Capital outlay	\$8,504,052	
Depreciation expense	<u>(14,602,932)</u>	(6,098,879)

The net effect of other transactions involving capital assets (i.e., dispositions, trade-ins, donations and transfers to/from other funds) is to increase (decrease) net assets. 13,657,809

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,938,233

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. (2,402,213)

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.

Debt proceeds	(29,430,000)	
Premiums on debt	(1,869,007)	
Debt service refunding	19,100,000	
Deferred bond issuance costs	321,428	
Debt principal payments	8,380,000	
Accrued interest and amortization	<u>111,071</u>	(3,386,508)

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. (192,379)

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. 54,748

The internal service fund lookback adjustment results in a balance between governmental and business-type activities. (11,851)

Change in net assets of governmental activities \$9,974,825

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, 2010**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property tax	\$80,003,092	\$80,003,092	\$80,534,576	\$531,484
Hotel-motel and sales taxes	1,600,000	1,600,000	1,696,697	96,697
Alcoholic beverage tax	1,350,000	1,350,000	1,350,546	546
Tobacco excise tax	1,000,000	1,000,000	1,406,973	406,973
Interest and penalties on taxes	658,800	658,800	732,637	73,837
Taxes total	<u>84,611,892</u>	<u>84,611,892</u>	<u>85,721,429</u>	<u>1,109,537</u>
Intergovernmental revenues				
State of Alaska				
Aid for school construction	9,419,110	9,419,110	9,176,568	(242,542)
Aid to local government	3,846,836	3,846,836	3,846,836	
Other shared revenue and assistance	451,500	451,500	418,499	(33,001)
Grants	100,000	100,000	2,072,597	1,972,597
Federal government				
Payment in lieu of taxes	1,212,500	1,212,500	1,151,906	(60,594)
Intergovernmental revenues total	<u>15,029,946</u>	<u>15,029,946</u>	<u>16,666,406</u>	<u>1,636,460</u>
Charges for services	<u>1,418,910</u>	<u>1,749,010</u>	<u>1,382,084</u>	<u>(366,926)</u>
Charges to School District	<u>1,708,190</u>	<u>1,708,190</u>	<u>1,607,564</u>	<u>(100,626)</u>
Other revenues				
Charges to other funds	3,658,480	3,272,780	2,944,122	(328,658)
Investment income, including net unrealized investment gains/losses	1,802,510	1,802,510	148,288	(1,654,222)
Indirect charges to grants	301,000	301,000	448,376	147,376
Various	55,000	2,240,924	2,396,446	155,521
Other revenues total	<u>5,816,990</u>	<u>7,617,214</u>	<u>5,937,232</u>	<u>(1,679,983)</u>
Revenues total	<u>108,585,928</u>	<u>110,716,252</u>	<u>111,314,715</u>	<u>598,462</u>

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance from Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current				
General government				
Non-departmental	\$639,790	\$724,846	\$137,796	\$587,050
Mayor	992,730	974,630	926,536	48,094
Assembly	1,624,680	1,668,180	1,589,550	78,630
Legal	1,008,500	1,007,716	951,037	56,679
Computer services	3,558,590	3,543,996	3,348,175	195,821
Financial services	3,249,750	3,244,078	3,147,243	96,835
Assessing	2,586,390	2,586,390	2,488,228	98,162
General services	1,468,440	1,467,595	1,339,170	128,425
Human resources	2,938,930	2,932,382	2,688,011	244,371
Land management		1,054,304	961,289	93,016
General government total	<u>18,067,800</u>	<u>19,204,118</u>	<u>17,577,035</u>	<u>1,627,083</u>
Community planning	<u>2,047,110</u>	<u>2,209,685</u>	<u>1,986,765</u>	<u>222,919</u>
Public works	<u>7,530,900</u>	<u>7,400,291</u>	<u>6,771,749</u>	<u>628,542</u>
Parks and recreation	<u>6,871,780</u>	<u>6,856,197</u>	<u>6,681,655</u>	<u>174,542</u>
Library	<u>4,830,440</u>	<u>4,816,021</u>	<u>4,791,663</u>	<u>24,358</u>
Education	<u>45,522,700</u>	<u>45,522,700</u>	<u>45,522,700</u>	
Emergency operations	<u>2,258,350</u>	<u>2,250,451</u>	<u>1,939,323</u>	<u>311,128</u>
Capital outlay	<u>580,590</u>	<u>686,780</u>	<u>686,116</u>	<u>664</u>
Expenditures total	<u>87,709,670</u>	<u>88,946,242</u>	<u>85,957,006</u>	<u>2,989,236</u>

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, 2010**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over expenditures	\$20,876,258	\$21,770,011	\$25,357,709	\$3,587,698
Other financing sources (uses)				
Transfers in				
Special revenue funds	500,000	1,749,106	1,829,479	80,373
Capital projects funds			819,956	819,956
Enterprise funds			126,919	126,919
Transfers out				
Special revenue funds	(1,907,792)	(3,204,906)	(3,195,058)	9,848
Debt service fund	(14,154,520)	(14,154,520)	(14,154,520)	
Capital projects funds	(350,000)	(2,533,369)	(2,533,369)	
Enterprise funds	(4,785,090)	(5,850,090)	(5,850,090)	
Other financing sources (uses) total	(20,697,402)	(23,993,779)	(22,956,683)	1,037,096
Net change in fund balance	\$178,856	(\$2,223,768)	\$2,401,026	\$4,624,794

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, 2010**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Air Park</u>				
Total revenues and transfers in	\$120	\$120	\$12	(\$108)
Total expenditures and transfers out	\$9,740	\$9,740	\$780	\$8,960
<u>Airway</u>				
Total revenues and transfers in	\$12,420	\$12,420	\$12,149	(\$271)
Total expenditures and transfers out	\$44,388	\$44,388	\$5,861	\$38,526
<u>Arctic Fox</u>				
Total revenues and transfers in	\$5,190	\$5,190	\$4,559	(\$631)
Total expenditures and transfers out	\$32,239	\$32,239	\$1,202	\$31,037
<u>Aztec</u>				
Total revenues and transfers in	\$19,810	\$19,810	\$18,745	(\$1,065)
Total expenditures and transfers out	\$72,624	\$72,624	\$7,345	\$65,279
<u>Ballaine Lake Sewer & Water</u>				
Total revenues and transfers in	\$25,030	\$25,030	\$23,446	(\$1,584)
Total expenditures and transfers out	\$60,505	\$56,905	\$37,790	\$19,114
<u>Bear's Den Road</u>				
Total revenues and transfers in	\$	\$	\$3	\$3
Total expenditures and transfers out	\$2,514	\$2,514	\$720	\$1,794
<u>Becker Ridge</u>				
Total revenues and transfers in	\$105,920	\$105,920	\$106,936	\$1,016
Total expenditures and transfers out	\$233,008	\$233,008	\$68,334	\$164,674
<u>Birch Hill</u>				
Total revenues and transfers in	\$106,400	\$106,400	\$108,737	\$2,337
Total expenditures and transfers out	\$221,083	\$221,083	\$37,776	\$183,308
<u>Bluebird Road</u>				
Total revenues and transfers in	\$6,050	\$6,050	\$5,882	(\$168)
Total expenditures and transfers out	\$27,527	\$27,527	\$1,310	\$26,217

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, 2010**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Borda Road</u>				
Total revenues and transfers in	\$28,100	\$28,100	\$27,411	(\$689)
Total expenditures and transfers out	\$95,159	\$95,159	\$5,830	\$89,329
<u>Brookside</u>				
Total revenues and transfers in	\$8,340	\$8,340	\$8,007	(\$333)
Total expenditures and transfers out	\$39,965	\$39,965	\$4,187	\$35,778
<u>Chena Goldstream Volunteer Fire</u>				
Total revenues and transfers in	\$954,850	\$954,850	\$974,578	\$19,728
Total expenditures and transfers out	\$924,265	\$1,699,265	\$1,501,333	\$197,932
<u>Chena Hills Road</u>				
Total revenues and transfers in	\$90,730	\$90,730	\$98,025	\$7,295
Total expenditures and transfers out	\$130,137	\$130,137	\$60,896	\$69,242
<u>Chena Hot Springs II</u>				
Total revenues and transfers in	\$620	\$620	\$625	\$5
Total expenditures and transfers out	\$550	\$550	\$550	\$
<u>Chena Marina</u>				
Total revenues and transfers in	\$21,020	\$21,020	\$22,766	\$1,746
Total expenditures and transfers out	\$39,641	\$63,037	\$30,852	\$32,184
<u>Chena Point Road</u>				
Total revenues and transfers in	\$94,640	\$94,640	\$104,322	\$9,682
Total expenditures and transfers out	\$94,640	\$82,484	\$27,536	\$54,948
<u>Chena Spur</u>				
Total revenues and transfers in	\$39,560	\$39,560	\$38,908	(\$652)
Total expenditures and transfers out	\$93,869	\$108,869	\$24,992	\$83,878
<u>Cleary Summit</u>				
Total revenues and transfers in	\$680	\$680	\$695	\$15
Total expenditures and transfers out	\$1,604	\$1,604	\$620	\$984

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, 2010**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>College</u>				
Total revenues and transfers in	\$508,620	\$508,620	\$488,549	(\$20,071)
Total expenditures and transfers out	\$2,373,779	\$2,373,779	\$195,136	\$2,178,643
<u>College Hills</u>				
Total revenues and transfers in	\$24,720	\$24,720	\$24,257	(\$463)
Total expenditures and transfers out	\$25,094	\$56,606	\$50,369	\$6,237
<u>Cooper Estates</u>				
Total revenues and transfers in	\$25,170	\$25,170	\$23,923	(\$1,247)
Total expenditures and transfers out	\$123,480	\$123,480	\$3,688	\$119,792
<u>Cordes Drive</u>				
Total revenues and transfers in	\$24,330	\$24,330	\$23,770	(\$560)
Total expenditures and transfers out	\$41,874	\$48,111	\$27,294	\$20,817
<u>Cripple Creek</u>				
Total revenues and transfers in	\$61,180	\$61,180	\$59,311	(\$1,869)
Total expenditures and transfers out	\$153,567	\$214,567	\$97,189	\$117,378
<u>Deep Forest</u>				
Total revenues and transfers in	\$18,190	\$18,190	\$26,738	\$8,548
Total expenditures and transfers out	\$24,953	\$26,553	\$16,254	\$10,299
<u>Diane Subdivision</u>				
Total revenues and transfers in	\$4,040	\$4,040	\$3,631	(\$409)
Total expenditures and transfers out	\$56,448	\$56,448	\$32,076	\$24,372
<u>Drake Estates</u>				
Total revenues and transfers in	\$7,750	\$7,750	\$7,633	(\$117)
Total expenditures and transfers out	\$21,547	\$21,547	\$3,296	\$18,252
<u>Edanella Heights Road</u>				
Total revenues and transfers in	\$30,330	\$30,330	\$29,775	(\$555)
Total expenditures and transfers out	\$62,454	\$72,791	\$37,905	\$34,886

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, 2010**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Ester Lump Road</u>				
Total revenues and transfers in	\$18,540	\$18,540	\$17,672	(\$868)
Total expenditures and transfers out	\$99,894	\$99,894	\$16,959	\$82,936
<u>Ester Volunteer Fire</u>				
Total revenues and transfers in	\$358,930	\$358,930	\$433,127	\$74,197
Total expenditures and transfers out	\$512,441	\$533,950	\$367,916	\$166,034
<u>Fairfields</u>				
Total revenues and transfers in	\$15,780	\$15,780	\$15,329	(\$451)
Total expenditures and transfers out	\$52,825	\$52,825	\$5,039	\$47,786
<u>Fairhill</u>				
Total revenues and transfers in	\$12,510	\$12,510	\$12,299	(\$211)
Total expenditures and transfers out	\$40,872	\$40,872	\$9,389	\$31,483
<u>Fairwest</u>				
Total revenues and transfers in	\$24,580	\$24,580	\$22,838	(\$1,742)
Total expenditures and transfers out	\$221,741	\$221,741	\$4,701	\$217,041
<u>Garden</u>				
Total revenues and transfers in	\$36,980	\$36,980	\$36,150	(\$830)
Total expenditures and transfers out	\$145,816	\$145,816	\$20,671	\$125,144
<u>Golden Valley Road</u>				
Total revenues and transfers in	\$13,490	\$13,490	\$13,430	(\$60)
Total expenditures and transfers out	\$13,490	\$12,059	\$6,176	\$5,883
<u>Goldstream Alaska</u>				
Total revenues and transfers in	\$24,590	\$24,590	\$24,257	(\$333)
Total expenditures and transfers out	\$79,204	\$79,204	\$16,812	\$62,391
<u>Goldstream Moose Creek</u>				
Total revenues and transfers in	\$49,050	\$49,050	\$48,504	(\$546)
Total expenditures and transfers out	\$79,197	\$79,197	\$36,861	\$42,336

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, 2010**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Gordon</u>				
Total revenues and transfers in	\$52,470	\$52,470	\$49,869	(\$2,601)
Total expenditures and transfers out	\$262,691	\$262,691	\$4,896	\$257,795
<u>Granola Estates</u>				
Total revenues and transfers in	\$4,890	\$4,890	\$4,186	(\$704)
Total expenditures and transfers out	\$43,151	\$41,551	\$11,974	\$29,577
<u>Grieme Road</u>				
Total revenues and transfers in	\$17,580	\$17,580	\$16,901	(\$679)
Total expenditures and transfers out	\$69,394	\$75,394	\$18,409	\$56,985
<u>Haystack</u>				
Total revenues and transfers in	\$34,980	\$34,980	\$34,151	(\$829)
Total expenditures and transfers out	\$47,955	\$94,212	\$72,979	\$21,233
<u>Herning Hills</u>				
Total revenues and transfers in	\$25,010	\$25,010	\$24,447	(\$563)
Total expenditures and transfers out	\$55,407	\$55,407	\$32,928	\$22,479
<u>Hopeless</u>				
Total revenues and transfers in	\$22,180	\$22,180	\$21,748	(\$432)
Total expenditures and transfers out	\$57,214	\$57,214	\$8,467	\$48,747
<u>Horseshoe Downs</u>				
Total revenues and transfers in	\$11,890	\$11,890	\$11,940	\$50
Total expenditures and transfers out	\$15,335	\$15,335	\$12,549	\$2,786
<u>Jennifer Drive</u>				
Total revenues and transfers in	\$5,170	\$5,170	\$5,125	(\$45)
Total expenditures and transfers out	\$13,618	\$13,618	\$3,402	\$10,215
<u>Jones Road</u>				
Total revenues and transfers in	\$58,900	\$58,900	\$58,147	(\$753)
Total expenditures and transfers out	\$78,306	\$78,306	\$34,331	\$43,975

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, 2010**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Joy Road</u>				
Total revenues and transfers in	\$7,500	\$7,500	\$6,653	(\$847)
Total expenditures and transfers out	\$25,002	\$30,942	\$8,010	\$22,932
<u>Keeney Road</u>				
Total revenues and transfers in	\$2,100	\$2,100	\$2,040	(\$60)
Total expenditures and transfers out	\$8,408	\$8,408	\$660	\$7,748
<u>Kendall</u>				
Total revenues and transfers in	\$10,910	\$10,910	\$10,487	(\$423)
Total expenditures and transfers out	\$65,206	\$65,206	\$2,751	\$62,455
<u>Keystone</u>				
Total revenues and transfers in	\$12,320	\$12,320	\$12,954	\$634
Total expenditures and transfers out	\$68,609	\$68,609	\$4,691	\$63,918
<u>Kris Kringle</u>				
Total revenues and transfers in	\$12,920	\$12,920	\$12,364	(\$556)
Total expenditures and transfers out	\$62,567	\$72,567	\$15,167	\$57,399
<u>Lakloey Hill</u>				
Total revenues and transfers in	\$36,130	\$36,130	\$34,819	(\$1,311)
Total expenditures and transfers out	\$162,016	\$159,016	\$49,455	\$109,561
<u>Lee Lane</u>				
Total revenues and transfers in	\$5,650	\$5,650	\$5,422	(\$228)
Total expenditures and transfers out	\$27,947	\$28,947	\$4,420	\$24,527
<u>Loose Moose</u>				
Total revenues and transfers in	\$6,130	\$6,130	\$5,829	(\$301)
Total expenditures and transfers out	\$17,361	\$17,361	\$4,379	\$12,982
<u>Martin</u>				
Total revenues and transfers in	\$23,060	\$23,060	\$24,171	\$1,111
Total expenditures and transfers out	\$49,543	\$49,543	\$14,529	\$35,014

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, 2010**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>McCloud</u>				
Total revenues and transfers in	\$31,430	\$31,430	\$31,247	(\$183)
Total expenditures and transfers out	\$106,360	\$106,360	\$8,480	\$97,880
<u>McGrath Estates</u>				
Total revenues and transfers in	\$67,320	\$67,320	\$66,049	(\$1,271)
Total expenditures and transfers out	\$203,559	\$203,559	\$66,933	\$136,626
<u>McKinley View</u>				
Total revenues and transfers in	\$4,280	\$4,280	\$4,088	(\$192)
Total expenditures and transfers out	\$27,416	\$27,416	\$1,188	\$26,228
<u>Mellow Woods Road</u>				
Total revenues and transfers in	\$15,750	\$15,750	\$15,386	(\$364)
Total expenditures and transfers out	\$63,424	\$63,424	\$7,343	\$56,081
<u>Miller Hill Extension</u>				
Total revenues and transfers in	\$55,080	\$55,080	\$55,013	(\$67)
Total expenditures and transfers out	\$108,827	\$108,827	\$49,893	\$58,935
<u>Moose Creek</u>				
Total revenues and transfers in	\$15,460	\$15,460	\$14,808	(\$652)
Total expenditures and transfers out	\$83,781	\$83,781	\$10,767	\$73,013
<u>Moose Meadows</u>				
Total revenues and transfers in	\$69,930	\$69,930	\$68,060	(\$1,870)
Total expenditures and transfers out	\$290,630	\$290,630	\$191,222	\$99,409
<u>Mt. View</u>				
Total revenues and transfers in	\$26,550	\$26,550	\$25,653	(\$897)
Total expenditures and transfers out	\$116,205	\$116,205	\$8,364	\$107,840
<u>Murphy</u>				
Total revenues and transfers in	\$12,190	\$12,190	\$11,695	(\$495)
Total expenditures and transfers out	\$39,140	\$39,140	\$5,204	\$33,937

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, 2010**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Musk Ox</u>				
Total revenues and transfers in	\$34,850	\$34,850	\$33,862	(\$988)
Total expenditures and transfers out	\$119,342	\$113,342	\$60,952	\$52,390
<u>Newby Park</u>				
Total revenues and transfers in	\$16,060	\$16,060	\$15,668	(\$392)
Total expenditures and transfers out	\$22,099	\$25,099	\$17,244	\$7,855
<u>North Ridge</u>				
Total revenues and transfers in	\$9,330	\$9,330	\$9,172	(\$158)
Total expenditures and transfers out	\$31,821	\$31,821	\$8,040	\$23,781
<u>North Star Volunteer Fire</u>				
Total revenues and transfers in	\$1,471,710	\$1,471,710	\$1,517,869	\$46,159
Total expenditures and transfers out	\$1,524,845	\$1,547,493	\$1,516,172	\$31,321
<u>O'Connor Creek</u>				
Total revenues and transfers in	\$111,620	\$111,620	\$111,210	(\$410)
Total expenditures and transfers out	\$167,081	\$167,081	\$45,694	\$121,387
<u>Old Wood Road</u>				
Total revenues and transfers in	\$11,480	\$11,480	\$11,291	(\$189)
Total expenditures and transfers out	\$31,471	\$31,471	\$5,786	\$25,685
<u>Our</u>				
Total revenues and transfers in	\$3,660	\$3,660	\$3,555	(\$105)
Total expenditures and transfers out	\$9,062	\$11,562	\$3,758	\$7,805
<u>Parksridge</u>				
Total revenues and transfers in	\$11,350	\$11,350	\$10,637	(\$713)
Total expenditures and transfers out	\$56,240	\$56,240	\$4,209	\$52,031
<u>Peede Country Estates</u>				
Total revenues and transfers in	\$4,940	\$4,940	\$4,790	(\$150)
Total expenditures and transfers out	\$19,567	\$19,567	\$1,887	\$17,680

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, 2010**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Pine Stream</u>				
Total revenues and transfers in	\$21,130	\$21,130	\$20,195	(\$935)
Total expenditures and transfers out	\$104,808	\$104,808	\$16,447	\$88,360
<u>Pleasureland</u>				
Total revenues and transfers in	\$8,000	\$8,000	\$7,195	(\$805)
Total expenditures and transfers out	\$70,185	\$70,185	\$2,858	\$67,327
<u>Polar Heights</u>				
Total revenues and transfers in	\$17,860	\$17,860	\$17,363	(\$497)
Total expenditures and transfers out	\$44,382	\$44,382	\$23,050	\$21,332
<u>Potlatch</u>				
Total revenues and transfers in	\$11,690	\$11,690	\$15,662	\$3,972
Total expenditures and transfers out	\$24,967	\$24,167	\$23,326	\$842
<u>Prospect Park</u>				
Total revenues and transfers in	\$7,500	\$7,500	\$7,333	(\$167)
Total expenditures and transfers out	\$30,249	\$30,249	\$3,830	\$26,419
<u>Reed Acres Road</u>				
Total revenues and transfers in	\$8,600	\$8,600	\$7,903	(\$697)
Total expenditures and transfers out	\$59,292	\$59,292	\$3,842	\$55,450
<u>Ridgecrest</u>				
Total revenues and transfers in	\$2,070	\$2,070	\$2,042	(\$28)
Total expenditures and transfers out	\$2,071	\$5,435	\$4,482	\$952
<u>Salchaket Heights</u>				
Total revenues and transfers in	\$2,420	\$2,420	\$2,220	(\$200)
Total expenditures and transfers out	\$13,672	\$13,672	\$2,420	\$11,252
<u>Scenic Heights</u>				
Total revenues and transfers in	\$17,920	\$17,920	\$17,039	(\$881)
Total expenditures and transfers out	\$109,261	\$109,261	\$13,392	\$95,869

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, 2010

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Seavy</u>				
Total revenues and transfers in	\$9,960	\$9,960	\$9,663	(\$297)
Total expenditures and transfers out	\$56,699	\$56,699	\$5,984	\$50,714
<u>Secluded Acres</u>				
Total revenues and transfers in	\$7,860	\$7,860	\$7,572	(\$288)
Total expenditures and transfers out	\$43,314	\$43,314	\$3,228	\$40,086
<u>Serendipity Hill</u>				
Total revenues and transfers in	\$6,660	\$6,660	\$6,325	(\$335)
Total expenditures and transfers out	\$42,255	\$42,255	\$2,096	\$40,159
<u>Six Mile Village Road</u>				
Total revenues and transfers in	\$8,460	\$8,460	\$7,682	(\$778)
Total expenditures and transfers out	\$40,094	\$40,094	\$2,599	\$37,495
<u>Smallwood Trail Road</u>				
Total revenues and transfers in	\$6,240	\$6,240	\$5,989	(\$251)
Total expenditures and transfers out	\$36,264	\$33,264	\$15,924	\$17,340
<u>Smith Ranch</u>				
Total revenues and transfers in	\$36,790	\$36,790	\$36,535	(\$255)
Total expenditures and transfers out	\$97,338	\$97,338	\$15,544	\$81,793
<u>Spring Glade</u>				
Total revenues and transfers in	\$28,530	\$28,530	\$27,388	(\$1,142)
Total expenditures and transfers out	\$127,800	\$127,800	\$17,542	\$110,258
<u>Spruce Acres</u>				
Total revenues and transfers in	\$6,290	\$6,290	\$5,792	(\$498)
Total expenditures and transfers out	\$36,727	\$36,727	\$2,583	\$34,144
<u>Steamboat Landing</u>				
Total revenues and transfers in	\$16,130	\$16,130	\$15,308	(\$822)
Total expenditures and transfers out	\$60,672	\$60,672	\$10,080	\$50,592

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, 2010**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Steese Volunteer Fire</u>				
Total revenues and transfers in	\$1,189,680	\$1,189,680	\$1,209,285	\$19,605
Total expenditures and transfers out	\$1,375,007	\$1,392,407	\$1,092,751	\$299,656
<u>Straight Creek</u>				
Total revenues and transfers in	\$18,240	\$18,240	\$16,300	(\$1,940)
Total expenditures and transfers out	\$27,372	\$27,372	\$15,661	\$11,711
<u>Summerwood</u>				
Total revenues and transfers in	\$37,030	\$37,030	\$35,861	(\$1,169)
Total expenditures and transfers out	\$141,926	\$141,926	\$11,773	\$130,153
<u>Summit Drive</u>				
Total revenues and transfers in	\$107,680	\$107,680	\$204,720	\$97,040
Total expenditures and transfers out	\$275,849	\$275,849	\$51,615	\$224,234
<u>Sunny Hills Terrace</u>				
Total revenues and transfers in	\$30,150	\$30,150	\$29,026	(\$1,124)
Total expenditures and transfers out	\$160,926	\$160,926	\$118,528	\$42,398
<u>Sunrise</u>				
Total revenues and transfers in	\$11,820	\$11,820	\$10,886	(\$934)
Total expenditures and transfers out	\$82,630	\$82,630	\$29,140	\$53,490
<u>Tan Terra</u>				
Total revenues and transfers in	\$25,660	\$25,660	\$33,142	\$7,482
Total expenditures and transfers out	\$34,446	\$34,446	\$7,264	\$27,182
<u>Thomas</u>				
Total revenues and transfers in	\$10,720	\$10,720	\$10,125	(\$595)
Total expenditures and transfers out	\$15,927	\$15,927	\$9,283	\$6,644
<u>Timberlane Road</u>				
Total revenues and transfers in	\$8,090	\$8,090	\$7,417	(\$673)
Total expenditures and transfers out	\$77,127	\$77,127	\$3,434	\$73,693

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, 2010**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Tungsten</u>				
Total revenues and transfers in	\$41,110	\$41,110	\$40,436	(\$674)
Total expenditures and transfers out	\$41,110	\$39,405	\$17,031	\$22,374
<u>Twenty Three Mile Slough</u>				
Total revenues and transfers in	\$39,780	\$39,780	\$35,205	(\$4,575)
Total expenditures and transfers out	\$156,436	\$156,436	\$55,642	\$100,794
<u>Ullrhaven</u>				
Total revenues and transfers in	\$4,060	\$4,060	\$3,886	(\$174)
Total expenditures and transfers out	\$19,092	\$19,092	\$2,684	\$16,408
<u>University Fire</u>				
Total revenues and transfers in	\$2,188,040	\$2,188,040	\$2,174,613	(\$13,427)
Total expenditures and transfers out	\$3,386,421	\$3,386,421	\$1,717,186	\$1,669,235
<u>University Heights</u>				
Total revenues and transfers in	\$54,180	\$54,180	\$52,839	(\$1,341)
Total expenditures and transfers out	\$198,558	\$198,558	\$22,882	\$175,675
<u>University West Street Light</u>				
Total revenues and transfers in	\$62,640	\$62,640	\$60,507	(\$2,133)
Total expenditures and transfers out	\$207,506	\$219,506	\$44,804	\$174,702
<u>Vienna Wood</u>				
Total revenues and transfers in	\$23,250	\$23,250	\$22,706	(\$544)
Total expenditures and transfers out	\$67,200	\$67,200	\$21,471	\$45,729
<u>Viewpointe</u>				
Total revenues and transfers in	\$17,660	\$17,660	\$16,647	(\$1,013)
Total expenditures and transfers out	\$127,997	\$127,997	\$6,882	\$121,114
<u>Violet Drive</u>				
Total revenues and transfers in	\$57,790	\$57,790	\$56,663	(\$1,127)
Total expenditures and transfers out	\$105,452	\$105,452	\$32,453	\$72,998

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, 2010**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Vista Gold Road</u>				
Total revenues and transfers in	\$37,680	\$37,680	\$38,097	\$417
Total expenditures and transfers out	\$70,647	\$70,647	\$33,649	\$36,998
<u>Vue Crest</u>				
Total revenues and transfers in	\$30,960	\$30,960	\$29,593	(\$1,367)
Total expenditures and transfers out	\$145,091	\$145,091	\$29,717	\$115,374
<u>Whitman</u>				
Total revenues and transfers in	\$3,910	\$3,910	\$3,722	(\$188)
Total expenditures and transfers out	\$23,964	\$23,964	\$2,947	\$21,017
<u>Wildview</u>				
Total revenues and transfers in	\$178,070	\$178,070	\$174,115	(\$3,955)
Total expenditures and transfers out	\$520,738	\$520,738	\$256,464	\$264,274
<u>Woodland</u>				
Total revenues and transfers in	\$2,400	\$2,400	\$2,383	(\$17)
Total expenditures and transfers out	\$6,118	\$6,118	\$1,317	\$4,801
<u>Yak Road</u>				
Total revenues and transfers in	\$77,070	\$77,070	\$74,910	(\$2,160)
Total expenditures and transfers out	\$232,872	\$232,872	\$49,907	\$182,965
<u>Total All Service Areas</u>				
Total revenues and transfers in	\$9,582,820	\$9,582,820	\$9,780,596	\$197,776
Total expenditures and transfers out	\$18,903,196	\$19,945,605	\$8,886,497	\$11,059,109

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Net Assets
June 30, 2010

	<u>Business-type Activities -</u>	
	<u>Transit</u>	<u>Land</u>
Assets		
Current assets		
Equity in central treasury cash	\$2,523,843	\$
Restricted equity in central treasury cash	86,231	
Accounts receivable (net of allowance for uncollectibles - \$3,785)	25,109	
Restricted accounts receivable		
Interfund receivable		
Restricted due from governmental agencies	435,295	
Inventories	188,359	
	<hr/>	<hr/>
Current assets total	3,258,837	
	<hr/>	<hr/>
Noncurrent assets		
Long-term receivable (net of allowance for uncollectibles - \$207,668)		
Capital assets - non-depreciable		
Land and land improvements	595,234	
Works of art		
Construction work in progress	59,395	
Capital assets - depreciable		
Land		
Buildings	4,032,842	
Improvements other than buildings	268,627	
Equipment	4,173,123	
Intangible assets - software	204,769	
Accumulated depreciation	(3,345,384)	
	<hr/>	<hr/>
Noncurrent assets (net) total	5,988,606	
	<hr/>	<hr/>
Assets total	\$9,247,442	\$
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

Enterprise Funds			Governmental Activities - Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
\$716,870	\$13,585,882	\$16,826,596	\$708,425
545,277		631,508	24,363
174,281	419,682	619,071	
3,985		3,985	
	292,043	292,043	
77	2,500,000	2,935,371	
	116,193	304,551	
<u>1,440,491</u>	<u>16,913,799</u>	<u>21,613,127</u>	<u>732,789</u>
509,032	746,003	1,850,269	
120,790		120,790	
	23,558	82,953	
	346,044	346,044	
16,646,964	6,616,901	27,296,708	
1,608,028	16,992,749	18,869,405	
1,567,305	3,668,796	9,409,224	6,863,368
		204,769	
(6,750,264)	(14,347,974)	(24,443,622)	(3,678,499)
<u>13,701,856</u>	<u>14,046,078</u>	<u>33,736,540</u>	<u>3,184,870</u>
<u>\$15,142,346</u>	<u>\$30,959,878</u>	<u>\$55,349,666</u>	<u>\$3,917,658</u>

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Net Assets
June 30, 2010

	<u>Business-type Activities -</u>	
	<u>Transit</u>	<u>Land</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$65,379	\$
Wages and payroll taxes	145,206	
Accrued compensated absences	218,204	
Accrued self-insurance losses	72,589	
Deposits from others	4,784	
Payable from restricted assets		
Accounts payable	23,638	
Interfund payable	312,066	
Unearned revenues		
Capital leases payable		
Loans payable		
Current liabilities total	<u>841,867</u>	
Long-term liabilities		
Accrued compensated absences	46,465	
Accrued self-insurance losses	93,254	
Capital leases payable		
Loans payable		
Landfill closure and postclosure care		
Long-term liabilities total	<u>139,719</u>	
Liabilities total	<u>981,585</u>	
Net assets		
Invested in capital assets, net of related debt	5,988,606	
Restricted for		
Asset replacement		
Grants	185,821	
Unrestricted	2,091,430	
Net assets total	<u>8,265,857</u>	
Liabilities and net assets total	<u>\$9,247,442</u>	<u>\$</u>

See accompanying notes to financial statements.

Enterprise Funds			Governmental Activities - Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
\$7,220	\$1,960,535	\$2,033,134	\$
2,561	62,708	210,475	
2,182	55,722	276,108	
	14,385	86,974	
		4,784	
57,018		80,656	
77	2,500,000	2,812,143	
120,831		120,831	18,200
			396,068
	1,252,731	1,252,731	
189,889	5,846,080	6,877,836	414,268
1,785	11,413	59,663	
	26,237	119,490	
			853,163
	1,271,522	1,271,522	
	17,625,941	17,625,941	
1,785	18,935,113	19,076,616	853,163
191,674	24,781,193	25,954,452	1,267,431
13,701,856	11,521,825	31,212,287	1,935,639
371,414		371,414	
		185,821	6,163
877,403	(5,343,141)	(2,374,307)	708,425
14,950,672	6,178,685	29,395,214	2,650,228
\$15,142,346	\$30,959,878	\$55,349,666	\$3,917,658

Proprietary Funds**Reconciliation of Net Assets Between the
Government-wide and Fund Financial Statements
June 30, 2010**

Total net assets of enterprise funds	\$29,395,214
Amounts reported for business-type activities in the statement of net assets are different because:	
An adjustment is made to reflect the consolidation of the internal service fund activities to the enterprise funds.	<u>(4,669)</u>
Net assets of business-type activities	<u><u>\$29,390,545</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, 2010

	<u>Business-type Activities -</u>	
	<u>Transit</u>	<u>Land</u>
Operating revenues		
Fares	\$421,676	\$
Advertising	12,722	
Charges for services	738,907	
Operating revenues total	<u>1,173,305</u>	<u> </u>
Operating expenses		
Wages and benefits	4,838,921	
Fuels, lubricants, and parts	622,759	
Other commodities	49,756	
Contractual services	355,237	
Utilities	150,044	
Professional services	213,832	
Depreciation	462,947	
Training, dues and professional expenses	96,768	
Repairs and maintenance	90,939	
Supplies	43,529	
Management contractor fee		
Landfill closure and postclosure care costs		
Interest expense - capital leases		
Intragovernmental charges	907,603	
Operating expenses total	<u>7,832,335</u>	<u> </u>
Operating income (loss)	<u>(6,659,030)</u>	<u> </u>

See accompanying notes to financial statements.

Enterprise Funds			Governmental Activities - Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
\$	\$	\$421,676	\$
		12,722	
104,064	6,854,740	7,697,712	566,500
104,064	6,854,740	8,132,110	566,500
56,484	1,719,372	6,614,777	
	225,363	848,122	
16,359	3,589	69,705	
376,395	4,397,773	5,129,405	40
	97,882	247,926	
28,620	431,572	674,024	
474,877	1,397,824	2,335,648	451,360
	25,037	121,805	
1,850	308,238	401,027	1,799
29,421	117,057	190,007	
176,044		176,044	
	(3,622,580)	(3,622,580)	
			52,663
398,978	776,163	2,082,744	45,172
1,559,028	5,877,290	15,268,653	551,034
(1,454,963)	977,450	(7,136,543)	15,466

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Revenues, Expenses
and Changes in Net Assets
Year Ended June 30, 2010

	<u>Business-type Activities -</u>	
	<u>Transit</u>	<u>Land</u>
Non-operating revenues (expenses)		
Interest expense	\$	\$
Grants revenue	1,620,637	
Investment income	2,407	
Gain (loss) on sales of capital assets	(14,597)	
Miscellaneous revenue (expense)	965	
Contribution to governmental activities capital assets		(13,556,679)
Non-operating revenues (expenses) total	<u>1,609,412</u>	<u>(13,556,679)</u>
Income (loss) before contributions and transfers	(5,049,617)	(13,556,679)
Transfers in	4,581,120	
Transfers out		(4,560,005)
Capital contributions	219,987	
Change in net assets	<u>(248,511)</u>	<u>(18,116,685)</u>
Net assets total, beginning as restated for 2009	<u>8,514,368</u>	<u>18,116,685</u>
Net assets total, ending	<u><u>\$8,265,857</u></u>	<u><u>\$</u></u>

See accompanying notes to financial statements.

Enterprise Funds			Governmental Activities - Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
\$	(\$56,377)	(\$56,377)	\$
		1,620,637	
941	21,804	25,152	
352	(49,360)	(63,604)	35,146
1,318	376	2,659	4,136
		(13,556,679)	
<u>2,611</u>	<u>(83,557)</u>	<u>(12,028,213)</u>	<u>39,282</u>
(1,452,352)	893,893	(19,164,756)	54,748
1,203,970	65,000	5,850,090	
		(4,560,005)	
82,358	2,500,000	2,802,345	
<u>(166,024)</u>	<u>3,458,893</u>	<u>(15,072,327)</u>	<u>54,748</u>
15,116,697	2,719,792	44,467,541	2,595,480
<u>\$14,950,672</u>	<u>\$6,178,685</u>	<u>\$29,395,214</u>	<u>\$2,650,228</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, 2010**

Change in net assets - total enterprise funds	(\$15,072,327)
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>11,851</u>
Change in net assets of business-type activities	<u><u>(\$15,060,475)</u></u>

See accompanying notes to financial statements.

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FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Cash Flows
Increases (Decreases) in Equity in Central Treasury Cash
For the Year Ended June 30, 2010

	<u>Business-type Activities -</u>	
	<u>Transit</u>	<u>Land</u>
Cash flows from operating activities		
Cash received from customers	\$1,148,196	\$
Cash payments to suppliers for goods and services	(2,520,185)	
Cash payments to employees for services	(4,640,343)	
Net cash provided by (used for) operating activities	<u>(6,012,332)</u>	
Cash flows from noncapital financing activities		
Grants received	1,757,985	
Transfers from other funds	4,581,120	
Transfers to other funds		(4,570,227)
Proceeds from interfund financing activity	(135,215)	
Net cash provided by (used for) noncapital financing activities	<u>6,203,890</u>	<u>(4,570,227)</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(59,395)	
Capital grants received	63,642	
Capital lease payments		
Interest on capital lease payments		
Proceeds from disposal of capital assets	2,068	
Proceeds from surplus sale	965	
Proceeds from (repayment of) interfund financing activity	109,792	
Payments on loan		
Net cash provided by (used for) capital and related financing activities	<u>117,072</u>	
Cash flows from investing activities		
Investment income allocation from central treasury	2,407	
Payments received on loans to other funds		
Net cash provided by investing activities	<u>2,407</u>	
Net increase (decrease) in equity in central treasury cash	311,037	(4,570,227)
Equity in central treasury cash at beginning of year, as restated for 2009	<u>2,299,037</u>	<u>4,570,227</u>
Equity in central treasury cash at end of year	<u><u>\$2,610,074</u></u>	<u><u>\$</u></u>

See accompanying notes to financial statements.

Enterprise Funds			Governmental Activities - Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
\$621	\$7,467,583	\$8,616,400	\$566,500
(1,027,667)	(4,746,656)	(8,294,508)	(54,602)
(54,254)	(1,992,719)	(6,687,316)	
(1,081,300)	728,208	(6,365,424)	511,898
		1,757,985	5,602
1,203,970	65,000	5,850,090	
		(4,570,227)	
		(135,215)	
1,203,970	65,000	2,902,633	5,602
(1,426,038)	(453,695)	(1,939,128)	(999)
204,949	2,500,000	2,768,591	(487,055)
			(52,663)
	116,522	118,590	72,427
1,670	376	3,011	4,136
(1,760)		108,032	
	(1,290,595)	(1,290,595)	
(1,221,179)	872,608	(231,499)	(464,154)
941	21,805	25,153	
	16,057	16,057	
941	37,862	41,210	
(1,097,568)	1,703,678	(3,653,080)	53,346
2,359,715	11,882,204	21,111,184	679,443
1,262,147	\$13,585,882	\$17,458,103	\$732,789

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Cash Flows
Increases (Decreases) in Equity in Central Treasury Cash
For the Year Ended June 30, 2010

	<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	\$2,523,843	\$
Restricted equity in central treasury cash	86,231	
Equity in central treasury cash at end of year	<u>\$2,610,074</u>	<u>\$</u>
<u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</u>		
Operating income (loss)	<u>(\$6,659,030)</u>	<u>\$</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation	462,947	
Interest expense for capital leases		
Change in assets and liabilities		
(Increase) decrease in receivables	(25,109)	
(Increase) decrease in inventories	4,421	
Increase (decrease) in accounts payable	6,544	
Increase (decrease) in deposits from others	(683)	
Increase (decrease) in wages and payroll taxes	23,512	
Increase (decrease) in accrued compensated absences	20,541	
Increase (decrease) in accrued self-insurance losses	154,526	
Increase (decrease) in landfill closure and postclosure care liability		
Adjustments total	<u>646,698</u>	
Net cash provided by (used for) operating activities	<u>(\$6,012,332)</u>	<u>\$</u>
<u>Noncash investing, capital and financing activities</u>		
Capital leases		
Transfers (to) from other funds		(\$13,546,458)

See accompanying notes to financial statements.

Enterprise Funds			Governmental Activities - Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
\$716,870	\$13,585,882	\$16,826,596	\$708,425
545,277		631,508	24,363
<u>\$1,262,147</u>	<u>\$13,585,882</u>	<u>\$17,458,104</u>	<u>\$732,789</u>
<u>(\$1,454,963)</u>	<u>\$977,450</u>	<u>(\$7,136,543)</u>	<u>\$15,466</u>
474,877	1,397,824	2,335,647	451,360
			52,663
(112,257)	136,463	(903)	
	456,203	460,624	
8,813	1,656,195	1,671,552	(7,591)
		(683)	
74	13,888	37,473	
2,156	(10,039)	12,658	
	(277,195)	(122,670)	
	<u>(3,622,580)</u>	<u>(3,622,580)</u>	
<u>373,663</u>	<u>(249,242)</u>	<u>771,118</u>	<u>496,431</u>
<u>(\$1,081,300)</u>	<u>\$728,208</u>	<u>(\$6,365,424)</u>	<u>\$511,898</u>
	\$179,727	(\$13,366,731)	\$729,801

FAIRBANKS NORTH STAR BOROUGH

Fiduciary Fund

Statement of Net Assets
June 30, 2010

	<u>Taxes Agency Fund</u>
Assets	
Equity in central treasury cash	\$194,733
Property tax liens receivable	399,750
Sales tax receivable	44,445
Assets total	<u>\$638,928</u>
Liabilities	
Due to other governmental agencies for collected taxes	\$9,653
Due to other governmental agencies for uncollected taxes	444,195
Advance tax payments	185,080
Liabilities total	<u>\$638,928</u>

See accompanying notes to financial statements.

**NOTES TO THE
FINANCIAL STATEMENTS**

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements
June 30, 2010**

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FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements June 30, 2010

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, 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, and 28.5 percent of the annual lapse is returned to the Borough and deposited in the School District facilities maintenance reserve.

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.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

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

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, 2010**

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-area-wide, 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.

Through fiscal year 2009, the land enterprise fund was used to account for the acquisition, development and sale, and management of all Borough lands, including those received under the State of Alaska's Municipal Entitlement Act. It also accounted for the Chena Riverfront Trust. The balances in the land enterprise fund were transferred to the general fund, local programs nonmajor special revenue fund, nonmajor capital projects funds, and governmental activities capital assets effective July 1, 2009.

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, 2010**

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 (in fiscal year 2009), 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, 2010**

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 in 2009, which was 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, except for land sales which use a 30-day availability 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

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BUDGETARY PROCESS (continued)

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.

- 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.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, land revenue 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).

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. 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 applying a relevant index to back-trend this amount to the date of acquisition or construction.

Land and land improvements includes entitlement land, received by the Borough under the State of Alaska's Municipal Entitlement Act, which is recorded as a donation in the statement of activities (land enterprise fund in 2009). 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.

The cost of the road service areas' rights-of-way and roadbeds is also included in the amount of land and land improvements. 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. In addition, the amount of land and land improvements includes 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 6.)

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 2007, 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 2007 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, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. CAPITAL ASSETS (continued)

appreciating in value and as such, they are not depreciated: microfilm, Alaskan 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 minor improvements, furniture, equipment, and certain intangible assets (software). Capital assets are defined by the School District as assets with an initial, individual cost of \$5,000 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 8.) On July 1, 2009 the School District capitalization threshold was increased from \$2,500 to \$5,000 and all capital assets with a historical cost under \$5,000 were written off. An adjustment of \$730,586, equal to the net book value of these assets, was made on the School District government-wide financial statements.

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 (software)	5-10

L. 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.

M. 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.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. DEFERRED AND UNEARNED REVENUES (continued)

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.

N. 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.

O. 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. As of June 30, 2009 and 2010, there were no environmental issues which met the criteria.

P. 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.

Q. 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.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. 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, 2009, 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.

S. 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	\$111,314,715	\$9,780,596
Adjustment for other financing sources (transfers in)		(174,667)
Adjustment for intragovernmental cost plan revenues	(4,551,686)	
Revenues reported on the basis of GAAP	<u>\$106,763,029</u>	<u>\$9,605,929</u>
Expenditures reported on the basis of budgeting	\$85,957,006	\$8,886,497
Expenditures on prior year encumbrances	158,770	26,500
Current year encumbrances	(204,619)	(35,813)
Adjustment for other financing sources (transfers out)		(1,694,758)
Adjustment for intragovernmental cost plan revenues	(4,551,686)	
Adjustment for accrued compensated absences	(199,676)	
Expenditures reported on the basis of GAAP	<u>\$81,159,795</u>	<u>\$7,182,425</u>

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

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

The Debt Service Fund had an excess of actual expenditures over appropriations for the year ended June 30, 2010. The \$59,563 of excess expenditures was the result of issuance costs for the 1997 Refunding Series A (see note 10). Although not officially appropriated, these expenditures were authorized with the Assembly's adoption of Ordinance 2009-56, which provided for the issuance, terms, conditions, and sale of the refunding bonds.

C. DEFICIT FUND EQUITY

There was a deficit fund balance at June 30, 2010 in Golden Valley road service area of \$8,546 resulting from a loan to cover a 10% project match.

D. TAXES LEVIED IN EXCESS OF MAXIMUM TAX COMPUTATION

Forty-eight service areas and the solid waste collections district levied a total of \$2,624 of taxes in excess of the maximum tax computation. (See Note 4.)

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

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 in excess of seven percent lapses back to the Borough's general fund and 28.5 percent of the annual lapse is returned to the Borough for the School District facilities maintenance reserve. The carry over amount is required to be shown as local revenues in that following year's budget. At June 30, 2010, the lapse to the School District facilities maintenance reserve is \$2,183,369.

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

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

3. DEPOSITS AND INVESTMENTS (continued)

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.

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, 2010, 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, 2010 are:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Ratings</u>
Overnight investment			
Wells Fargo Bank Alaska N.A.	\$104,551		n/a
Wells Fargo Bank Alaska N.A.	2,854,922		n/a
Denali State Bank	1,000		n/a
Government securities money market funds			
Fidelity Institutional Money Market - Government Fund	89,205,816		AAAM/Aaa
BNY Goldman Sachs FS Fund	146,195		AAAM/Aaa
External investment pool			
Alaska Municipal League Investment Pool	46,187,553		AAAM
Certificates of Deposit			
Certificate of Deposit Account Registry Service - CDARS	5,000,000	7 July 2010	n/a
Certificate of Deposit Account Registry Service - CDARS	<u>10,000,000</u>	15 October 2010	n/a
	<u>\$153,500,036</u>		

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued) June 30, 2010

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 2010, the voters reconfirmed the Code provision limiting the Borough's taxing authority.

5. LAND CONTRACTS RECEIVABLE

All real estate sales financed by the Borough use notes receivable by deeds of trust. Annual installments are due over a period of ten years from the time of sale with a stated interest rate of 6.50 percent to 10.00 percent and a weighted average interest rate of 8.84 percent. Of the \$803,253 receivable at June 30, 2010, \$590,586 is not expected to be collected within one year. No allowances for uncollectible notes are recorded as the Borough expects non-judicial foreclosure actions to recoup at least the outstanding receivable amount on each delinquent property. As of June 30, 2010, the total receivable for delinquent accounts amounted to \$109,023.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$237,919,518	\$14,107,452	\$(449,486)	\$251,577,484
Works of art	156,800			156,800
Library materials	1,090,428	27,057		1,117,485
Construction in progress	19,779,966	7,221,763	(14,160,403)	12,841,327
Total capital assets, not being depreciated	<u>258,946,711</u>	<u>21,356,273</u>	<u>(14,609,889)</u>	<u>265,693,096</u>
Capital assets, being depreciated:				
Buildings	431,978,105	14,425,841		446,403,946
Improvements other than buildings	70,597,555	143,406		70,740,961
Machinery and equipment	17,946,128	1,559,279	(583,192)	18,922,215
Library materials	1,790,711	310,215	(261,651)	1,839,275
Intangible assets - software	1,286,895	18,864		1,305,759
Total capital assets, being depreciated	<u>523,599,394</u>	<u>16,457,605</u>	<u>(844,843)</u>	<u>539,212,156</u>
Less accumulated depreciation for:				
Buildings	(161,780,269)	(11,652,597)		(173,432,867)
Improvements other than buildings	(25,606,457)	(2,229,709)		(27,836,166)
Machinery and equipment	(9,872,948)	(1,061,974)	518,472	(10,416,450)
Library materials	(883,249)	(302,499)	261,651	(924,097)
Intangible assets - software	(1,008,642)	(91,402)		(1,100,044)
Total accumulated depreciation	<u>(199,151,565)</u>	<u>(15,338,181)</u>	<u>780,123</u>	<u>(213,709,624)</u>
Total capital assets, being depreciated, net	<u>324,447,829</u>	<u>1,119,424</u>	<u>(64,721)</u>	<u>325,502,532</u>
Governmental activities capital assets, net	<u>\$583,394,540</u>	<u>\$22,475,697</u>	<u>(\$14,674,609)</u>	<u>\$591,195,628</u>

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

6. CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Retained land	\$980,610	\$	(\$980,610)	\$
Land and land improvements	1,850,269			1,850,269
Works of art	120,790			120,790
Construction in progress	338,450	1,352,488	(1,607,985)	82,953
Total capital assets, not being depreciated	<u>3,290,120</u>	<u>1,352,488</u>	<u>(2,588,595)</u>	<u>2,054,012</u>
Capital assets, being depreciated:				
Land and land improvements	346,044			346,044
Buildings	26,003,650	1,607,985	(314,927)	27,296,708
Improvements other than buildings	18,869,405			18,869,405
Machinery and equipment	9,305,489	435,374	(331,639)	9,409,224
Intangible assets - software	223,633		(18,864)	204,769
Total capital assets, being depreciated	<u>54,748,220</u>	<u>2,043,359</u>	<u>(665,430)</u>	<u>56,126,149</u>
Less accumulated depreciation for:				
Land and land improvements	(269,046)	(10,904)		(279,949)
Buildings	(9,505,715)	(564,466)	273,986	(9,796,195)
Improvements other than buildings	(9,918,025)	(920,860)		(10,838,885)
Machinery and equipment	(2,769,097)	(818,557)	149,093	(3,438,561)
Intangible assets - software	(79,074)	(20,861)	9,904	(90,032)
Total accumulated depreciation	<u>(22,540,956)</u>	<u>(2,335,648)</u>	<u>432,982</u>	<u>(24,443,621)</u>
Total capital assets, being depreciated, net	<u>32,207,264</u>	<u>(292,288)</u>	<u>(232,448)</u>	<u>31,682,528</u>
Business-type activities capital assets, net	<u>\$35,497,384</u>	<u>\$1,060,199</u>	<u>(\$2,821,043)</u>	<u>\$33,736,540</u>

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

Governmental activities:	
General government	\$259,007
Community planning	4,099
Public works	89,462
Parks and recreation	1,668,748
Library	638,856
Education	11,160,027
Emergency operations	245,336
Fire service areas	537,397
In addition, depreciation on capital assets held by the Borough's internal service fund is charged to the various functions based on their usage of the assets.	451,360
Total depreciation expense – governmental activities	<u>\$15,054,292</u>
Business-type activities:	
Transit	\$462,947
Carlson Center	474,877
Solid Waste Disposal	1,397,824
Total depreciation expense – business-type activities	<u>\$2,335,648</u>

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

6. CAPITAL ASSETS (continued)

The increase in governmental activities accumulated depreciation includes \$283,890 of accumulated depreciation on the capital assets transferred from the Land Enterprise Fund to governmental activities capital assets during fiscal year 2010.

Component Unit - School District

	Beginning Balance	Change in Capitalization Threshold	Additions	Deduction	Ending Balance
Furniture and equipment	\$12,146,653	(\$3,390,149)	\$744,423	(\$244,068)	\$9,256,859
Less accumulated depreciation	(8,491,182)	2,661,418	(503,949)	237,314	(6,096,399)
Total, net of accumulated depreciation	<u>3,655,471</u>	<u>(728,731)</u>	<u>240,474</u>	<u>(6,754)</u>	<u>3,160,460</u>
Intangible assets (software)	205,056	(14,063)	1,034,657	(103,917)	1,121,733
Less accumulated amortization	(188,261)	12,208	(24,560)	98,764	(101,849)
Total, net of accumulated amortization	<u>16,795</u>	<u>(1,855)</u>	<u>1,010,097</u>	<u>(5,153)</u>	<u>1,019,884</u>
Component unit capital assets, net	<u>\$3,672,266</u>	<u>(\$730,586)</u>	<u>\$1,250,571</u>	<u>(\$11,907)</u>	<u>\$4,180,344</u>

7. 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, 2010, were as follows:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General	Service area special revenue	\$1,724
	State grants capital projects	156,506
	Nonmajor governmental funds	333,329
	Transit enterprise	312,066
	Carlson Center enterprise	77
	Solid waste disposal enterprise	2,500,000
Solid waste disposal enterprise	General fund	179,727
	Service area special revenue	112,316
State grants capital projects	Service area special revenue	54,306
Nonmajor capital projects	General fund	2,183,369
Total interfund payable		<u>\$5,833,420</u>

- The general fund receivable of \$1,724 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 general fund receivable amounts totaling \$3,301,978 is due to the individual funds' overdrafts of pooled cash in the central treasury, primarily for expenditure-driven grants for which grantor reimbursement has not yet been received.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

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

- The solid waste disposal enterprise receivable of \$179,727 is for gravel billings to the Borough's parks and recreation department for Tanana Lakes roads and parking lots. The \$112,316 represents an outstanding loan 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.
- The state grants capital projects receivable of \$54,306 is two loans to Golden Valley and Potlatch Heritage Hills road service areas from the road service revolving loan fund for road reconstruction projects. The balances are to be paid over 10 years at an interest rate of 8.25 percent with \$30,318 payable through July 2018 and the remaining \$23,988 payable through May 2019.
- The nonmajor capital projects receivable from the general fund, of \$2,183,369 is for the School District facilities maintenance reserve for the purpose of major maintenance, repairs and upgrades of school facilities.

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, 2010, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds		
General	\$2,776,354	\$25,733,037
Service areas special revenue	174,667	1,694,758
Debt service	14,154,520	
State grants capital projects	874,853	18,438
Nonmajor governmental funds	<u>13,682,938</u>	<u>5,507,183</u>
	<u>31,663,332</u>	<u>32,953,416</u>
Major business-type funds		
Transit enterprise	4,581,120	
Land enterprise		4,560,005
Carlson Center enterprise	1,203,970	
Solid waste disposal enterprise	65,000	
	<u>5,850,090</u>	<u>4,560,006</u>
Total – all funds	<u>\$37,513,422</u>	<u>\$37,513,422</u>

In the fund-level financial statements, total transfers in of \$37,513,422 are equal to transfers out. Business-type activities received \$5,850,090 from general fund to provide working capital for operations or projects.

8. 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, 2010 were \$1,031,668.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

8. OPERATING LEASES (continued)

The Borough has several significant operating leases:

- land lease for West Valley High School. In fiscal year 1996, 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.
- land lease for Hutchison High School which is housed within the Hutchison Institute of Technology. In fiscal year 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 2007. In fiscal year 2008, 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 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
2011	\$631,508
2012	500,136
2013	208,192
2014	132,220
2015	350
2016	54,272
Total	\$1,526,678

There are no other operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2010.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

8. OPERATING LEASES (continued)

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 \$194,273.

9. 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:

	<u>Proprietary Funds</u>
Machinery and equipment	\$2,981,263
Less: Accumulated depreciation	<u>(723,143)</u>
Total	<u><u>\$2,258,120</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

	<u>Year Ending June 30</u>	<u>Proprietary Funds</u>
	2011	\$443,581
	2012	338,109
	2013	296,574
	2014	195,785
	2015	<u>81,423</u>
Total minimum lease payments		1,355,472
Less: Amount representing interest		<u>(106,241)</u>
Present value of minimum lease payments		<u><u>\$1,249,231</u></u>

10. 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 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 sold \$11,950,000 of these bonds on February 10, 2010.

Additionally, on February 10, 2010, the Borough issued \$17,480,000 in general obligation bonds with an interest rate of 2.0 percent to 5.0 percent, to refund \$19,100,000 of outstanding 1997 Series A general obligation bonds, carrying interest at 5.0 percent. The newly issued Series N bonds were sold at a premium of \$1,769,002. In addition to the amount provided by Series N, the Borough directly contributed an additional \$413,031 to

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

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

A. GENERAL OBLIGATION BONDS (continued)

complete the refunding. The new bonds were issued on February 26, 2010 and \$19,491,896 was deposited in an irrevocable trust with an escrow agent who redeemed the 1997 Series A bonds on March 29, 2010. The Borough completed the refunding to reduce its total debt service payments over the next seven years by \$2,383,863 and to obtain an economic gain (the difference between the present value of the old and new debt service payments) of \$2,180,372.

On October 28, 2010, the Borough Assembly approved the refunding of outstanding 1999 Series B bonds. The 2010 Series O Refunding bonds were sold on November 23, 2010.

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
\$26,210,000 1999 Series B school facilities bonds due in annual installments of \$1,360,000 to \$1,990,000 through April 1, 2019 at 4.75 to 5.125% interest	\$14,875,000
\$9,000,000 2000 Series C school facilities bonds due in annual installments of \$430,000 to \$710,000 through December 1, 2020 at 4.5 to 7.5% interest	6,140,000
\$9,050,000 2001 Series D school facilities bonds due in annual installments of \$425,000 to \$695,000 through February 1, 2021 at 4.125 to 7.125% interest	6,005,000
\$14,000,000 2002 Series E school facilities bonds due in annual installments of \$595,000 to \$1,085,000 through August 1, 2022 at 4.0 to 4.8% interest	10,535,000
\$13,500,000 2003 Series F school facilities bonds due in annual installments of \$590,000 to \$1,075,000 through October 1, 2022 at 3.75 to 4.75% interest	10,435,000
\$14,164,000 2004 Series G school facilities bonds due in annual installments of \$600,000 to \$1,005,000 through October 1, 2023 at 3.125 to 4.250% interest	10,830,000
\$13,750,000 2005 Series H school facilities bonds due in annual installments of \$570,000 to \$985,000 through October 1, 2024 at 3.500 to 4.375% interest	11,195,000
\$9,750,000 2006 Series I school facilities bonds due in annual installments of \$375,000 to \$735,000 through November 1, 2025 at 4.25 to 4.30% interest	8,480,000
\$12,000,000 2007 Series J school facilities bonds due in annual installments of \$450,000 to \$880,000 through November 1, 2026 at 4.00 to 4.50% interest	10,865,000
\$10,460,000 2007 Series K refunding bonds due in annual installments of \$960,000 to \$1,320,000 through November 1, 2016 at 4.00% interest	7,925,000
\$11,128,000 2008 Series L school facilities bonds due in annual installments of \$400,000 to \$835,000 through November 1, 2027 at 3.50 to 4.50% interest	10,495,000
\$11,950,000 2010 Series M school facilities bonds due in annual installments of \$835,000 to \$820,000 through July 1, 2029 at 1.00 to 5.75% interest	11,950,000
\$17,480,000 2010 Series N refunding bonds due in annual installments of \$1,885,000 to \$2,450,000 through November 1, 2017 at 2.00 to 5.00% interest	17,480,000
Total	\$137,210,000

FAIRBANKS NORTH STAR BOROUGH
Notes to Financial Statements (continued)
June 30, 2010

10. 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
2011	\$8,640,000	\$5,209,883
2012	9,935,000	5,718,464
2013	9,905,000	4,940,970
2014	10,315,000	4,578,181
2015	10,735,000	4,163,645
2016-2020	49,760,000	13,756,686
2021-2025	29,235,000	4,987,204
2026-2030	8,685,000	822,025
Total	<u>\$137,210,000</u>	<u>\$44,177,058</u>

B. SOLID WASTE DISPOSAL ENTERPRISE FUND

The long-term debt in the solid waste disposal enterprise fund at June 30, 2010 is as follows:

Loan payable \$2,524,253

\$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
2011	\$1,252,731	\$37,864
2012	1,271,522	19,073
Total	<u>\$2,524,253</u>	<u>\$56,937</u>

FAIRBANKS NORTH STAR BOROUGH
Notes to Financial Statements (continued)
June 30, 2010

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

C. SCHOOL DISTRICT COMPONENT UNIT

The School District has \$3,954,152 in liabilities for compensated absences at June 30, 2010. The current portion of this balance is \$3,649,545.

D. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2010, 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	\$135,260,000	\$29,430,000	(\$27,480,000)	\$137,210,000	\$8,640,000
Plus deferred amounts:					
For issuance premiums	693,044	1,869,007	(189,221)	2,372,830	
For deferred revenue	(89,224)		20,234	(68,990)	
Capital leases	1,006,485	729,801	(487,055)	1,249,231	396,068
Self-insurance losses	953,746	7,603,431	(7,550,517)	1,006,660	942,461
Accrued compensated absences	<u>1,798,614</u>	<u>2,673,663</u>	<u>(2,427,807)</u>	<u>2,044,470</u>	<u>1,551,770</u>
Governmental activities long-term liabilities	<u>\$139,622,665</u>	<u>\$42,305,902</u>	<u>(\$38,114,367)</u>	<u>\$143,814,201</u>	<u>\$11,530,299</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type Activities:					
Loans payable	\$3,758,471	\$	(\$1,234,218)	\$2,524,253	\$1,252,731
Landfill closure and postclosure care	21,248,520	(173,375)	(3,449,205)	17,625,941	
Self-insurance losses	329,134	55,292	(177,961)	206,465	86,974
Accrued compensated absences	<u>368,541</u>	<u>527,122</u>	<u>(559,892)</u>	<u>335,771</u>	<u>276,108</u>
Business-type activities long-term liabilities	<u>\$25,704,666</u>	<u>\$409,039</u>	<u>(\$5,421,276)</u>	<u>\$20,692,429</u>	<u>\$1,615,812</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, \$1,249,231 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, 2010**

11. 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, 2010, the estimated liability for landfill closure and postclosure care costs was \$17,625,941, which was based on 77.44 percent of the landfill used (filled) to date. It is estimated an additional \$6,140,986 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 (2022). The estimated total cost for future landfill closure and postclosure care (\$27,216,121) 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, 2010. 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, 2010.

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 1995 and continuing through fiscal year 2006, \$440,000 had been contributed annually. In fiscal year 2007, \$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 \$1,274,169 in central treasury cash at June 30, 2010. During fiscal year 2009, 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 \$1,496,003 was expended by June 30, 2010. An additional \$1,000,000 was appropriated to the landfill closure reserve account in fiscal year 2010 for ongoing landfill closure projects. 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.

12. COMMITMENTS

The Borough's capital improvement and other multi-year programs in effect at June 30, 2010 contain authorizations for hundreds of projects in five active capital projects funds and three 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, 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, 2010**

12. 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.

13. 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:

	<u>Nonmajor Special Revenue</u>
Designated for subsequent year's expenditures	\$707,290
Designated for capital replacements and repairs	1,496,651
Designated for library endowment	9,340,970
Reported in nonmajor special revenue funds	<u>\$11,544,911</u>

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 \$25,489,894, a decrease of \$83,412 from the prior year. Of the total combined ending fund balance, \$2,069,245 is reserved for encumbrances, \$1,615,114 is reserved for inventories, \$27,518 is reserved for prepayments, and \$11,177,579 is reserved impact aid funding received in advance for fiscal year 2011. The remaining \$10,600,438 of fund balance is unreserved.

14. 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 \$10,213,765 has been received as of June 30, 2010. 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 \$34,548 and \$33,962, respectively, at June 30, 2010, as reported by the trustee.

15. 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, and property 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, workers' compensation,

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

15. RISK MANAGEMENT (continued)

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, subject to a target balance, above which no savings are deposited. The target balance is one third of the health care costs budgeted for that fiscal year. Withdrawals are made when healthcare costs exceed budgeted costs. In addition, for fiscal year 2010 through fiscal year 2012, the employee union contracts include scheduled withdrawals from the HCCR to offset budgeted costs. During fiscal year 2010 the amount was \$55 per employee per month, resulting in a withdrawal of \$257,400. In fiscal year 2011, the amount is \$45 per employee per month. In fiscal year 2012, it will be \$35 per employee per month. The June 30, 2010 HCCR undesignated fund balance of \$2,604,437 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 2010 and 2009 follow:

	2009-10 Accrued Self- Insurance Losses	2008-09 Accrued Self- Insurance Losses
<u>Borough</u>		
July 1	\$1,282,880	\$1,122,270
Current year claims	7,722,707	6,523,075
Changes in estimates	(63,985)	133,395
Claims payments	(7,728,478)	(6,495,860)
June 30	<u>\$1,213,124</u>	<u>\$1,282,880</u>

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

16. 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 2010 were calculated when the PERS was a single agent, multiple-employer plan. The average employer contribution rate for fiscal year 2010 was 27.65 percent (10.25 percent for pension costs and 17.4 percent for post-employment healthcare costs). The average normal cost rate portion was 9.46 percent (2.91 percent for pension costs and 6.55 percent for post-employment healthcare costs) and the average past service rate portion was 18.19 percent (7.34 percent for pension costs and 10.85 percent for post-employment healthcare costs).

The Alaska Legislature appropriated \$107,953,000 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 2010 and 2009, these amounts were \$1,750,178 and \$3,753,051, 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>
2010	\$4,286,048	\$5,322,003
2009	3,920,167	5,217,527
2008	4,079,184	5,744,796

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, 2009 (the most recent actuarial valuation) for the PERS defined benefit plan was 51.5 percent, down from 67.5 percent at June 30, 2008.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

16. RETIREMENT PLANS (continued)

A. ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

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 firefighters and general members the rates are 5.00 percent to each member's individual pension account, 0.83 percent into the retiree medical plan, 1.33 percent for firefighters and 0.30 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 2010 was \$65.37 per pay period for full-time employees and \$1.09 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, 2010 and 2009, 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>	2010	\$167,713	\$406,872	\$574,585	\$267,976
	2009	120,718	271,323	392,041	186,538
<u>School District</u>	2010	\$846,181	\$777,619	\$1,623,800	\$589,765
	2009	597,761	497,655	1,095,416	398,042

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, 2010**

16. 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 2010 was 39.53 percent (20.95 percent for pension costs and 18.58 percent for post-employment healthcare costs). The normal cost rate portion was 7.59 percent (2.71 percent for pension costs and 4.88 percent for post-employment healthcare costs) and the past service rate portion was 31.94 percent (18.24 percent for pension costs and 13.70 percent for post-employment healthcare costs). The Alaska Legislature appropriated \$173,462,000 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, 2010, 2009, and 2008 were \$7,615,146, \$7,402,443, and \$7,533,121, respectively, equal to the required employer contributions for each year. For fiscal years 2010 and 2009, the TRS "on-behalf" payments allocated to the School District by the State were \$16,615,652 and \$19,640,125, 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, 2009 (the most recent actuarial valuation) for the TRS defined benefit plan was 47.5 percent, down from 63.1 percent at June 30, 2008.

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, 1.03 percent into the retiree medical plan, 0.32 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

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

16. RETIREMENT PLANS (continued)

B. ALASKA TEACHERS' RETIREMENT SYSTEM (continued)

Contributions to the Defined Contribution Plan (continued)

liability. The flat dollar amount per employee for fiscal year 2010 was \$65.37 per pay period for full-time employees and \$1.09 per hour for part-time employees.

The amounts paid by the School District to the TRS through the defined contribution plan for the fiscal years ended June 30, 2010 and 2009 were \$1,123,353 and \$737,375, respectively. The employer residual contributions to the defined benefit plan's unfunded liability, for fiscal years 2010 and 2009, were \$98,234 and \$44,446, respectively. Employee contributions to the plan were \$777,732 and \$497,165, respectively, for fiscal years 2010 and 2009.

17. RESTATEMENTS AND FUND RECLASSIFICATION

A. PRIOR PERIOD ERROR CORRECTION

During fiscal year 2010, a prior period error was found and corrected. Investment income for fiscal year 2009 was incorrectly allocated among the recipient funds and accounts. A correction was made to increase investment income in service areas special revenue fund, nonmajor special revenue funds, enterprise funds, and the School District component unit, with a corresponding decrease in the general fund, as follows:

	<u>June 30, 2009 Before Restatement</u>	<u>Error Correction Restatement</u>	<u>June 30, 2009 After Error Correction Restatement</u>
Government-wide financial statements net assets:			
Primary government			
Governmental activities	\$538,084,417	(\$112,935)	\$537,971,482*
Business-type activities	44,338,302	112,718	44,451,020
Total net assets	<u>\$582,422,719</u>	<u>(217)</u>	<u>\$582,422,502*</u>
Component unit			
School District		<u>217</u>	
		<u>\$</u>	

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

17. RESTATEMENTS AND FUND RECLASSIFICATION (continued)

A. PRIOR PERIOD ERROR CORRECTION (continued)

	June 30, 2009 Before Restatement	Error Correction Restatement	June 30, 2009 After Error Correction Restatement
Fund-level financial statements:			
Governmental funds fund balances			
General	\$22,746,334	(\$270,897)	\$22,475,437
Service areas	12,114,925	83,069	12,197,994
Debt service	428,038		428,038
State grants capital projects	7,378,037		7,378,037
Bond projects	14,087,772		14,087,772
Other governmental funds	33,873,413	74,893	33,948,306*
Total governmental funds fund balances	<u>\$90,628,518</u>	<u>(\$112,935)</u>	<u>\$90,515,584*</u>
Enterprise funds net assets			
Transit	\$8,502,711	\$11,657	\$8,514,368
Land	18,089,726	26,959	18,116,685
Carlson Center	15,113,860	2,837	15,116,697
Solid waste disposal	2,648,527	71,265	2,719,792
Total enterprise funds net assets	<u>\$44,354,823</u>	<u>\$112,718</u>	<u>\$44,467,541</u>

* Note: Adjustments to the July 1, 2009 beginning balances are shown in section B of this note.

B. FUND RECLASSIFICATION AND CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2009, the Assembly passed an ordinance to transfer the accounts of the land enterprise fund from a proprietary fund, business-type activities to governmental funds, governmental activities. The amounts reclassified are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities capital assets	\$13,556,679	\$
General fund	126,919	
Other governmental funds		
Local programs nonmajor special revenue fund	\$3,535,200	
Local projects nonmajor capital projects fund	897,886	
Subtotal other governmental funds	4,433,086	
Land enterprise fund		18,116,685
	<u>\$18,116,685</u>	<u>\$18,116,685</u>

Prior to the reclassification, the government-wide business-type activities and the enterprise fund recognized sales of land on an installment basis with a liability for the unrealized gain on land sale receivables, in accordance with generally accepted accounting principles for retail land sales. In the government-wide governmental activities, this revenue is now recognized on a full accrual basis, also in accordance with generally

FAIRBANKS NORTH STAR BOROUGH
Notes to Financial Statements (continued)
June 30, 2010

17. RESTATEMENTS AND FUND RECLASSIFICATION (continued)

B. FUND RECLASSIFICATION AND CHANGE IN ACCOUNTING PRINCIPLE (continued)

accepted accounting principles. In the nonmajor special revenue fund, this revenue is now recognized on a modified accrual basis. This change in accounting principle results in a cumulative effect adjustment as follows:

	June 30, 2009 After Error Correction Restatement	Change in Accounting Principle Restatement	July 1, 2009 After Both Restatements
Government-wide financial statements net assets:			
Governmental activities	\$537,971,482	\$277,629	\$538,249,111
Business-type activities	44,451,020		44,451,020
Total net assets	\$582,422,502	\$277,629	\$582,700,131
Fund-level financial statements:			
Other governmental funds fund balances	\$33,948,306	(\$449,890)**	\$33,498,416
Total governmental funds fund balances	\$90,515,584	(\$449,890)	\$90,065,694

** Note: Recorded in local programs nonmajor special revenue fund.

18. CONTINGENCIES AND SUBSEQUENT EVENT

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, 2010, for fiscal year 2011, included amounts paid under protest by Alyeska Pipeline Service Company, due to the assessed valuation dispute of the trans-Alaska pipeline system (TAPS), and related properties. Fiscal years 2007, 2008, 2009 and 2010 taxes were also paid under protest. The Alaska Department of Revenue is responsible for setting 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

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2010**

18. CONTINGENCIES AND SUBSEQUENT EVENT (continued)

A. LITIGATION (continued)

low. The State Assessment Review Board heard the appeals and sided with the municipalities when establishing the valuation. The owners appealed the Board's decision to the Superior Court, and certain municipalities, including the Borough, cross-appealed. The trial for the fiscal year 2007 taxes took place in August and September, 2009. On October 26, 2010 the Court rendered its final decision on the matter; this decision set the value favorable to the municipalities. The owners have appealed this decision to the Alaska Supreme Court. Trial for the fiscal year 2008, 2009 and 2010 taxes is scheduled for the fall of 2010. No trial date has been set for fiscal year 2011 (2010 taxes).

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.

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, 2010**

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
	<hr/>	<hr/>	<hr/>
Assets			
Equity in central treasury cash	\$26,885,565	\$7,474,985	\$34,360,550
Taxes receivable	166,348	77	166,426
Accounts receivable (net of allowance for uncollectibles - \$315,000)	480,264		480,264
Interfund receivable		2,183,369	2,183,369
Due from governmental agencies	275,187	177,869	453,056
Land sales receivable	803,253		803,253
	<hr/>	<hr/>	<hr/>
Assets total	\$28,610,616	\$9,836,301	\$38,446,917
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Fund Balances (Deficit)			
Liabilities			
Accounts payable	\$671,411	\$362,556	\$1,033,967
Interfund payable	216,876	320,168	537,044
Due to School District	22,401		22,401
Deposits from others	586,967		586,967
Deferred revenues	1,185,716	77	1,185,794
Unearned revenues	354,568		354,568
	<hr/>	<hr/>	<hr/>
Liabilities total	3,037,939	682,801	3,720,740
	<hr/>	<hr/>	<hr/>
Fund balances (deficit)			
Reserved			
Reserved for encumbrances	3,550,691	1,714,244	5,264,935
Unreserved			
Designated for subsequent year's expenditures	707,290		707,290
Designated for capital replacements and repairs	1,496,651		1,496,651
Designated for library endowment	9,340,970		9,340,970
Undesignated	10,477,075	7,439,256	17,916,331
	<hr/>	<hr/>	<hr/>
Fund balances (deficit) total	25,572,678	9,153,500	34,726,177
	<hr/>	<hr/>	<hr/>
Liabilities and fund balances (deficit) total	\$28,610,616	\$9,836,301	\$38,446,917
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2010**

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
	<hr/>	<hr/>	<hr/>
Revenues			
Taxes	\$7,520,980	\$3,601	\$7,524,580
Intergovernmental revenues	2,815,479	433,634	3,249,113
Charges for services	2,048,401		2,048,401
Other revenues	601,464	(377)	601,087
	<hr/>	<hr/>	<hr/>
Revenues total	12,986,324	436,858	13,423,182
	<hr/>	<hr/>	<hr/>
Expenditures			
Current			
General government	5,133,954	114,397	5,248,351
Community planning	265,386		265,386
Public works	5,403,963	299,866	5,703,829
Parks and recreation	173,310	1,059,681	1,232,991
Library	149,667	182,666	332,333
Road and other service areas	799,139	392,100	1,191,240
Education	25,520		25,520
Emergency operations	3,600,681	156,623	3,757,303
Fire service areas	89,937	44,168	134,104
Capital outlay	826,437	1,653,682	2,480,119
	<hr/>	<hr/>	<hr/>
Expenditures total	16,467,992	3,903,183	20,371,176
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(3,481,668)	(3,466,326)	(6,947,994)
	<hr/>	<hr/>	<hr/>
Other financing sources (uses)			
Transfers in	9,138,652	4,544,285	13,682,938
Transfers out	(3,549,997)	(1,957,186)	(5,507,183)
	<hr/>	<hr/>	<hr/>
Other financing sources (uses) total	5,588,655	2,587,099	8,175,755
	<hr/>	<hr/>	<hr/>
Net change in fund balances	2,106,987	(879,226)	1,227,761
	<hr/>	<hr/>	<hr/>
Fund balances (deficit), beginning as restated	23,465,690	10,032,726	33,498,416
	<hr/>	<hr/>	<hr/>
Fund balances (deficit), ending	\$25,572,678	\$9,153,499	\$34,726,177
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2010 and 2009**

	<u>2010</u>	<u>2009 Restated</u>
Assets		
Equity in central treasury cash	\$34,142,149	\$30,524,265
Taxes receivable (net of allowance for uncollectibles 2010 - \$726,273; 2009 - \$723,399)	2,928,175	2,099,818
Accounts receivable (net of allowance for uncollectibles 2010 - \$9,894; 2009 - \$9,259)	41,811	38,946
Accrued interest receivable	10,074	44,728
Interfund receivable	3,303,702	2,838,613
Due from School District	2,183,369	
Due from governmental agencies	540,225	592,191
Other assets	115,323	101,773
Assets total	<u>\$43,264,826</u>	<u>\$36,240,334</u>
Liabilities and Fund Balance (Deficit)		
Liabilities		
Accounts payable	\$989,293	\$958,821
Wages and payroll taxes	1,183,136	960,017
Accrued self-insurance losses	1,006,660	953,746
Interfund payable	2,183,369	
Due to School District	6,335	136
Deposits from others	192,895	192,414
Deferred revenues	2,184,605	1,443,048
Advance tax payments	10,396,545	9,256,715
Liabilities total	<u>18,142,839</u>	<u>13,764,897</u>
Fund balance (deficit)		
Reserved		
Reserved for encumbrances	224,738	233,114
Unreserved		
Designated for compensated absences	1,964,222	1,772,713
Designated for subsequent year's expenditures	4,478,100	4,800,000
Designated for self-insurance losses	1,500,000	1,500,000
Undesignated	16,954,927	14,169,609
Fund balance (deficit) total	<u>25,121,987</u>	<u>22,475,436</u>
Liabilities and fund balance (deficit) total	<u>\$43,264,826</u>	<u>\$36,240,334</u>

FAIRBANKS NORTH STAR BOROUGH

General Fund

Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
June 30, 2010 and 2009

	2010	2009 Restated
Revenues		
Taxes		
Property tax	\$80,534,576	\$77,420,565
Hotel-motel and sales taxes	1,696,697	1,658,828
Alcoholic beverage tax	1,350,546	1,381,213
Tobacco excise tax	1,406,973	1,076,650
Interest and penalties on taxes	732,637	731,549
Taxes total	<u>85,721,429</u>	<u>82,268,806</u>
Intergovernmental revenues		
State of Alaska		
Aid for school construction	9,176,568	9,440,605
Aid to local government	3,846,836	
Other shared revenue and assistance	418,499	468,605
Grants	2,072,597	159,074
Federal government		
Payment in lieu of taxes	1,151,906	579,574
Intergovernmental revenues total	<u>16,666,406</u>	<u>10,647,858</u>
Charges for services	<u>1,382,084</u>	<u>1,433,299</u>
Other revenues		
Investment income, including net unrealized investment gains/losses	148,288	1,402,586
Indirect charges to grants	448,376	525,128
Various	2,396,446	297,904
Other revenues total	<u>2,993,110</u>	<u>2,225,618</u>
Revenues total	<u>106,763,029</u>	<u>96,575,581</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund

Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
June 30, 2010 and 2009

	2010	2009 Restated
Expenditures		
Current		
General government		
Non-departmental	\$137,052	\$81,277
Mayor	859,460	877,002
Assembly	1,566,245	1,403,509
Legal	726,427	655,909
Computer services	2,526,012	2,242,148
Financial services	2,424,916	2,147,866
Assessing	2,465,195	2,244,320
General services	1,010,930	901,242
Human resources	2,006,698	1,858,863
Land management	988,259	
General government total	14,711,193	12,412,136
Community planning	1,969,061	1,679,291
Public works	5,118,233	4,899,169
Parks and recreation	6,676,372	6,398,281
Library	4,943,528	4,704,807
Education	45,522,700	44,222,700
Emergency operations	1,885,994	1,883,822
Capital outlay	332,715	371,553
Expenditures total	81,159,795	76,571,758

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund

Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
June 30, 2010 and 2009

	2010	2009 Restated
Excess (deficiency) of revenues over expenditures	<u>\$25,603,233</u>	<u>\$20,003,823</u>
Other financing sources (uses)		
Transfers in		
Special revenue funds	1,829,479	692,656
Capital projects funds	819,956	19,205
Enterprise funds	126,919	
Transfers out		
Special revenue funds	(3,195,058)	(3,327,170)
Debt service fund	(14,154,520)	(14,167,840)
Capital projects funds	(2,533,369)	(1,244,725)
Enterprise funds	<u>(5,850,090)</u>	<u>(4,519,669)</u>
Other financing sources (uses) total	<u>(22,956,683)</u>	<u>(22,547,543)</u>
Net change in fund balances	2,646,551	(2,543,721)
Fund balance, beginning as restated for 2009	<u>22,475,436</u>	<u>25,019,157</u>
Fund balance, ending	<u><u>\$25,121,987</u></u>	<u><u>\$22,475,436</u></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, 2010

	<u>State Grants</u>	<u>Federal Pass-Through Grants</u>	<u>Federal Grants</u>	<u>Local Programs</u>
Assets				
Equity in central treasury cash	\$817,503	\$18,363	\$349,781	\$10,049,731
Taxes receivable				
Accounts receivable (net of allowance for uncollectibles - \$315,000)				27,350
Due from governmental agencies	64,732	164,894	45,561	
Land sales receivable				803,253
	<u>\$882,235</u>	<u>\$183,257</u>	<u>\$395,342</u>	<u>\$10,880,333</u>
Liabilities and Fund Balances (Deficit)				
Liabilities				
Accounts payable	\$78,996	\$1,370	\$	\$229,863
Interfund payable	17,511	153,804	45,561	
Due to School District	4,318	2,712		15,370
Deposits from others				586,967
Deferred revenues				803,253
Unearned revenues	3,606	1,180	349,781	
	<u>104,432</u>	<u>159,067</u>	<u>395,342</u>	<u>1,635,453</u>
Fund balances (deficit)				
Reserved				
Reserved for encumbrances	1,281,226	775	402,620	1,817,366
Unreserved				
Designated for subsequent year's expenditures				421,200
Designated for capital replacements and repairs				
Designated for library endowment				
Undesignated	(503,422)	23,415	(402,620)	7,006,314
	<u>777,804</u>	<u>24,190</u>	<u>(402,620)</u>	<u>9,244,880</u>
Fund balances (deficit) total				
	<u>\$882,235</u>	<u>\$183,257</u>	<u>\$395,342</u>	<u>\$10,880,333</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>
\$1,675,727	\$895,372 42,874	\$3,365,651 123,475	\$9,713,437	\$26,885,565 166,348
190,460	262,454			480,264 275,187 803,253
<u>\$1,866,187</u>	<u>\$1,200,699</u>	<u>\$3,489,126</u>	<u>\$9,713,437</u>	<u>\$28,610,616</u>
\$107,927	\$17,492	\$235,763	\$	\$671,411 216,876 22,401 586,967
54,255	211,594	116,615		1,185,716 354,568
<u>162,182</u>	<u>229,086</u>	<u>352,377</u>		<u>3,037,939</u>
6,574	42,131			3,550,691
175,780		110,310		707,290
1,496,651				1,496,651
25,000	929,482	3,026,439	9,340,970 372,467	9,340,970 10,477,075
<u>1,704,005</u>	<u>971,613</u>	<u>3,136,749</u>	<u>9,713,437</u>	<u>25,572,678</u>
<u>\$1,866,187</u>	<u>\$1,200,699</u>	<u>\$3,489,126</u>	<u>\$9,713,437</u>	<u>\$28,610,616</u>

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Special Revenue Funds

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2010**

	State Grants	Federal Pass-Through Grants	Federal Grants	Local Programs
Revenues				
Taxes	\$	\$	\$	\$
Intergovernmental revenues	1,257,880	1,187,495	370,105	
Charges for services				41,214
Other revenues			386	471,241
Revenues total	<u>1,257,880</u>	<u>1,187,495</u>	<u>370,491</u>	<u>512,455</u>
Expenditures				
Current				
General government	795,448	606,501	34,966	3,569,146
Community planning	101,485	143,478		20,422
Public works				35,270
Parks and recreation	214	22,487		150,609
Library	17,915	121,239		10,512
Road and other service areas	745,202			53,937
Education	9,478			16,041
Emergency operations	28,940	283,000	335,525	8,000
Fire service areas	89,779			158
Capital outlay	8,157	14,495		803,785
Expenditures total	<u>1,796,621</u>	<u>1,191,200</u>	<u>370,491</u>	<u>4,667,879</u>
Excess (deficiency) of revenues over expenditures	<u>(538,741)</u>	<u>(3,706)</u>		<u>(4,155,424)</u>
Other financing sources (uses)				
Transfers in	190,152	3,500		8,945,000
Transfers out	(7,612)	(4,500)		(3,137,885)
Other financing sources (uses) total	<u>182,540</u>	<u>(1,000)</u>		<u>5,807,116</u>
Net change in fund balances	(356,201)	(4,706)		1,651,692
Fund balances (deficit), beginning as restated	<u>1,134,005</u>	<u>28,896</u>		<u>7,593,188</u>
Fund balances (deficit), ending	<u>\$777,804</u>	<u>\$24,190</u>	\$	<u>\$9,244,880</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>
\$	\$1,861,966	\$5,659,014	\$	\$7,520,980
1,000,751	1,006,436			2,815,479
25,828	844		103,165	2,048,401
<u>1,026,578</u>	<u>2,869,246</u>	<u>5,659,014</u>	<u>103,165</u>	<u>12,986,324</u>
	127,893			5,133,954
		5,368,693		265,386
				5,403,963
				173,310
				149,667
				799,139
				25,520
923,504	2,021,711			3,600,681
				89,937
				826,437
<u>923,504</u>	<u>2,149,604</u>	<u>5,368,693</u>		<u>16,467,992</u>
<u>103,074</u>	<u>719,642</u>	<u>290,321</u>	<u>103,165</u>	<u>(3,481,668)</u>
<u>(100,000)</u>	<u>(300,000)</u>			9,138,652
<u>(100,000)</u>	<u>(300,000)</u>			<u>(3,549,997)</u>
				5,588,655
3,074	419,642	290,321	103,165	2,106,987
1,700,931	551,971	2,846,428	9,610,272	23,465,690
<u>\$1,704,005</u>	<u>\$971,613</u>	<u>\$3,136,749</u>	<u>\$9,713,437</u>	<u>\$25,572,678</u>

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, 2010

	Actual			Program Budgets	Variance from Program Budgets
	2010	Prior Years	Total		
Revenues					
Intergovernmental - state	\$1,257,880	\$4,787,502	\$6,045,382	\$7,256,902	(\$1,211,520)
Revenues total	1,257,880	4,787,502	6,045,382	7,256,902	(1,211,520)
Expenditures					
Current expenditures	1,788,464	3,467,784	5,256,247	7,245,607	1,989,360
Capital outlay	8,157	355,306	363,463	363,463	
Expenditures total	1,796,621	3,823,089	5,619,710	7,609,070	1,989,360
Excess (deficiency) of revenues over expenditures	(538,741)	964,413	425,673	(352,167)	777,840
Other financing sources (uses)					
Transfers in	190,152	420,821	610,973	611,001	(28)
Transfers out	(7,612)	(251,230)	(258,842)	(258,834)	(8)
Other financing sources (uses) total	182,540	169,592	352,131	352,167	(36)
Net change in fund balances	(\$356,201)	\$1,134,005	\$777,804	\$	\$777,804

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, 2010

	Actual			Program Budgets	Variance from Program Budgets
	2010	Prior Years	Total		
Revenues					
Intergovernmental - state	\$1,187,495	\$3,142,989	\$4,330,484	\$5,043,864	(\$713,380)
Revenues total	1,187,495	3,142,989	4,330,484	5,043,864	(713,380)
Expenditures					
Current expenditures	1,176,705	2,799,881	3,976,586	4,710,267	733,681
Capital outlay	14,495	354,478	368,973	372,862	3,889
Expenditures total	1,191,200	3,154,358	4,345,559	5,083,129	737,570
Excess (deficiency) of revenues over expenditures	(3,706)	(11,369)	(15,075)	(39,265)	24,190
Other financing sources (uses)					
Transfers in	3,500	40,265	43,765	43,765	
Transfers out	(4,500)		(4,500)	(4,500)	
Other financing sources (uses) total	(1,000)	40,265	39,265	39,265	
Net change in fund balances	(\$4,706)	\$28,896	\$24,190	\$	\$24,190

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, 2010

	Actual			Program Budgets	Variance from Program Budgets
	2010	Prior Years	Total		
Revenues					
Intergovernmental - federal	\$370,105	\$1,473,167	\$1,843,272	\$2,501,427	(\$658,155)
Other revenues	386		386	2,000	(1,614)
Revenues total	<u>370,491</u>	<u>1,473,167</u>	<u>1,843,658</u>	<u>2,503,427</u>	<u>(659,769)</u>
Expenditures					
Current expenditures	370,491	1,467,407	1,837,898	2,497,667	659,769
Capital outlay		5,760	5,760	5,760	
Expenditures total	<u>370,491</u>	<u>1,473,167</u>	<u>1,843,658</u>	<u>2,503,427</u>	<u>659,769</u>
Excess (deficiency) of revenues over expenditures					
Net change in fund balances	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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, 2010**

	Actual			Program Budgets	Variance from Program Budgets
	2010	Prior Years	Total		
Revenues					
Intergovernmental - local	\$	\$442,061	\$442,061	\$396,324	\$45,737
Other revenues	512,455	4,910,800	5,423,255	4,300,238	1,123,017
Revenues total	512,455	5,352,861	5,865,316	4,696,562	1,168,754
Expenditures					
Current expenditures	3,864,094	11,483,539	15,347,633	20,140,411	4,792,778
Capital outlay	803,785	1,362,600	2,166,385	3,932,322	1,765,938
Expenditures total	4,667,879	12,846,139	17,514,018	24,072,734	6,558,716
Excess (deficiency) of revenues over expenditures	(4,155,424)	(7,493,278)	(11,648,702)	(19,376,171)	7,727,470
Other financing sources (uses)					
Transfers in	8,945,000	21,906,154	30,851,155	27,840,480	3,010,675
Transfers out	(3,137,885)	(6,369,799)	(9,507,684)	(9,255,052)	(252,631)
Other financing sources (uses) total	5,807,116	15,536,356	21,343,471	18,585,428	2,758,043
Net change in fund balances	\$1,651,692	\$8,043,078	\$9,694,770	(\$790,743)	\$10,485,513

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Enhanced 911

Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
Years Ended June 30, 2010 and 2009

	2010	2009 Restated
	<u> </u>	<u> </u>
Revenues		
Charges for services	\$1,000,751	\$893,933
Other revenues	25,828	17,434
	<u> </u>	<u> </u>
Revenues total	1,026,578	911,367
	<u> </u>	<u> </u>
Expenditures		
Current		
Emergency operations	923,504	893,428
	<u> </u>	<u> </u>
Expenditures total	923,504	893,428
	<u> </u>	<u> </u>
Excess (deficiency) of revenues over expenditures	<u> </u> 103,074	<u> </u> 17,938
	<u> </u>	<u> </u>
Other financing sources (uses)		
Transfers in		31,146
Transfers out	(100,000)	
	<u> </u>	<u> </u>
Other financing sources (uses) total	(100,000)	31,146
	<u> </u>	<u> </u>
Net change in fund balance	3,074	49,085
Fund balance, beginning as restated for 2009	<u> </u> 1,700,931	<u> </u> 1,651,846
Fund balance, ending	<u> </u> <u> </u> \$1,704,005	<u> </u> <u> </u> \$1,700,931

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, 2010

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance from Budget- Positive (Negative)
Revenues					
Charges for services	\$1,014,240	\$1,000,751	\$	\$1,000,751	(\$13,489)
Other revenues	16,590	25,828		25,828	9,238
Revenues total	1,030,830	1,026,578		1,026,578	(4,252)
Expenditures					
Current					
Emergency operations	1,114,870	923,504	6,574	930,078	184,792
Expenditures total	1,114,870	923,504	6,574	930,078	184,792
Excess (deficiency) of revenues over expenditures	(84,040)	103,074	(6,574)	96,500	180,540
Other financing sources (uses)					
Transfers out	(100,000)	(100,000)		(100,000)	
Net change in fund balance	(\$184,040)	3,074	(\$6,574)	(\$3,500)	\$180,540
Fund balance, beginning as restated for 2009		1,700,931			
Fund balance, ending		\$1,704,005			

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Non-Areawide

Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
Years Ended June 30, 2010 and 2009

	2010	2009
	<u> </u>	<u> </u>
Revenues		
Taxes	\$1,861,966	\$1,797,678
Charges for services	1,006,436	770,269
Other revenues	844	16
	<u> </u>	<u> </u>
Revenues total	2,869,246	2,567,963
Expenditures		
Current		
General government		
Mayor	127,893	129,304
Emergency operations	2,021,711	1,876,933
	<u> </u>	<u> </u>
Expenditures total	2,149,604	2,006,237
Excess (deficiency) of revenues over expenditures	<u>719,642</u>	<u>561,726</u>
Other financing sources (uses)		
Transfers out	<u>(300,000)</u>	<u>(401,666)</u>
Net change in fund balance	419,642	160,060
Fund balance, beginning	<u>551,971</u>	<u>391,911</u>
Fund balance, ending	<u><u>\$971,613</u></u>	<u><u>\$551,971</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, 2010**

	<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	\$1,838,690	\$1,861,966	\$	\$1,861,966	\$23,276
Charges for services	815,260	1,006,436		1,006,436	191,176
Other revenues		844		844	844
	<u>2,653,950</u>	<u>2,869,246</u>		<u>2,869,246</u>	<u>215,296</u>
Expenditures					
Current					
General government					
Mayor	221,260	127,893	2,754	130,647	90,613
Emergency operations	2,069,080	2,021,711	23,375	2,045,086	23,994
	<u>2,290,340</u>	<u>2,149,604</u>	<u>26,129</u>	<u>2,175,733</u>	<u>114,607</u>
Excess (deficiency) of revenues over expenditures	363,610	719,642	(26,129)	693,513	329,903
Other financing sources (uses)					
Transfers out	<u>(300,000)</u>	<u>(300,000)</u>		<u>(300,000)</u>	
Net change in fund balance	<u>\$63,610</u>	419,642	<u>(\$26,129)</u>	<u>\$393,513</u>	<u>\$329,903</u>
Fund balance, beginning		<u>551,971</u>			
Fund balance, ending		<u>\$971,613</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues		
Taxes	<u>\$5,659,014</u>	<u>\$5,288,449</u>
Revenues total	<u>5,659,014</u>	<u>5,288,449</u>
Expenditures		
Current		
Public works	<u>5,368,693</u>	<u>4,630,446</u>
Expenditures total	<u>5,368,693</u>	<u>4,630,446</u>
Excess (deficiency) of revenues over expenditures	290,321	658,004
Fund balance, beginning	<u>2,846,428</u>	<u>2,188,424</u>
Fund balance, ending	<u><u>\$3,136,749</u></u>	<u><u>\$2,846,428</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, 2010

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance from Budget- Positive (Negative)
Revenues					
Taxes	\$5,601,080	\$5,659,014	\$	\$5,659,014	\$57,934
Revenues total	5,601,080	5,659,014		5,659,014	57,934
Expenditures					
Current					
Public works	5,735,930	5,368,693		5,368,693	367,237
Expenditures total	5,735,930	5,368,693		5,368,693	367,237
Excess (deficiency) of revenues over expenditures	<u>(\$134,850)</u>	290,321	\$	<u>\$290,321</u>	<u>\$425,171</u>
Fund balance, beginning		2,846,428			
Fund balance, ending		<u>\$3,136,749</u>			

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Library

Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
Years Ended June 30, 2010 and 2009

	2010	2009 Restated
Revenues		
Investment income	\$13,165	\$101,135
Donations	90,000	813,224
Revenues total	103,165	914,359
Expenditures		
Excess (deficiency) of revenues over expenditures	103,165	914,359
Fund balance, beginning as restated for 2009	9,610,272	8,695,913
Fund balance, ending	\$9,713,437	\$9,610,272

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FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2010

With Comparative Totals for June 30, 2009

	Air Park	Airway	Arctic Fox	Aztec
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Equity in central treasury cash	\$9,066	\$41,159	\$31,594	\$68,543
Taxes receivable			1,013	1,006
Accounts receivable				
Due from governmental agencies				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets total	<u> \$9,066 </u>	<u> \$41,159 </u>	<u> \$32,607 </u>	<u> \$69,549 </u>
 Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$	\$230	\$	\$
Interfund payable				
Deferred revenues			1,008	1,006
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities total		<u> 230 </u>	<u> 1,008 </u>	<u> 1,006 </u>
 Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures	760			
Undesignated	8,306	40,929	31,599	68,543
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balances (deficits) total	<u> 9,066 </u>	<u> 40,929 </u>	<u> 31,599 </u>	<u> 68,543 </u>
 Liabilities and fund balances (deficits) total				
	<u> \$9,066 </u>	<u> \$41,159 </u>	<u> \$32,607 </u>	<u> \$69,549 </u>

Ballaine Lake Sewer & Water	Bear's Den Road	Becker Ridge	Birch Hill	Bluebird Road
\$28,660 3,015	\$1,957	\$191,698 1,654	\$209,242 1,002	\$27,384
<u>\$31,675</u>	<u>\$1,957</u>	<u>\$193,352</u>	<u>\$210,244</u>	<u>\$27,384</u>
\$920 1,724 3,015 5,659	\$	\$3,932 1,599 5,531	\$1,620 824 2,444	\$
26,016	710 1,247	187,821	207,800	10,000 17,384
26,016	1,957	187,821	207,800	27,384
<u>\$31,675</u>	<u>\$1,957</u>	<u>\$193,352</u>	<u>\$210,244</u>	<u>\$27,384</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2010

With Comparative Totals for June 30, 2009

	Borda Road	Brookside	Chena Goldstream Volunteer Fire	Chena Hills Road
Assets				
Equity in central treasury cash	\$94,687	\$37,297	\$365,700	\$128,291
Taxes receivable	443	70	12,860	1,145
Accounts receivable				
Due from governmental agencies				
Assets total	\$95,130	\$37,367	\$378,560	\$129,435
 Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$	\$	\$	\$32,781
Interfund payable				
Deferred revenues	443	70	12,009	1,145
Liabilities total	443	70	12,009	33,926
Fund balances (deficit)				
Reserved for encumbrances			2,030	
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	94,687	37,297	364,521	95,509
Fund balances (deficits) total	94,687	37,297	366,551	95,509
Liabilities and fund balances (deficits) total	\$95,130	\$37,367	\$378,560	\$129,435

Chena Hot Springs II	Chena Marina	Chena Point Road	Chena Spur	Cleary Summit
\$74	\$38,707 310	\$154,384 149	\$92,788 801	\$1,142 6
<u>\$74</u>	<u>\$39,017</u>	<u>\$154,534</u>	<u>\$93,590</u>	<u>\$1,148</u>
\$	\$225	\$174 112,316 149	\$	\$
	<u>310</u>	<u>149</u>	<u>777</u>	<u>6</u>
	<u>535</u>	<u>112,639</u>	<u>777</u>	<u>6</u>
74	38,482	41,895	11,000 81,812	1,142
<u>74</u>	<u>38,482</u>	<u>41,895</u>	<u>92,812</u>	<u>1,142</u>
<u>\$74</u>	<u>\$39,017</u>	<u>\$154,534</u>	<u>\$93,590</u>	<u>\$1,148</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2010

With Comparative Totals for June 30, 2009

	College	College Hills	Cooper Estates	Cordes Drive
	<hr/>	<hr/>	<hr/>	<hr/>
Assets				
Equity in central treasury cash	\$2,284,991	\$10,023	\$124,116	\$25,327
Taxes receivable	6,593	786	880	498
Accounts receivable				
Due from governmental agencies				
	<hr/>	<hr/>	<hr/>	<hr/>
Assets total	<u>\$2,291,584</u>	<u>\$10,808</u>	<u>\$124,996</u>	<u>\$25,825</u>
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$14,063	\$	\$	\$
Interfund payable				
Deferred revenues	6,145	786	854	498
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities total	20,208	786	854	498
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures			43,540	
Undesignated	2,271,376	10,023	80,602	25,327
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits) total	2,271,376	10,023	124,142	25,327
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities and fund balances (deficits) total	<u>\$2,291,584</u>	<u>\$10,808</u>	<u>\$124,996</u>	<u>\$25,825</u>

Cripple Creek	Deep Forest	Diane Subdivision	Drake Estates	Edanella Heights Road
\$144,487 1,241	\$22,616	\$25,205 112	\$21,780 34	\$60,165 93
<u>\$145,728</u>	<u>\$22,616</u>	<u>\$25,317</u>	<u>\$21,814</u>	<u>\$60,258</u>
\$	\$	\$250	\$	\$19,435
1,233			34	93
<u>1,233</u>		<u>250</u>	<u>34</u>	<u>19,528</u>
15,826				
<u>128,669</u>	<u>22,616</u>	<u>25,067</u>	<u>21,780</u>	<u>40,730</u>
<u>144,495</u>	<u>22,616</u>	<u>25,067</u>	<u>21,780</u>	<u>40,730</u>
<u>\$145,728</u>	<u>\$22,616</u>	<u>\$25,317</u>	<u>\$21,814</u>	<u>\$60,258</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2010

With Comparative Totals for June 30, 2009

	Ester Lump Road	Ester Volunteer Fire	Fairfields	Fairhill
	<hr/>	<hr/>	<hr/>	<hr/>
Assets				
Equity in central treasury cash	\$89,957	\$315,688	\$50,853	\$33,950
Taxes receivable		7,214	85	88
Accounts receivable		15,407		
Due from governmental agencies				
	<hr/>	<hr/>	<hr/>	<hr/>
Assets total	<u>\$89,957</u>	<u>\$338,309</u>	<u>\$50,937</u>	<u>\$34,038</u>
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$3,683	\$9,789	\$	\$
Interfund payable				
Deferred revenues		6,760	85	88
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities total	3,683	16,549	85	88
Fund balances (deficit)				
Reserved for encumbrances		5,538		
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	86,274	316,223	50,853	33,950
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits) total	86,274	321,760	50,853	33,950
Liabilities and fund balances (deficits) total	<u>\$89,957</u>	<u>\$338,309</u>	<u>\$50,937</u>	<u>\$34,038</u>

Fairwest	Garden	Golden Valley Road	Goldstream Alaska	Goldstream Moose Creek
\$221,322	\$148,361 290	\$21,772 346	\$74,375 259	\$59,090 213
<u>\$221,322</u>	<u>\$148,651</u>	<u>\$22,119</u>	<u>\$74,634</u>	<u>\$59,303</u>
\$	\$16,048	\$	\$7,220	\$7,255
	279	30,318 346	105	154
	<u>16,326</u>	<u>30,665</u>	<u>7,325</u>	<u>7,409</u>
221,322	132,325	(8,546)	67,309	51,894
<u>221,322</u>	<u>132,325</u>	<u>(8,546)</u>	<u>67,309</u>	<u>51,894</u>
<u>\$221,322</u>	<u>\$148,651</u>	<u>\$22,119</u>	<u>\$74,634</u>	<u>\$59,303</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2010

With Comparative Totals for June 30, 2009

	Gordon	Granola Estates	Grieme Road	Haystack
	<hr/>	<hr/>	<hr/>	<hr/>
Assets				
Equity in central treasury cash	\$267,018	\$31,673	\$61,371	\$33,062
Taxes receivable	1,014	279	598	2,660
Accounts receivable				
Due from governmental agencies				
	<hr/>	<hr/>	<hr/>	<hr/>
Assets total	<u>\$268,032</u>	<u>\$31,952</u>	<u>\$61,970</u>	<u>\$35,723</u>
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$	\$	\$	\$5,276
Interfund payable				
Deferred revenues	1,014	279	598	2,660
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities total	1,014	279	598	7,936
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	267,018	31,673	61,371	27,786
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits) total	267,018	31,673	61,371	27,786
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities and fund balances (deficits) total	<u>\$268,032</u>	<u>\$31,952</u>	<u>\$61,970</u>	<u>\$35,723</u>

Herning Hills	Hopeless	Horseshoe Downs	Jennifer Drive	Jones Road
<u>\$27,200</u> 274	<u>\$53,003</u> 883	<u>\$8,835</u> 833	\$12,634	<u>\$56,041</u> 1,160
<u>\$27,474</u>	<u>\$53,886</u>	<u>\$9,668</u>	<u>\$12,634</u>	<u>\$57,201</u>
\$	\$	\$3,229	\$1,378	\$696
<u>274</u>	<u>868</u>	<u>766</u>		<u>1,160</u>
<u>274</u>	<u>868</u>	<u>3,995</u>	<u>1,378</u>	<u>1,856</u>
<u>27,200</u>	<u>53,018</u>	<u>5,672</u>	<u>11,256</u>	<u>55,345</u>
<u>27,200</u>	<u>53,018</u>	<u>5,672</u>	<u>11,256</u>	<u>55,345</u>
<u>\$27,474</u>	<u>\$53,886</u>	<u>\$9,668</u>	<u>\$12,634</u>	<u>\$57,201</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2010

With Comparative Totals for June 30, 2009

	Joy Road	Keeney Road	Kendall	Keystone
	<hr/>	<hr/>	<hr/>	<hr/>
Assets				
Equity in central treasury cash	\$24,141	\$8,149	\$64,533	\$65,756
Taxes receivable	1,173	114	48	2,316
Accounts receivable				
Due from governmental agencies				
	<hr/>	<hr/>	<hr/>	<hr/>
Assets total	<u>\$25,314</u>	<u>\$8,263</u>	<u>\$64,581</u>	<u>\$68,072</u>
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$420	\$	\$	\$
Interfund payable				
Deferred revenues	1,173	114	48	719
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities total	<u>1,593</u>	<u>114</u>	<u>48</u>	<u>719</u>
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	23,721	8,149	64,533	67,353
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits) total	<u>23,721</u>	<u>8,149</u>	<u>64,533</u>	<u>67,353</u>
Liabilities and fund balances (deficits) total	<u>\$25,314</u>	<u>\$8,263</u>	<u>\$64,581</u>	<u>\$68,072</u>

Kris Kringle	Lakloey Hill	Lee Lane	Loose Moose	Martin
<u>\$62,697</u>	<u>\$146,027 223</u>	<u>\$25,766 32</u>	<u>\$15,895 740</u>	<u>\$48,876 1,531</u>
<u><u>\$62,697</u></u>	<u><u>\$146,250</u></u>	<u><u>\$25,798</u></u>	<u><u>\$16,635</u></u>	<u><u>\$50,407</u></u>
\$900	\$26,754	\$	\$1,911	\$7,911
	<u>223</u>	<u>32</u>	<u>740</u>	<u>1,531</u>
<u>900</u>	<u>26,976</u>	<u>32</u>	<u>2,651</u>	<u>9,442</u>
<u>61,797</u>	<u>119,274</u>	<u>25,766</u>	<u>13,984</u>	<u>40,965</u>
<u>61,797</u>	<u>119,274</u>	<u>25,766</u>	<u>13,984</u>	<u>40,965</u>
<u><u>\$62,697</u></u>	<u><u>\$146,250</u></u>	<u><u>\$25,798</u></u>	<u><u>\$16,635</u></u>	<u><u>\$50,407</u></u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2010

With Comparative Totals for June 30, 2009

	McCloud	McGrath Estates	McKinley View	Mellow Woods Road
	<hr/>	<hr/>	<hr/>	<hr/>
Assets				
Equity in central treasury cash	\$104,444	\$188,413	\$27,024	\$59,347
Taxes receivable	1,629	267		
Accounts receivable				
Due from governmental agencies				
	<hr/>	<hr/>	<hr/>	<hr/>
Assets total	<u>\$106,073</u>	<u>\$188,680</u>	<u>\$27,024</u>	<u>\$59,347</u>
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$	\$38,618	\$	\$196
Interfund payable				
Deferred revenues	1,629	267		
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities total	<u>1,629</u>	<u>38,885</u>		<u>196</u>
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures	4,820			
Undesignated	99,624	149,795	27,024	59,151
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits) total	<u>104,444</u>	<u>149,795</u>	<u>27,024</u>	<u>59,151</u>
Liabilities and fund balances (deficits) total	<u>\$106,073</u>	<u>\$188,680</u>	<u>\$27,024</u>	<u>\$59,347</u>

Miller Hill Extension	Moose Creek	Moose Meadows	Mt. View	Murphy
\$67,304 1,772	\$75,851 551	\$115,921 1,622	\$112,795 63	\$36,011 635
<u>\$69,076</u>	<u>\$76,402</u>	<u>\$117,543</u>	<u>\$112,858</u>	<u>\$36,646</u>
\$1,086	\$	\$3,239	\$	\$22
<u>1,772</u>	<u>526</u>	<u>1,479</u>	<u>63</u>	<u>574</u>
<u>2,858</u>	<u>526</u>	<u>4,718</u>	<u>63</u>	<u>596</u>
2,290 <u>63,928</u>	30,000 <u>45,876</u>	112,825 <u>112,825</u>	112,795 <u>112,795</u>	12,510 <u>23,540</u>
<u>66,218</u>	<u>75,876</u>	<u>112,825</u>	<u>112,795</u>	<u>36,050</u>
<u>\$69,076</u>	<u>\$76,402</u>	<u>\$117,543</u>	<u>\$112,858</u>	<u>\$36,646</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Balance Sheet
June 30, 2010
With Comparative Totals for June 30, 2009**

	Musk Ox	Newby Park	North Ridge	North Star Volunteer Fire
	<hr/>	<hr/>	<hr/>	<hr/>
Assets				
Equity in central treasury cash	\$64,928	\$11,408	\$25,628	\$392,155
Taxes receivable	133	190		42,338
Accounts receivable				
Due from governmental agencies				
	<hr/>	<hr/>	<hr/>	<hr/>
Assets total	<u>\$65,061</u>	<u>\$11,599</u>	<u>\$25,628</u>	<u>\$434,494</u>
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$	\$	\$	\$6,250
Interfund payable				
Deferred revenues	133	190		41,046
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities total	133	190		47,296
Fund balances (deficit)				
Reserved for encumbrances				2,538
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	64,928	11,408	25,628	384,660
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits) total	64,928	11,408	25,628	387,198
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities and fund balances (deficits) total	<u>\$65,061</u>	<u>\$11,599</u>	<u>\$25,628</u>	<u>\$434,494</u>

O'Connor Creek	Old Wood Road	Our	Parkridge	Peede Country Estates
\$162,395 390	\$27,930	\$8,991	\$56,268 262	\$18,611 394
<u>\$162,785</u>	<u>\$27,930</u>	<u>\$8,991</u>	<u>\$56,530</u>	<u>\$19,005</u>
\$18,439 390	\$	\$	\$ 262	\$ 394
<u>18,828</u>			<u>262</u>	<u>394</u>
143,956	27,930	8,991	56,268	18,611
<u>143,956</u>	<u>27,930</u>	<u>8,991</u>	<u>56,268</u>	<u>18,611</u>
<u>\$162,785</u>	<u>\$27,930</u>	<u>\$8,991</u>	<u>\$56,530</u>	<u>\$19,005</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2010

With Comparative Totals for June 30, 2009

	Pine Stream	Pleasureland	Polar Heights	Potlatch
	<hr/>	<hr/>	<hr/>	<hr/>
Assets				
Equity in central treasury cash	\$95,225	\$68,833	\$26,625	\$11,072
Taxes receivable	659	652	179	651
Accounts receivable				
Due from governmental agencies				
	<hr/>	<hr/>	<hr/>	<hr/>
Assets total	<u>\$95,884</u>	<u>\$69,486</u>	<u>\$26,804</u>	<u>\$11,723</u>
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$3,080	\$362	\$	\$2,978
Interfund payable				
Deferred revenues	659	652	179	651
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities total	<u>3,739</u>	<u>1,015</u>	<u>179</u>	<u>3,628</u>
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures			14,380	
Undesignated	92,145	68,471	12,245	8,095
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits) total	<u>92,145</u>	<u>68,471</u>	<u>26,625</u>	<u>8,095</u>
Liabilities and fund balances (deficits) total	<u>\$95,884</u>	<u>\$69,486</u>	<u>\$26,804</u>	<u>\$11,723</u>

Prospect Park	Reed Acres Road	Ridgecrest	Salchaket Heights	Scenic Heights
\$27,886	\$56,780 287	\$5,039	\$11,607 100	\$99,117
<u>\$27,886</u>	<u>\$57,067</u>	<u>\$5,039</u>	<u>\$11,707</u>	<u>\$99,117</u>
\$	\$	\$	\$	\$
	287		100	
	287		100	
		3,000		
27,886	56,780	2,039	11,607	99,117
27,886	56,780	5,039	11,607	99,117
<u>\$27,886</u>	<u>\$57,067</u>	<u>\$5,039</u>	<u>\$11,707</u>	<u>\$99,117</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2010

With Comparative Totals for June 30, 2009

	Seavy	Secluded Acres	Serendipity Hill	Six Mile Village Road
	<hr/>	<hr/>	<hr/>	<hr/>
Assets				
Equity in central treasury cash	\$52,688	\$42,654	\$43,375	\$38,878
Taxes receivable	10	20		852
Accounts receivable				
Due from governmental agencies				
Assets total	<hr/> <u>\$52,698</u>	<hr/> <u>\$42,675</u>	<hr/> <u>\$43,375</u>	<hr/> <u>\$39,729</u>
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$	\$1,075	\$	\$204
Interfund payable				
Deferred revenues	10	20		928
Liabilities total	<hr/> 10	<hr/> 1,095	<hr/>	<hr/> 1,132
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures			18,000	
Undesignated	52,688	41,579	25,375	38,597
Fund balances (deficits) total	<hr/> 52,688	<hr/> 41,579	<hr/> 43,375	<hr/> 38,597
Liabilities and fund balances (deficits) total	<hr/> <u>\$52,698</u>	<hr/> <u>\$42,675</u>	<hr/> <u>\$43,375</u>	<hr/> <u>\$39,729</u>

Smallwood Trail Road	Smith Ranch	Spring Glade	Spruce Acres	Steamboat Landing
<u>\$21,508</u>	<u>\$89,172 230</u>	<u>\$122,017 488</u>	<u>\$35,092 401</u>	<u>\$53,263 1,830</u>
<u><u>\$21,508</u></u>	<u><u>\$89,402</u></u>	<u><u>\$122,505</u></u>	<u><u>\$35,493</u></u>	<u><u>\$55,093</u></u>
\$	\$	\$6,591	\$	\$
<u>153</u>	<u>153</u>	<u>488</u>	<u>401</u>	<u>1,830</u>
<u>153</u>	<u>153</u>	<u>7,079</u>	<u>401</u>	<u>1,830</u>
<u>21,508</u>	<u>89,249</u>	<u>115,426</u>	<u>35,092</u>	<u>53,263</u>
<u>21,508</u>	<u>89,249</u>	<u>115,426</u>	<u>35,092</u>	<u>53,263</u>
<u><u>\$21,508</u></u>	<u><u>\$89,402</u></u>	<u><u>\$122,505</u></u>	<u><u>\$35,493</u></u>	<u><u>\$55,093</u></u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Balance Sheet
June 30, 2010
With Comparative Totals for June 30, 2009**

	<u>Steese Volunteer Fire</u>	<u>Straight Creek</u>	<u>Summerwood</u>	<u>Summit Drive</u>
Assets				
Equity in central treasury cash	\$545,525	\$19,418	\$136,980	\$344,412
Taxes receivable	24,902		455	546
Accounts receivable				
Due from governmental agencies				
Assets total	<u>\$570,427</u>	<u>\$19,418</u>	<u>\$137,435</u>	<u>\$344,958</u>
 Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$	\$5,884	\$	\$
Interfund payable				
Deferred revenues	<u>23,942</u>	<u></u>	<u>396</u>	<u>511</u>
Liabilities total	<u>23,942</u>	<u>5,884</u>	<u>396</u>	<u>511</u>
 Fund balances (deficit)				
Reserved for encumbrances	4,852			
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	<u>541,632</u>	<u>13,534</u>	<u>137,039</u>	<u>344,447</u>
Fund balances (deficits) total	<u>546,485</u>	<u>13,534</u>	<u>137,039</u>	<u>344,447</u>
Liabilities and fund balances (deficits) total	<u>\$570,427</u>	<u>\$19,418</u>	<u>\$137,435</u>	<u>\$344,958</u>

Sunny Hills Terrace	Sunrise	Tan Terra	Thomas	Timberlane Road
\$48,061	\$55,323 565	\$40,006 237	\$8,260 1,562	\$75,215 82
<u>\$48,061</u>	<u>\$55,888</u>	<u>\$40,242</u>	<u>\$9,822</u>	<u>\$75,297</u>
\$	\$	\$49	\$	\$185
	565	237	1,562	82
	<u>565</u>	<u>286</u>	<u>1,562</u>	<u>267</u>
48,061	55,323	39,957	8,260	48,020 27,010
48,061	55,323	39,957	8,260	75,030
<u>\$48,061</u>	<u>\$55,888</u>	<u>\$40,242</u>	<u>\$9,822</u>	<u>\$75,297</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2010

With Comparative Totals for June 30, 2009

	Tungsten	Twenty Three Mile Slough	Ullrhaven	University Fire
Assets				
Equity in central treasury cash	\$30,533	\$127,784	\$17,144	\$2,000,622
Taxes receivable	503	4,101		40,503
Accounts receivable				
Due from governmental agencies				
Assets total	<u>\$31,036</u>	<u>\$131,885</u>	<u>\$17,144</u>	<u>\$2,041,125</u>
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$1,318	\$18,968	\$	\$
Interfund payable				
Deferred revenues	503	4,101		38,841
Liabilities total	<u>1,820</u>	<u>23,069</u>		<u>38,841</u>
Fund balances (deficit)				
Reserved for encumbrances				2,030
Unreserved				
Designated for subsequent year's expenditures		13,684		
Undesignated	29,216	95,132	17,144	2,000,254
Fund balances (deficits) total	<u>29,216</u>	<u>108,816</u>	<u>17,144</u>	<u>2,002,284</u>
Liabilities and fund balances (deficits) total	<u>\$31,036</u>	<u>\$131,885</u>	<u>\$17,144</u>	<u>\$2,041,125</u>

University Heights	University West Street Light	Vienna Wood	Viewpointe	Violet Drive
\$186,113	\$188,507 307	\$58,561 21	\$124,272	\$85,795 622
<u>\$186,113</u>	<u>\$188,814</u>	<u>\$58,581</u>	<u>\$124,272</u>	<u>\$86,418</u>
\$	\$	\$8,428	\$	\$1,972
	287	21		622
	<u>287</u>	<u>8,449</u>		<u>2,594</u>
186,113	188,528	50,133	124,272	83,824
186,113	188,528	50,133	124,272	83,824
<u>\$186,113</u>	<u>\$188,814</u>	<u>\$58,581</u>	<u>\$124,272</u>	<u>\$86,418</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2010

With Comparative Totals for June 30, 2009

	Vista Gold Road	Vue Crest	Whitman	Wildview
	<hr/>	<hr/>	<hr/>	<hr/>
Assets				
Equity in central treasury cash	\$53,035	\$135,935	\$22,970	\$300,712
Taxes receivable	258			1,023
Accounts receivable				
Due from governmental agencies				
Assets total	<hr/> \$53,293 <hr/>	<hr/> \$135,935 <hr/>	<hr/> \$22,970 <hr/>	<hr/> \$301,734 <hr/>
 Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$7,787	\$14,957	\$1,240	\$2,318
Interfund payable				
Deferred revenues	258			1,023
Liabilities total	<hr/> 8,045 <hr/>	<hr/> 14,957 <hr/>	<hr/> 1,240 <hr/>	<hr/> 3,341 <hr/>
 Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	45,248	120,978	21,730	298,394
Fund balances (deficits) total	<hr/> 45,248 <hr/>	<hr/> 120,978 <hr/>	<hr/> 21,730 <hr/>	<hr/> 298,394 <hr/>
Liabilities and fund balances (deficits) total	<hr/> \$53,293 <hr/>	<hr/> \$135,935 <hr/>	<hr/> \$22,970 <hr/>	<hr/> \$301,734 <hr/>

Woodland	Yak Road	Totals	
		2010	2009 Restated
\$5,456	\$202,763 483	\$13,538,788 188,860 15,407	\$12,682,508 173,678 705
<u>\$5,456</u>	<u>\$203,246</u>	<u>\$13,743,056</u>	<u>\$12,856,891</u>
\$165	\$5,242 483	\$316,751 144,359 180,540	\$340,124 164,279 154,495
<u>165</u>	<u>5,724</u>	<u>641,649</u>	<u>658,897</u>
		35,814	26,502
5,291	197,521	209,714 12,855,879	501,720 11,669,772
<u>5,291</u>	<u>197,521</u>	<u>13,101,406</u>	<u>12,197,994</u>
<u>\$5,456</u>	<u>\$203,246</u>	<u>\$13,743,056</u>	<u>\$12,856,891</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2010
With Comparative Totals for June 30, 2009

	Air Park	Airway	Arctic Fox	Aztec
Revenues				
Taxes	\$	\$12,094	\$4,516	\$18,654
Intergovernmental - state				
Other revenues	12	55	42	91
Revenues total	12	12,149	4,559	18,745
Expenditures				
Current				
Road and other service areas	780	5,861	1,202	7,345
Fire service areas				
Expenditures total	780	5,861	1,202	7,345
Excess (deficiency) of revenues over expenditures	(768)	6,288	3,357	11,400
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	(768)	6,288	3,357	11,400
Fund balances (deficit), beginning as restated for 2009	9,834	34,641	28,242	57,143
Fund balances (deficit), ending	\$9,066	\$40,929	\$31,599	\$68,543

Ballaine Lake Sewer & Water	Bear's Den Road	Becker Ridge	Birch Hill	Bluebird Road
\$23,379	\$	\$103,737	\$106,268	\$5,846
67	3	255	278	36
23,446	3	103,992	106,546	5,882
37,790	720	68,334	37,776	1,310
37,790	720	68,334	37,776	1,310
(14,344)	(717)	35,658	68,770	4,572
		2,944	2,191	
		2,944	2,191	
(14,344)	(717)	38,602	70,962	4,572
40,360	2,675	149,219	136,838	22,812
\$26,016	\$1,957	\$187,821	\$207,800	\$27,384

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2010
With Comparative Totals for June 30, 2009**

	Borda Road	Brookside	Chena Goldstream Volunteer Fire	Chena Hills Road
Revenues				
Taxes	\$27,287	\$7,956	\$944,972	\$89,139
Intergovernmental - state				
Other revenues	124	51	22,019	2,758
Revenues total	<u>27,411</u>	<u>8,007</u>	<u>966,991</u>	<u>91,897</u>
Expenditures				
Current				
Road and other service areas	5,830	4,187		60,896
Fire service areas			698,303	
Expenditures total	<u>5,830</u>	<u>4,187</u>	<u>698,303</u>	<u>60,896</u>
Excess (deficiency) of revenues over expenditures	21,581	3,820	268,688	31,001
Other financing sources (uses)				
Transfers in			7,586	6,129
Transfers out			(801,000)	
Other financing sources (uses) total			<u>(793,414)</u>	<u>6,129</u>
Net change in fund balances	21,581	3,820	(524,726)	37,130
Fund balances (deficit), beginning as restated for 2009	<u>73,106</u>	<u>33,477</u>	<u>891,276</u>	<u>58,380</u>
Fund balances (deficit), ending	<u><u>\$94,687</u></u>	<u><u>\$37,297</u></u>	<u><u>\$366,551</u></u>	<u><u>\$95,509</u></u>

Chena Hot Springs II	Chena Marina	Chena Point Road	Chena Spur	Cleary Summit
\$625	\$20,286 2,400 80	\$94,179 210	\$38,746 162	\$694 1
625	22,766	94,389	38,908	695
550	7,456	27,536	24,992	620
550	7,456	27,536	24,992	620
75	15,310	66,853	13,916	75
	(23,396)	9,933		
	(23,396)	9,933		
75	(8,086)	76,786	13,916	75
(1)	46,568	(34,891)	78,896	1,067
\$74	\$38,482	\$41,895	\$92,812	\$1,142

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2010
With Comparative Totals for June 30, 2009**

	College	College Hills	Cooper Estates	Cordes Drive
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues				
Taxes	\$485,446	\$24,193	\$23,759	\$23,728
Intergovernmental - state				
Other revenues	3,102	63	164	42
Revenues total	<hr/> 488,549	<hr/> 24,257	<hr/> 23,923	<hr/> 23,770
Expenditures				
Current				
Road and other service areas	153,736	14,368	3,688	21,057
Fire service areas				
Expenditures total	<hr/> 153,736	<hr/> 14,368	<hr/> 3,688	<hr/> 21,057
Excess (deficiency) of revenues over expenditures	334,812	9,888	20,234	2,713
Other financing sources (uses)				
Transfers in				
Transfers out	(41,400)	(36,001)		(6,237)
Other financing sources (uses) total	<hr/> (41,400)	<hr/> (36,001)		<hr/> (6,237)
Net change in fund balances	293,413	(26,113)	20,234	(3,524)
Fund balances (deficit), beginning as restated for 2009	<hr/> 1,977,964	<hr/> 36,135	<hr/> 103,907	<hr/> 28,851
Fund balances (deficit), ending	<hr/> <hr/> \$2,271,376	<hr/> <hr/> \$10,023	<hr/> <hr/> \$124,142	<hr/> <hr/> \$25,327

Cripple Creek	Deep Forest	Diane Subdivision	Drake Estates	Edanella Heights Road
\$59,078	\$18,045	\$3,555	\$7,604	\$29,683
233	34	76	29	91
59,311	18,078	3,631	7,633	29,775
20,363	14,654	2,076	3,296	27,568
20,363	14,654	2,076	3,296	27,568
38,948	3,424	1,555	4,338	2,207
(61,000)	8,660 (1,600)	(30,000)		(10,337)
(61,000)	7,060	(30,000)		(10,337)
(22,052)	10,484	(28,445)	4,338	(8,130)
166,546	12,131	53,512	17,443	48,860
\$144,495	\$22,616	\$25,067	\$21,780	\$40,730

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2010
With Comparative Totals for June 30, 2009**

	Ester Lump Road	Ester Volunteer Fire	Fairfields	Fairhill
Revenues				
Taxes	\$17,543	\$353,530	\$15,257	\$12,252
Intergovernmental - state				
Other revenues	128	79,597	72	48
Revenues total	<u>17,672</u>	<u>433,127</u>	<u>15,329</u>	<u>12,299</u>
Expenditures				
Current				
Road and other service areas	16,959		5,039	9,389
Fire service areas		362,379		
Expenditures total	<u>16,959</u>	<u>362,379</u>	<u>5,039</u>	<u>9,389</u>
Excess (deficiency) of revenues over expenditures	713	70,748	10,290	2,911
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	713	70,748	10,290	2,911
Fund balances (deficit), beginning as restated for 2009	<u>85,561</u>	<u>251,012</u>	<u>40,563</u>	<u>31,039</u>
Fund balances (deficit), ending	<u><u>\$86,274</u></u>	<u><u>\$321,760</u></u>	<u><u>\$50,853</u></u>	<u><u>\$33,950</u></u>

Fairwest	Garden	Golden Valley Road	Goldstream Alaska	Goldstream Moose Creek
\$22,539	\$35,954	\$13,386	\$24,161	\$48,410
299	196	43	97	94
22,838	36,150	13,430	24,257	48,504
4,701	20,671	6,176	16,812	36,861
4,701	20,671	6,176	16,812	36,861
18,137	15,479	7,253	7,445	11,642
18,137	15,479	7,253	7,445	11,642
203,185	116,846	(15,799)	59,865	40,252
\$221,322	\$132,325	(\$8,546)	\$67,309	\$51,894

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2010
With Comparative Totals for June 30, 2009

	Gordon	Granola Estates	Grieme Road	Haystack
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues				
Taxes	\$49,515	\$4,131	\$16,818	\$34,059
Intergovernmental - state				
Other revenues	353	55	83	92
Revenues total	<u>49,869</u>	<u>4,186</u>	<u>16,901</u>	<u>34,151</u>
Expenditures				
Current				
Road and other service areas	4,896	11,974	18,409	26,722
Fire service areas				
Expenditures total	<u>4,896</u>	<u>11,974</u>	<u>18,409</u>	<u>26,722</u>
Excess (deficiency) of revenues over expenditures	44,972	(7,788)	(1,508)	7,430
Other financing sources (uses)				
Transfers in				
Transfers out				(46,257)
Other financing sources (uses) total	<u> </u>	<u> </u>	<u> </u>	<u>(46,257)</u>
Net change in fund balances	44,972	(7,788)	(1,508)	(38,827)
Fund balances (deficit), beginning as restated for 2009	<u>222,046</u>	<u>39,461</u>	<u>62,879</u>	<u>66,614</u>
Fund balances (deficit), ending	<u>\$267,018</u>	<u>\$31,673</u>	<u>\$61,371</u>	<u>\$27,786</u>

Herning Hills	Hopeless	Horseshoe Downs	Jennifer Drive	Jones Road
\$24,378	\$21,676	\$11,928	\$5,109	\$58,067
69	72	12	17	80
24,447	21,748	11,940	5,125	58,147
7,928	8,467	12,549	3,402	34,331
7,928	8,467	12,549	3,402	34,331
16,519	13,281	(609)	1,723	23,816
(25,000)				
(25,000)				
(8,481)	13,281	(609)	1,723	23,816
35,681	39,737	6,281	9,533	31,530
\$27,200	\$53,018	\$5,672	\$11,256	\$55,345

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2010
With Comparative Totals for June 30, 2009**

	Joy Road	Keeney Road	Kendall	Keystone
Revenues				
Taxes	\$6,613	\$2,030	\$10,400	\$12,864
Intergovernmental - state				
Other revenues	40	11	87	90
Revenues total	<u>6,653</u>	<u>2,040</u>	<u>10,487</u>	<u>12,954</u>
Expenditures				
Current				
Road and other service areas	2,070	660	2,751	4,691
Fire service areas				
Expenditures total	<u>2,070</u>	<u>660</u>	<u>2,751</u>	<u>4,691</u>
Excess (deficiency) of revenues over expenditures	4,583	1,380	7,736	8,263
Other financing sources (uses)				
Transfers in				
Transfers out	(5,940)			
Other financing sources (uses) total	<u>(5,940)</u>			
Net change in fund balances	(1,357)	1,380	7,736	8,263
Fund balances (deficit), beginning as restated for 2009	<u>25,078</u>	<u>6,769</u>	<u>56,797</u>	<u>59,090</u>
Fund balances (deficit), ending	<u><u>\$23,721</u></u>	<u><u>\$8,149</u></u>	<u><u>\$64,533</u></u>	<u><u>\$67,353</u></u>

Kris Kringle	Lakloey Hill	Lee Lane	Loose Moose	Martin
\$12,270	\$34,622	\$5,385	\$5,808	\$24,106
94	197	37	21	65
12,364	34,819	5,422	5,829	24,171
15,167	49,455	4,420	4,379	14,529
15,167	49,455	4,420	4,379	14,529
(2,804)	(14,636)	1,002	1,450	9,642
(2,804)	(14,636)	1,002	1,450	9,642
64,601	133,910	24,764	12,534	31,324
\$61,797	\$119,274	\$25,766	\$13,984	\$40,965

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2010
With Comparative Totals for June 30, 2009**

	McCloud	McGrath Estates	McKinley View	Mellow Woods Road
Revenues				
Taxes	\$31,109	\$65,796	\$4,052	\$15,307
Intergovernmental - state				
Other revenues	138	253	36	80
Revenues total	<u>31,247</u>	<u>66,049</u>	<u>4,088</u>	<u>15,386</u>
Expenditures				
Current				
Road and other service areas	8,480	66,933	1,188	7,343
Fire service areas				
Expenditures total	<u>8,480</u>	<u>66,933</u>	<u>1,188</u>	<u>7,343</u>
Excess (deficiency) of revenues over expenditures	22,767	(884)	2,900	8,043
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	22,767	(884)	2,900	8,043
Fund balances (deficit), beginning as restated for 2009	<u>81,677</u>	<u>150,679</u>	<u>24,124</u>	<u>51,109</u>
Fund balances (deficit), ending	<u><u>\$104,444</u></u>	<u><u>\$149,795</u></u>	<u><u>\$27,024</u></u>	<u><u>\$59,151</u></u>

Miller Hill Extension	Moose Creek	Moose Meadows	Mt. View	Murphy
\$54,904	\$14,701	\$67,692	\$25,501	\$11,646
109	107	369	152	49
55,013	14,808	68,060	25,653	11,695
29,893	10,767	41,222	8,364	5,204
29,893	10,767	41,222	8,364	5,204
25,120	4,040	26,838	17,288	6,491
(20,000)		(150,000)		
(20,000)		(150,000)		
5,120	4,040	(123,162)	17,288	6,491
61,098	71,836	235,987	95,506	29,559
\$66,218	\$75,876	\$112,825	\$112,795	\$36,050

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2010
With Comparative Totals for June 30, 2009**

	Musk Ox	Newby Park	North Ridge	North Star Volunteer Fire
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues				
Taxes	\$33,735	\$15,649	\$9,137	\$1,457,149
Intergovernmental - state				
Other revenues	127	19	36	60,720
Revenues total	<hr/> 33,862	<hr/> 15,668	<hr/> 9,172	<hr/> 1,517,869
Expenditures				
Current				
Road and other service areas	60,952	17,244	8,040	
Fire service areas				1,524,903
Expenditures total	<hr/> 60,952	<hr/> 17,244	<hr/> 8,040	<hr/> 1,524,903
Excess (deficiency) of revenues over expenditures	(27,090)	(1,576)	1,132	(7,034)
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(27,090)	(1,576)	1,132	(7,034)
Fund balances (deficit), beginning as restated for 2009	<hr/> 92,018	<hr/> 12,985	<hr/> 24,495	<hr/> 394,232
Fund balances (deficit), ending	<hr/> <hr/> \$64,928	<hr/> <hr/> \$11,408	<hr/> <hr/> \$25,628	<hr/> <hr/> \$387,198

O'Connor Creek	Old Wood Road	Our	Parksridge	Peede Country Estates
\$110,986	\$11,252	\$3,543	\$10,561	\$4,765
224	40	13	76	25
111,210	11,291	3,555	10,637	4,790
45,694	5,786	3,758	4,209	1,887
45,694	5,786	3,758	4,209	1,887
65,516	5,505	(202)	6,428	2,903
65,516	5,505	(202)	6,428	2,903
78,440	22,424	9,193	49,841	15,708
\$143,956	\$27,930	\$8,991	\$56,268	\$18,611

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2010
With Comparative Totals for June 30, 2009**

	Pine Stream	Pleasureland	Polar Heights	Potlatch
Revenues				
Taxes	\$20,063	\$7,102	\$17,308	\$10,852
Intergovernmental - state				
Other revenues	132	93	55	30
Revenues total	<u>20,195</u>	<u>7,195</u>	<u>17,363</u>	<u>10,882</u>
Expenditures				
Current				
Road and other service areas	16,447	2,858	23,050	15,326
Fire service areas				
Expenditures total	<u>16,447</u>	<u>2,858</u>	<u>23,050</u>	<u>15,326</u>
Excess (deficiency) of revenues over expenditures	3,747	4,337	(5,687)	(4,444)
Other financing sources (uses)				
Transfers in				4,780
Transfers out				(8,000)
Other financing sources (uses) total				<u>(3,220)</u>
 Net change in fund balances	3,747	4,337	(5,687)	(7,664)
 Fund balances (deficit), beginning as restated for 2009	<u>88,398</u>	<u>64,134</u>	<u>32,312</u>	<u>15,759</u>
 Fund balances (deficit), ending	<u><u>\$92,145</u></u>	<u><u>\$68,471</u></u>	<u><u>\$26,625</u></u>	<u><u>\$8,095</u></u>

Prospect Park	Reed Acres Road	Ridgecrest	Salchaket Heights	Scenic Heights
\$7,296	\$7,827	\$2,035	\$2,203	\$16,898
37	76	7	17	141
7,333	7,903	2,042	2,220	17,039
3,830	3,842	1,482	2,420	13,392
3,830	3,842	1,482	2,420	13,392
3,503	4,061	559	(200)	3,647
3,503	4,061	559	(200)	3,647
24,383	52,719	4,479	11,807	95,470
<u>\$27,886</u>	<u>\$56,780</u>	<u>\$5,039</u>	<u>\$11,607</u>	<u>\$99,117</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2010
With Comparative Totals for June 30, 2009**

	Seavy	Secluded Acres	Serendipity Hill	Six Mile Village Road
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues				
Taxes	\$9,590	\$7,515	\$6,267	\$7,629
Intergovernmental - state				
Other revenues	73	57	58	53
Revenues total	<hr/> 9,663	<hr/> 7,572	<hr/> 6,325	<hr/> 7,682
Expenditures				
Current				
Road and other service areas	5,984	3,228	2,096	2,599
Fire service areas				
Expenditures total	<hr/> 5,984	<hr/> 3,228	<hr/> 2,096	<hr/> 2,599
Excess (deficiency) of revenues over expenditures	3,679	4,344	4,229	5,083
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	3,679	4,344	4,229	5,083
Fund balances (deficit), beginning as restated for 2009	<hr/> 49,009	<hr/> 37,235	<hr/> 39,146	<hr/> 33,514
Fund balances (deficit), ending	<hr/> <hr/> \$52,688	<hr/> <hr/> \$41,579	<hr/> <hr/> \$43,375	<hr/> <hr/> \$38,597

Smallwood Trail Road	Smith Ranch	Spring Glade	Spruce Acres	Steamboat Landing
\$5,946	\$36,409	\$27,225	\$5,745	\$15,236
42	126	163	47	72
5,989	36,535	27,388	5,792	15,308
15,924	3,007	17,542	2,583	10,080
15,924	3,007	17,542	2,583	10,080
(9,935)	33,528	9,846	3,209	5,228
	(12,537)			
	(12,537)			
(9,935)	20,991	9,846	3,209	5,228
31,444	68,259	105,580	31,884	48,035
\$21,508	\$89,249	\$115,426	\$35,092	\$53,263

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2010
With Comparative Totals for June 30, 2009

	Steese Volunteer Fire	Straight Creek	Summerwood	Summit Drive
Revenues				
Taxes	\$1,180,904	\$16,274	\$35,678	\$105,048
Intergovernmental - state				
Other revenues	13,179	26	183	460
Revenues total	<u>1,194,083</u>	<u>16,300</u>	<u>35,861</u>	<u>105,509</u>
Expenditures				
Current				
Road and other service areas		15,661	11,773	51,615
Fire service areas	1,087,899			
Expenditures total	<u>1,087,899</u>	<u>15,661</u>	<u>11,773</u>	<u>51,615</u>
Excess (deficiency) of revenues over expenditures	106,184	639	24,088	53,894
Other financing sources (uses)				
Transfers in	15,202			99,212
Transfers out				
Other financing sources (uses) total	<u>15,202</u>			<u>99,212</u>
Net change in fund balances	121,386	639	24,088	153,105
Fund balances (deficit), beginning as restated for 2009	<u>425,099</u>	<u>12,894</u>	<u>112,952</u>	<u>191,342</u>
Fund balances (deficit), ending	<u>\$546,485</u>	<u>\$13,534</u>	<u>\$137,039</u>	<u>\$344,447</u>

Sunny Hills Terrace	Sunrise	Tan Terra	Thomas	Timberlane Road
\$28,816	\$10,785	\$25,928	\$10,112	\$7,315
210	101	54	13	102
29,026	10,886	25,982	10,125	7,417
18,528	9,140	7,264	9,283	3,434
18,528	9,140	7,264	9,283	3,434
10,498	1,746	18,718	842	3,983
(100,000)	(20,000)	7,160		
(100,000)	(20,000)	7,160		
(89,502)	(18,254)	25,878	842	3,983
137,562	73,577	14,078	7,418	71,048
\$48,061	\$55,323	\$39,957	\$8,260	\$75,030

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2010
With Comparative Totals for June 30, 2009**

	Tungsten	Twenty Three Mile Slough	Ullrhaven	University Fire
Revenues				
Taxes	\$40,361	\$35,029	\$3,862	\$2,160,288
Intergovernmental - state				
Other revenues	75	176	24	3,454
Revenues total	<u>40,436</u>	<u>35,205</u>	<u>3,886</u>	<u>2,163,742</u>
Expenditures				
Current				
Road and other service areas	14,031	55,642	2,684	
Fire service areas				1,658,193
Expenditures total	<u>14,031</u>	<u>55,642</u>	<u>2,684</u>	<u>1,658,193</u>
Excess (deficiency) of revenues over expenditures	26,405	(20,437)	1,202	505,549
Other financing sources (uses)				
Transfers in				10,870
Transfers out	(3,000)			(72,195)
Other financing sources (uses) total	<u>(3,000)</u>			<u>(61,324)</u>
Net change in fund balances	23,405	(20,437)	1,202	444,225
Fund balances (deficit), beginning as restated for 2009	<u>5,811</u>	<u>129,253</u>	<u>15,942</u>	<u>1,558,059</u>
Fund balances (deficit), ending	<u><u>\$29,216</u></u>	<u><u>\$108,816</u></u>	<u><u>\$17,144</u></u>	<u><u>\$2,002,284</u></u>

University Heights	University West Street Light	Vienna Wood	Viewpointe	Violet Drive
\$52,590	\$60,241	\$22,627	\$16,478	\$56,547
248	266	80	169	116
52,839	60,507	22,706	16,647	56,663
22,882	44,804	21,471	6,882	32,453
22,882	44,804	21,471	6,882	32,453
29,957	15,704	1,236	9,765	24,210
29,957	15,704	1,236	9,765	24,210
156,156	172,824	48,897	114,508	59,614
\$186,113	\$188,528	\$50,133	\$124,272	\$83,824

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2010
With Comparative Totals for June 30, 2009

	Vista Gold Road	Vue Crest	Whitman	Wildview
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues				
Taxes	\$38,021	\$29,409	\$3,691	\$173,479
Intergovernmental - state				
Other revenues	76	183	31	636
Revenues total	<hr/> 38,097	<hr/> 29,593	<hr/> 3,722	<hr/> 174,115
Expenditures				
Current				
Road and other service areas	33,649	29,717	2,947	65,606
Fire service areas				
Expenditures total	<hr/> 33,649	<hr/> 29,717	<hr/> 2,947	<hr/> 65,606
Excess (deficiency) of revenues over expenditures	4,448	(124)	776	108,508
Other financing sources (uses)				
Transfers in				
Transfers out				(190,858)
Other financing sources (uses) total	<hr/>	<hr/>	<hr/>	<hr/> (190,858)
Net change in fund balances	4,448	(124)	776	(82,350)
Fund balances (deficit), beginning as restated for 2009	<hr/> 40,800	<hr/> 121,102	<hr/> 20,954	<hr/> 380,744
Fund balances (deficit), ending	<hr/> <hr/> \$45,248	<hr/> <hr/> \$120,978	<hr/> <hr/> \$21,730	<hr/> <hr/> \$298,394

Woodland	Yak Road	Totals	
		2010	2009 Restated
\$2,376	\$74,607	\$9,407,378	\$8,706,549
7	303	2,400	705
2,383	74,910	196,151	232,205
1,317	19,907	1,850,748	2,224,420
1,317	19,907	5,331,677	5,043,291
1,066	55,003	7,182,425	7,267,711
1,066	55,003	2,423,504	1,671,748
	(30,000)	174,667	28,542
	(30,000)	(1,694,758)	(1,349,112)
	(30,000)	(1,520,091)	(1,320,570)
1,066	25,003	903,412	351,178
4,225	172,518	12,197,994	11,846,816
\$5,291	\$197,521	\$13,101,406	\$12,197,994

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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, 2010 and 2009

	2010	2009
Assets		
Equity in central treasury cash	\$517,531	\$428,017
Accrued interest receivable		21
Assets total	<u>\$517,531</u>	<u>\$428,038</u>
Liabilities and Fund Balance (Deficit)		
Liabilities		
Fund balance (deficit)		
Unreserved		
Designated for subsequent year's expenditures	\$383,190	\$
Undesignated	134,341	428,038
Fund balance (deficit) total	<u>517,531</u>	<u>428,038</u>
Liabilities and fund balance (deficit) total	<u>\$517,531</u>	<u>\$428,038</u>

FAIRBANKS NORTH STAR BOROUGH

Debt Service Fund

Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
June 30, 2010 and 2009

	2010	2009
	<u> </u>	<u> </u>
Revenues		
Other revenues	\$54	\$9,644
	<u> </u>	<u> </u>
Expenditures		
Debt service		
Areawide		
Principal retirement of bonds	8,380,000	7,903,000
Interest on bonds	5,684,631	6,258,972
Fiscal agent fees and other costs	149,452	3,853
	<u> </u>	<u> </u>
Expenditures total	14,214,083	14,165,825
	<u> </u>	<u> </u>
Excess (deficiency) of revenues over expenditures	(14,214,030)	(14,156,182)
Other financing sources (uses)		
Transfers in	14,154,520	14,167,840
Bond issuance	17,480,000	
Premium on bond debt	1,769,002	
Payment to refunded bond escrow agent	(19,100,000)	
	<u> </u>	<u> </u>
Other financing sources (uses) total	14,303,522	14,167,840
	<u> </u>	<u> </u>
Net change in fund balance	89,493	11,658
Fund balance, beginning	428,038	416,380
	<u> </u>	<u> </u>
Fund balance, ending	\$517,531	\$428,038
	<u> </u>	<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, 2010**

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance from Budget- Positive (Negative)
Revenues					
Other revenues	\$	\$54	\$	\$54	\$54
Expenditures					
Debt Service					
Areawide					
Principal retirement of bonds	8,380,000	8,380,000		8,380,000	
Interest on bonds	5,769,521	5,684,631		5,684,631	84,890
Fiscal agent fees and other costs	4,999	149,452		149,452	(144,453)
Expenditures total	14,154,520	14,214,083		14,214,083	(59,563)
Excess (deficiency) of revenues over expenditures	(14,154,520)	(14,214,030)		(14,214,030)	(59,510)
Other financing sources (uses)					
Transfers in	14,154,520	14,154,520		14,154,520	
Bond issuance		17,480,000		17,480,000	17,480,000
Premium on bond debt		1,769,002		1,769,002	1,769,002
Payment to refunded bond escrow agent		(19,100,000)		(19,100,000)	(19,100,000)
Other financing sources (uses) total	14,154,520	14,303,522		14,303,522	149,002
Net change in fund balance	\$	89,493	\$	\$89,493	\$89,493
Fund balance, beginning		428,038			
Fund balance, ending		\$517,531			

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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, 2010

	Federal Pass-Through Grants	Federal Grants	Local Projects	Total Nonmajor Capital Projects Funds
Assets				
Equity in central treasury cash	\$239,003	\$	\$7,235,982	\$7,474,985
Taxes receivable			77	77
Interfund receivable			2,183,369	2,183,369
Due from governmental agencies	177,869			177,869
Assets total	<u>\$416,873</u>	<u>\$</u>	<u>\$9,419,428</u>	<u>\$9,836,301</u>
Liabilities and Fund Balances (Deficit)				
Liabilities				
Accounts payable	\$62,359	\$	\$300,196	\$362,556
Interfund payable	252,365		67,803	320,168
Deferred revenues			77	77
Liabilities total	<u>314,725</u>		<u>368,077</u>	<u>682,801</u>
Fund balances (deficit)				
Reserved for encumbrances	191,778	112,952	1,409,514	1,714,244
Unreserved - undesignated	(89,630)	(112,952)	7,641,838	7,439,256
Fund balances (deficit) total	<u>102,148</u>		<u>9,051,352</u>	<u>9,153,500</u>
Liabilities and fund balances (deficit) total	<u>\$416,873</u>	<u>\$</u>	<u>\$9,419,428</u>	<u>\$9,836,301</u>

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Capital Projects Funds

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2010**

	<u>Federal Pass-Through Grants</u>	<u>Federal Grants</u>	<u>Local Projects</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues				
Taxes	\$	\$	\$3,601	\$3,601
Intergovernmental revenues	396,932	36,702		433,634
Other revenues		(414)	37	(377)
Revenues total	<u>396,932</u>	<u>36,288</u>	<u>3,638</u>	<u>436,858</u>
Expenditures				
Current				
General government		36,702	77,695	114,397
Public works			299,866	299,866
Parks and recreation			1,059,681	1,059,681
Library			182,666	182,666
Road and other service areas	(13,506)		405,606	392,100
Emergency operations			156,623	156,623
Fire service areas			44,168	44,168
Capital outlay	851,354		802,328	1,653,682
Expenditures total	<u>837,849</u>	<u>36,702</u>	<u>3,028,633</u>	<u>3,903,183</u>
Excess (deficiency) of revenues over expenditures	(440,917)	(414)	(3,024,995)	(3,466,326)
Other financing sources (uses)				
Transfers in			4,544,285	4,544,285
Transfers out		(789,374)	(1,167,812)	(1,957,186)
Other financing sources (uses) total		<u>(789,374)</u>	<u>3,376,474</u>	<u>2,587,099</u>
Net change in fund balances	(440,917)	(789,788)	351,479	(879,226)
Fund balances (deficit), beginning	543,065	789,788	8,699,873	10,032,726
Fund balances (deficit), ending	<u>\$102,148</u>	<u>\$</u>	<u>\$9,051,352</u>	<u>\$9,153,500</u>

FAIRBANKS NORTH STAR BOROUGH

Capital Projects Funds

Project-length Schedule of Revenues and Expenditures
Budget and Actual
Beginning of Projects to June 30, 2010

	Nonmajor Capital Projects Funds		
	Federal Pass-Through Grants	Federal Grants	Local Projects
Total project expenditure budget	\$5,422,100	\$2,332,673	\$52,987,037
Revenues and other financing sources			
Taxes	\$	\$	\$39,276
Intergovernmental			
State	715,003		5,250,000
Federal		698,534	
Local	3,935,417		302,656
Transfers in and prior years' operating transfers in	621,065	1,225,000	47,620,828
Bond issuance and premium on bond debt			
Revenues and other financing sources total	\$5,271,485	\$1,923,534	\$53,212,760
Expenditures and other financing uses	\$5,169,337	\$1,923,534	\$45,161,408

Major Capital Projects Funds

State Grants	Bond Projects	2010 Project-to-Date Totals
\$48,038,278	\$84,841,677	\$193,621,765
\$	\$	\$39,276
30,217,029		36,182,032
4,099	3,123,514	698,534
981,680		7,365,686
\$31,202,808	81,718,492	50,448,573
\$31,202,808	\$84,842,006	\$176,452,593
\$25,502,837	\$68,527,521	\$146,284,637

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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 was 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 accounted 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, 2010 and 2009

	2010	2009 Restated
Assets		
Current assets		
Equity in central treasury cash	\$2,523,843	\$2,105,949
Restricted equity in central treasury cash	86,231	193,088
Accounts receivable	25,109	
Restricted due from governmental agencies	435,295	416,289
Inventories	188,359	192,780
Current assets total	<u>3,258,837</u>	<u>2,908,106</u>
Noncurrent assets		
Capital assets - non-depreciable		
Land and land improvements	595,234	595,234
Construction work in progress	59,395	
Capital assets - depreciable		
Buildings	4,032,842	4,032,842
Improvements other than buildings	268,627	268,627
Equipment	4,173,123	4,223,117
Intangible assets - software	204,769	204,769
Accumulated depreciation	<u>(3,345,384)</u>	<u>(2,915,767)</u>
Noncurrent assets (net) total	<u>5,988,606</u>	<u>6,408,823</u>
Assets total	<u><u>\$9,247,442</u></u>	<u><u>\$9,316,929</u></u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

**Comparative Statement of Net Assets
June 30, 2010 and 2009**

	2010	2009 Restated
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$65,379	\$58,835
Wages and payroll taxes	145,206	121,695
Accrued compensated absences	218,204	215,380
Accrued self-insurance losses	72,589	5,204
Deposits from others	4,784	5,467
Payable from restricted assets		
Accounts payable	23,638	22,793
Interfund payable	312,066	337,489
Unearned revenues		837
Current liabilities total	841,867	767,701
Long-term liabilities		
Accrued compensated absences	46,465	28,747
Accrued self-insurance losses	93,254	6,113
Long-term liabilities total	139,719	34,860
Liabilities total	981,585	802,561
Net assets		
Invested in capital assets	5,988,606	6,408,823
Restricted for		
Grants	185,821	248,258
Unrestricted	2,091,430	1,857,287
Net assets total	8,265,857	8,514,368
Liabilities and net assets total	\$9,247,442	\$9,316,929

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Revenues, Expenses
and Changes in Net Assets
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009 Restated</u>
Operating revenues		
Fares	\$421,676	\$359,148
Advertising	12,722	19,988
Charges for services	738,907	1,050,100
Operating revenues total	<u>1,173,305</u>	<u>1,429,236</u>
Operating expenses		
Wages and benefits	4,838,921	4,366,400
Fuels, lubricants, and parts	622,759	670,520
Other commodities	49,756	25,296
Contractual services	355,237	407,099
Utilities	150,044	130,866
Professional services	213,832	122,718
Depreciation	462,947	517,353
Training, dues and professional expenses	96,768	37,066
Repairs and maintenance	90,939	101,268
Supplies	43,529	69,626
Intragovernmental charges	907,603	836,023
Operating expenses total	<u>7,832,335</u>	<u>7,284,236</u>
Operating income (loss)	<u>(6,659,030)</u>	<u>(5,855,000)</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Revenues, Expenses
and Changes in Net Assets
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009 Restated</u>
Non-operating revenues (expenses)		
Grants revenue	\$1,620,637	\$1,908,418
Investment income	2,407	19,402
Gain (loss) on sales of capital assets	(14,597)	
Miscellaneous revenue (expense)	965	94
Non-operating revenues (expenses) total	<u>1,609,412</u>	<u>1,927,914</u>
Income (loss) before contributions and transfers	(5,049,617)	(3,927,087)
Transfers in	4,581,120	3,282,640
Capital contributions	219,987	13,299
Change in net assets	<u>(248,511)</u>	<u>(631,148)</u>
Net assets, beginning as restated for 2009	<u>8,514,368</u>	<u>9,145,516</u>
Net assets, ending	<u><u>\$8,265,857</u></u>	<u><u>\$8,514,368</u></u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Land

Comparative Statement of Net Assets
June 30, 2010 and 2009

Assets	<u>2010</u>	<u>2009 Restated</u>
Current assets		
Equity in central treasury cash	\$	\$4,570,227
Taxes receivable - foreclosure reimbursement		198,889
Accounts receivable		16,608
Accrued interest receivable		20,034
Land contracts receivable, current portion		133,331
Due from governmental agencies		2,929
Inventories		232,026
Current assets total		<u>5,174,046</u>
Noncurrent assets		
Land inventory - long-term		12,294,142
Land contracts receivable		594,188
Capital assets - non-depreciable		
Retained land		980,610
Capital assets - depreciable		
Buildings		314,927
Intangible assets - software		18,864
Accumulated depreciation		(283,890)
Noncurrent assets (net) total		<u>13,918,841</u>
Assets total	\$	<u>\$19,092,886</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Land

Comparative Statement of Net Assets
June 30, 2010 and 2009

	<u>2010</u>	<u>2009 Restated</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$	\$30,695
Wages and payroll taxes		22,726
Accrued compensated absences		44,203
Deposits from others		579,690
Unrealized gain on land contracts, current portion		45,489
Current liabilities total		<u>722,803</u>
Long-term liabilities		
Accrued compensated absences		1,225
Unrealized gain on land contracts		252,174
Long-term liabilities total		<u>253,399</u>
Liabilities total		<u>976,201</u>
Net assets		
Invested in capital assets		1,030,511
Unrestricted		17,086,174
Net assets total		<u>18,116,685</u>
Liabilities and net assets total	\$	<u>\$19,092,886</u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Land

Comparative Statement of Revenues, Expenses
and Changes in Net Assets
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009 Restated</u>
Non-operating revenues (expenses)		
Grants revenue	\$	\$39,812
Investment income		53,786
Contribution to governmental activities capital assets	<u>(13,556,679)</u>	
Non-operating revenues (expenses) total	<u>(13,556,679)</u>	<u>93,598</u>
Income (loss) before contributions and transfers	(13,556,679)	(461,776)
Transfers in		39,854
Transfers out	(4,560,005)	
Capital contributions		<u>349,677</u>
Change in net assets	(18,116,685)	(72,244)
Net assets, beginning as restated for 2009	<u>18,116,685</u>	<u>18,188,929</u>
Net assets, ending	<u>\$</u>	<u>\$18,116,685</u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Net Assets
June 30, 2010 and 2009

	2010	2009 Restated
Assets		
Current assets		
Equity in central treasury cash	\$716,870	\$1,996,718
Restricted equity in central treasury cash	545,277	362,997
Accounts receivable	174,281	56,910
Restricted accounts receivable	3,985	9,099
Restricted due from governmental agencies	77	1,836
Current assets total	1,440,491	2,427,561
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
Capital assets - depreciable		
Buildings	16,646,964	15,073,945
Improvements other than buildings	1,608,028	1,608,028
Equipment	1,567,305	1,555,835
Accumulated depreciation	(6,750,264)	(6,280,562)
Noncurrent assets (net) total	13,701,856	12,901,960
Assets total	\$15,142,346	\$15,329,521

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Net Assets
June 30, 2010 and 2009

	<u>2010</u>	<u>2009 Restated</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$7,220	\$172,411
Wages and payroll taxes	2,561	2,488
Accrued compensated absences	2,182	1,811
Payable from restricted assets		
Accounts payable	57,018	34,279
Interfund payable	77	1,836
Unearned revenues	120,831	
Current liabilities total	<u>189,889</u>	<u>212,825</u>
Long-term liabilities		
Accrued compensated absences	1,785	
Long-term liabilities total	<u>1,785</u>	
Liabilities total	<u>191,674</u>	<u>212,825</u>
Net assets		
Invested in capital assets	13,701,856	12,901,960
Restricted for		
Asset replacement	371,414	337,817
Unrestricted	877,403	1,876,919
Net assets total	<u>14,950,672</u>	<u>15,116,697</u>
Liabilities and net assets total	<u>\$15,142,346</u>	<u>\$15,329,521</u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Revenues, Expenses
and Changes in Net Assets
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009 Restated</u>
Operating revenues		
Charges for services	\$104,064	\$105,393
Operating revenues total	<u>104,064</u>	<u>105,393</u>
Operating expenses		
Wages and benefits	56,484	38,997
Other commodities	16,359	18,003
Contractual services	376,395	467,280
Professional services	28,620	
Depreciation	474,877	436,709
Repairs and maintenance	1,850	2,470
Supplies	29,421	140
Management contractor fee	176,044	169,890
Intragovernmental charges	398,978	463,723
Operating expenses total	<u>1,559,028</u>	<u>1,597,213</u>
Operating income (loss)	<u>(1,454,963)</u>	<u>(1,491,820)</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Revenues, Expenses
and Changes in Net Assets
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009 Restated</u>
Non-operating revenues (expenses)		
Investment income	\$941	\$5,660
Gain (loss) on sales of capital assets	352	61
Miscellaneous revenue (expense)	1,318	
Non-operating revenues (expenses) total	<u>2,611</u>	<u>5,721</u>
Income (loss) before contributions and transfers	(1,452,352)	(1,486,098)
Transfers in	1,203,970	1,497,380
Capital contributions	82,358	7,961
Change in net assets	<u>(166,024)</u>	<u>19,242</u>
Net assets, beginning as restated for 2009	<u>15,116,697</u>	<u>15,097,454</u>
Net assets, ending	<u><u>\$14,950,672</u></u>	<u><u>\$15,116,697</u></u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

**Comparative Statement of Net Assets
June 30, 2010 and 2009**

	2010	2009 Restated
Assets		
Current assets		
Equity in central treasury cash	\$13,585,882	\$11,882,204
Accounts receivable (net of allowance for uncollectibles 2010 - \$3,785; 2009 - \$3,785)	419,682	556,145
Interfund receivable	292,043	128,373
Restricted due from governmental agencies	2,500,000	
Inventories	116,193	752,123
Current assets total	16,913,799	13,318,844
Noncurrent assets		
Long-term receivable, (net of allowance for uncollectibles 2010 - \$207,668; 2009 - \$203,290)		
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	6,616,901	6,581,935
Improvements other than buildings	16,992,749	16,992,749
Equipment	3,668,796	3,526,537
Accumulated depreciation	(14,347,974)	(13,060,738)
Noncurrent assets (net) total	14,046,078	15,156,089
Assets total	\$30,959,878	\$28,474,934

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Net Assets
June 30, 2010 and 2009

Liabilities and Net Assets	<u>2010</u>	<u>2009 Restated</u>
Current liabilities		
Accounts payable	\$1,960,535	\$304,340
Wages and payroll taxes	62,708	48,820
Accrued compensated absences	55,722	58,653
Accrued self-insurance losses	14,385	164,349
Payable from restricted assets		
Interfund payable	2,500,000	
Loans payable	1,252,731	1,234,218
Current liabilities total	<u>5,846,080</u>	<u>1,810,379</u>
Long-term liabilities		
Accrued compensated absences	11,413	18,522
Accrued self-insurance losses	26,237	153,468
Loans payable	1,271,522	2,524,253
Landfill closure and postclosure care	17,625,941	21,248,521
Long-term liabilities total	<u>18,935,113</u>	<u>23,944,763</u>
Liabilities total	<u>24,781,193</u>	<u>25,755,142</u>
Net assets		
Invested in capital assets, net of related debt	11,521,825	11,397,619
Unrestricted	(5,343,141)	(8,677,827)
Net assets total	<u>6,178,685</u>	<u>2,719,792</u>
Liabilities and net assets total	<u><u>\$30,959,878</u></u>	<u><u>\$28,474,934</u></u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Revenues, Expenses
and Changes in Net Assets
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009 Restated</u>
Operating revenues		
Charges for services	\$6,854,740	\$5,920,210
Operating revenues total	<u>6,854,740</u>	<u>5,920,210</u>
Operating expenses		
Wages and benefits	1,719,372	2,023,592
Fuels, lubricants, and parts	225,363	213,791
Other commodities	3,589	14,071
Contractual services	4,397,773	1,420,865
Utilities	97,882	134,442
Professional services	431,572	611,126
Depreciation	1,397,824	892,267
Training, dues and professional expenses	25,037	21,607
Repairs and maintenance	308,238	213,082
Supplies	117,057	148,244
Landfill closure and postclosure care costs	(3,622,580)	4,608,585
Intragovernmental charges	776,163	867,988
Operating expenses total	<u>5,877,290</u>	<u>11,169,660</u>
Operating income (loss)	<u>977,450</u>	<u>(5,249,450)</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, 2010 and 2009**

	2010	2009 Restated
Non-operating revenues (expenses)		
Interest expense	(\$56,377)	(\$74,617)
Investment income	21,804	149,547
Gain (loss) on sales of capital assets	(49,360)	2,726
Miscellaneous revenue (expense)	376	2,068
Non-operating revenues (expenses) total	(83,557)	79,724
Income (loss) before contributions and transfers	893,893	(5,169,726)
Transfers in	65,000	
Transfers out		(91,912)
Capital contributions	2,500,000	
Change in net assets	3,458,893	(5,261,637)
Net assets, beginning as restated for 2009	2,719,792	7,981,429
Net assets, ending	\$6,178,685	\$2,719,792

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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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Current assets		
Equity in central treasury cash	\$708,425	\$655,080
Restricted equity in central treasury cash	24,363	24,363
Due from governmental agencies		5,602
Current assets total	<u>732,789</u>	<u>685,044</u>
Noncurrent assets		
Capital assets - depreciable		
Equipment	6,863,368	6,603,256
Accumulated depreciation	(3,678,499)	(3,660,544)
Noncurrent assets (net) total	<u>3,184,870</u>	<u>2,942,711</u>
Assets total	<u><u>\$3,917,658</u></u>	<u><u>\$3,627,756</u></u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$	\$7,591
Payable from restricted assets		
Unearned revenues	18,200	18,200
Capital leases payable	396,068	420,730
Current liabilities total	<u>414,268</u>	<u>446,521</u>
Long-term liabilities		
Capital leases payable	853,163	585,755
Long-term liabilities total	<u>853,163</u>	<u>585,755</u>
Liabilities total	<u>1,267,431</u>	<u>1,032,276</u>
Net assets		
Invested in capital assets, net of related debt	1,935,639	1,936,226
Restricted for		
Grants	6,163	6,163
Unrestricted	708,425	653,090
Net assets total	<u>2,650,228</u>	<u>2,595,480</u>
Liabilities and net assets total	<u><u>\$3,917,658</u></u>	<u><u>\$3,627,756</u></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, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Operating revenues		
Charges for services	\$566,500	\$561,660
Operating revenues total	<u>566,500</u>	<u>561,660</u>
Operating expenses		
Other contractual services	40	25
Depreciation	451,360	446,938
Repairs and maintenance	1,799	2,395
Interest expense - capital leases	52,663	51,415
Intragovernmental charges	45,172	43,418
Operating expenses total	<u>551,034</u>	<u>544,191</u>
Operating income (loss)	<u>15,466</u>	<u>17,469</u>
Non-operating revenues (expenses)		
Grants revenue		5,602
Gain (loss) on sales of capital assets	35,146	(12,911)
Miscellaneous revenue (expense)	4,136	
Non-operating revenues (expenses) total	<u>39,282</u>	<u>(7,309)</u>
Income (loss) before contributions and transfers	54,748	10,160
Capital contributions		36,598
Change in net assets	54,748	46,758
Net assets, beginning	<u>2,595,480</u>	<u>2,548,722</u>
Net assets, ending	<u><u>\$2,650,228</u></u>	<u><u>\$2,595,480</u></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, 2010**

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Assets				
Equity in central treasury cash	\$206,062	\$14,017,152	\$14,028,481	\$194,733
Property tax liens receivable	338,909	13,887,461	13,826,620	399,750
Sales tax receivable	44,445			44,445
	<hr/>	<hr/>	<hr/>	<hr/>
Assets total	<u>\$589,416</u>	<u>\$27,904,613</u>	<u>\$27,855,101</u>	<u>\$638,928</u>
Liabilities				
Due to other governmental agencies for collected taxes	\$10,702	\$13,832,072	\$13,833,120	\$9,653
Due to other governmental agencies for uncollected taxes	383,354	13,887,461	13,826,620	444,195
Advance tax payments	195,361	185,080	195,361	185,080
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities total	<u>\$589,416</u>	<u>\$27,904,613</u>	<u>\$27,855,101</u>	<u>\$638,928</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.

Cash and Investment Balances Classified by Depository
All Funds and School District
June 30, 2010
With Comparative Totals for June 30, 2009

	Fair Value of Cash Invested (a)	Checking and Cash on Hand	Totals	
			2010	2009
Change and petty cash funds	\$	\$27,244	\$27,244	\$44,705
Goldman Sachs FS Government Fund (b)	146,195		146,195	146,177
Fidelity Treasury Money Market Fund	89,205,815		89,205,815	42,034,363
Federated- Government Obligation Tax Fund				137,324
Federated- Govt. Obligation Tax Managed Fund				7,300,085
Certificates of Deposits (c)	15,000,000		15,000,000	5,000,000
Denali State Bank	1,000		1,000	
Wells Fargo Bank Alaska	2,959,473	(4,630,571)	(1,671,098)	2,907,309
Alaska Municipal League Investment Pool	<u>46,187,553</u>		<u>46,187,553</u>	<u>91,662,227</u>
Cash and temporary investments	153,500,036	(4,603,327)	148,896,709	149,232,190
Less: Fiduciary Fund - Borough	(194,733)		(194,733)	(206,062)
Less: Fiduciary Fund - School District	<u>(40,411)</u>		<u>(40,411)</u>	<u>(43,714)</u>
Cash and temporary investments total	<u>\$153,264,892</u>	<u>(\$4,603,327)</u>	<u>\$148,661,565</u>	<u>\$148,982,414</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, 2010**

<u>Enterprise Fund</u>	<u>Operating</u>	<u>Project Appropriations</u>	<u>Total</u>
Transit	\$1,222,298	\$1,387,777	\$2,610,074
Carlson Center	335,670	926,478	1,262,148
Solid waste disposal	<u>5,144,964</u>	<u>8,440,918</u>	<u>13,585,882</u>
Enterprise funds total	<u><u>\$6,702,931</u></u>	<u><u>\$10,755,172</u></u>	<u><u>\$17,458,104</u></u>

Each of the Borough's three 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, 2010

	Maturity Dates	Interest (Coupon)	Principal	Fair Value
<u>Overnight Investment</u>				
Wells Fargo Bank Alaska N.A.	Open	0.100	\$104,551	\$104,551
Wells Fargo Bank Alaska N.A.	Open	0.400	2,854,922	2,854,922
Denali State Bank	Open	0.000	1,000	1,000
Overnight investment total			<u>2,960,473</u>	<u>2,960,473</u>
<u>Government Securities Money Market Funds</u>				
BNY Goldman Sachs FS Government Fund		0.030	146,195	146,195
Fidelity Institutional Money Market Government Fund		0.040	<u>89,205,815</u>	<u>89,205,815</u>
Government securities money market funds total			<u>89,352,010</u>	<u>89,352,010</u>
<u>External Investment Pool</u>				
Alaska Municipal League Investment Pool		0.020	<u>46,187,553</u>	<u>46,187,553</u>
<u>Certificates of Deposit</u>				
Certificate of Deposit Account Registry Service	07/15/10	0.200	5,000,000	5,000,000
Certificate of Deposit Account Registry Service	10/14/10	0.350	<u>10,000,000</u>	<u>10,000,000</u>
Certificates of deposit total			<u>15,000,000</u>	<u>15,000,000</u>
Investments total			<u><u>\$153,500,036</u></u>	<u><u>\$153,500,036</u></u>

**Combined Schedule of Delinquent Taxes Receivable
By Fund Type
June 30, 2010**

<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				
2006 and prior	\$215,466	\$173,373	\$24,468	\$17,625
2007	78,348	61,376	12,043	4,929
2008	631,882	466,079	93,739	72,065
Delinquent taxes total	<u>\$925,696</u>	<u>\$700,827</u>	<u>\$130,249</u>	<u>\$94,619</u>

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FAIRBANKS NORTH STAR BOROUGH

**Combined Schedule of Long-Term Debt
June 30, 2010 and 2009**

	<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		05-01/11-01	11-01-97	02-26-10
1999 Series B - school facilities	4.750-5.125%	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, 2010 Outstanding	June 30, 2009 Outstanding
	\$34,000,000	\$34,000,000	\$20,255,319		\$20,255,319
	1,250,000	1,250,000	744,681		744,681
1,360,000 (11)	26,210,129	26,210,000	11,335,000	14,875,000	16,175,000
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)					
430,000 (10)	9,000,000	9,000,000	2,860,000	6,140,000	6,550,000
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, 2010 and 2009**

	<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, 2010 Outstanding	June 30, 2009 Outstanding
(a)					
\$425,000 (11)	\$9,050,000	\$9,050,000	\$3,045,000	\$6,005,000	\$6,410,000
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)					
595,000 (10)	14,000,000	14,000,000	3,465,000	10,535,000	11,100,000
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)					
590,000 (10)	13,500,000	13,500,000	3,065,000	10,435,000	11,000,000
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, 2010 and 2009**

	<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, 2010 Outstanding	June 30, 2009 Outstanding
(a)					
\$600,000 (10)	\$14,164,000	\$14,164,000	\$3,334,000	\$10,830,000	\$11,415,000
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)					
570,000 (10)	13,750,000	13,750,000	2,555,000	11,195,000	11,750,000
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, 2010 and 2009**

	<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
2007 Refunding Series K - school facilities	4.000%	11-01/05-01	02-16-07	11-01-16

Remaining Annual Serial Payments	Authorized	Issued	Retired	June 30, 2010 Outstanding	June 30, 2009 Outstanding
(a)					
\$375,000 (10)	\$9,750,000	\$9,750,000	\$1,270,000	\$8,480,000	\$8,845,000
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)					
450,000 (10)	12,000,000	12,000,000	1,135,000	10,865,000	11,295,000
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)					
960,000 (10)	10,460,000	10,460,000	2,535,000	7,925,000	8,840,000
1,025,000 (11)					
1,065,000 (12)					
1,130,000 (13)					
1,170,000 (14)					
1,255,000 (15)					
1,320,000 (16)					

FAIRBANKS NORTH STAR BOROUGH

**Combined Schedule of Long-Term Debt
June 30, 2010 and 2009**

	<u>Interest Rates on Remaining Coupons</u>	<u>Payment Dates</u>	<u>Bond Date</u>	<u>Final Maturity Date</u>
2008 Series L - school facilities	3.500-4.500%	11-01/05-01	01-25-08	11-01-27
2010 Series M - school facilities	1.000-5.750%	07-01/01-01	02-26-10	07-01-29

Remaining Annual Serial Payments	Authorized	Issued	Retired	June 30, 2010 Outstanding	June 30, 2009 Outstanding
(a)					
\$400,000 (10)	\$11,128,000	\$11,128,000	\$633,000	\$10,495,000	\$10,880,000
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)					
835,000 (11)	11,950,000	11,950,000		11,950,000	
470,000 (12)					
475,000 (13)					
485,000 (14)					
495,000 (15)					
510,000 (16)					
530,000 (17)					
545,000 (18)					
565,000 (19)					
590,000 (20)					
615,000 (21)					
635,000 (22)					
670,000 (23)					
695,000 (24)					
710,000 (25)					
745,000 (26)					
770,000 (27)					
790,000 (28)					
820,000 (29)					

FAIRBANKS NORTH STAR BOROUGH

**Combined Schedule of Long-Term Debt
June 30, 2010 and 2009**

	<u>Interest Rates on Remaining Coupons</u>	<u>Payment Dates</u>	<u>Bond Date</u>	<u>Final Maturity Date</u>
2010 Refunding Series N - school facilities - library	2.000-5.000%	11-01/05-01	02-26-10	11-01-17
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	3.510-5.580%	Various	Various	Various
Proprietary long-term debt total				
Long-term debt total				

(a) Years shown are calendar years.

Remaining Annual Serial Payments	Authorized	Issued	Retired	June 30, 2010 Outstanding	June 30, 2009 Outstanding
(a)					
\$1,885,000 (10)	\$16,860,142	\$16,860,142		\$16,860,142	
2,045,000 (11)	619,858	619,858		619,858	
2,080,000 (12)					
2,145,000 (13)					
2,210,000 (14)					
2,300,000 (15)					
2,365,000 (16)					
2,450,000 (17)					
	<u>172,442,129</u>	<u>172,442,000</u>	<u>35,232,000</u>	<u>137,210,000</u>	<u>135,260,000</u>
1,252,731 (10)	6,172,203	6,172,203	3,647,950	2,524,253	3,758,471
1,271,522 (11)					
Various		2,990,839	1,741,608	1,249,231	1,006,485
	<u>6,172,203</u>	<u>9,163,042</u>	<u>5,389,558</u>	<u>3,773,484</u>	<u>4,764,956</u>
	<u>\$178,614,332</u>	<u>\$181,605,042</u>	<u>\$40,621,558</u>	<u>\$140,983,484</u>	<u>\$140,024,956</u>

**Balances in Major Reserve Accounts
June 30, 2010 and 2009**

<u>Reserve Account</u>	<u>2010</u>	<u>2009 Restated</u>
Facilities Maintenance	\$873,889	\$1,630,335
Asset Replacement (a)	616,830	818,410
Carlson Center (b)	338,223	233,652
Landfill Closure and Postclosure Care (c)	1,386,485	379,112
Hotel-Motel Room Tax (d)	46,724	158,486
Health Care Contingency	2,604,437	2,907,249
Land Revenue Reserve (e)	<u>3,336,826</u>	<u> </u>
Reserves total	<u><u>\$9,203,415</u></u>	<u><u>\$6,127,244</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) In 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

(e) Reserve created July 1, 2009 with balances transferred in from the Land enterprise fund

Library Special Revenue Fund
Selected Financial Information
As of and for the Fiscal Years Ended June 30, 2010 and 2009

	2010	2009 Restated
Unreserved fund balance designated for library endowment	\$9,340,970	\$9,244,387
Unreserved, undesignated fund balance	372,467	365,885
Donations	90,000	813,224
Interest revenue	13,165	101,135

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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues		
Vending and concession, net of cost	\$696,930	\$635,169
Arena rental	368,805	368,048
Self-promoted events	103,575	132,034
Signage	137,730	140,997
Equipment rental and service	85,001	67,525
Other	217,480	221,017
	<u>1,609,521</u>	<u>1,564,790</u>
Operating expenses		
Concession supplies and fees	67,103	59,723
Conferences and meetings	15,887	17,633
Contractual services	45,406	40,792
Insurance	46,986	35,477
Contractor management fee	79,854	77,526
Contractor incentive fees	96,209	92,364
Office and operating supplies	62,364	45,662
Professional services	6,605	27,681
Repairs and maintenance	70,044	96,468
Self-promoted events	19,036	25,860
Utilities	505,323	496,908
Wages and benefits - event labor	417,302	369,461
Wages and benefits - operations	583,926	701,972
	<u>2,016,045</u>	<u>2,087,527</u>
Operating loss	<u>(406,524)</u>	<u>(522,737)</u>
Non-operating revenues (expenses)		
Provision for asset replacement	<u>(104,075)</u>	<u>(105,393)</u>
Net loss	<u><u>(\$510,599)</u></u>	<u><u>(\$628,130)</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, 2010**

	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 \$275,000 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 2009-2010 is \$1,588 and \$1,354 for the Borough and School District, respectively. Medical coverage offered to employees is limited to a lifetime maximum of \$2,000,000, less the deductible, per individual covered.

(b) Covered to statutory limits

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

Miscellaneous Additional Data
June 30, 2010

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, 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
2009 Borough municipal election	67,832
Number of votes cast in:	
2008 State general election	27,087
2009 Borough municipal election	36,157
Percentage of registered voters in:	
2008 State general election	38.8%
2009 Borough municipal election	53.3%

Note: Last State general election was in November 2008.
Last Borough municipal election was in October 2009.

Annual Salaries of Principal Officials of the Borough Government

Borough Mayor	\$92,500
Borough Clerk	112,526
Chief of Staff	106,348
Borough Attorney	123,630

Annual Salaries of Principal Officials of the School District

Superintendent of Schools	\$154,000
Assistant Superintendent, Secondary Education	139,599
Assistant Superintendent, Elementary Education	132,599
Assistant Superintendent, Facilities Management	132,599
Chief Financial Officer	132,599

Miscellaneous Additional Data
June 30, 2010

Number of School District Personnel (a)

Districtwide administration	5
Professional staff	70
Principals and assistant principals	43
Certified staff	920
Support staff	605
Number of schools	35

	Enrollment (b)
Elementary Schools – District	
Anne Wien	398
Badger Road	550
Barnette	403
Chinook Charter School	153
Denali	370
Hunter	350
Joy	384
Ladd	542
Nordale	333
North Pole Elementary	532
Pearl Creek	443
Salcha	101
Ticasuk Brown	554
Two Rivers	93
University Park	460
Watershed	173
Weller	520
Woodriver	414
Secondary Schools – District	
Effie Kokrine Charter School	155
Hutchison High	358
Lathrop Senior High	1,199
North Pole Middle	633
North Pole Senior High	814
Randy Smith Middle	335
Ryan Middle	375
Star of the North Charter	201
Tanana Middle	523
West Valley Senior High	1,080
Alternative Learning System	112
Elementary Schools – On-Base	
Anderson	328
Arctic Light	524
Crawford	306
Secondary Schools – On-Base	
Ben Eielson Junior/Senior High	474
Guided Independent Study	195
Fairbanks Youth Facility	14
Total	<u>14,399</u>

(a) Fairbanks North Star Borough School District Approved Budget document for fiscal year 2010-11

(b) 2009-10 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 Eight 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.

(a) In fiscal year 2010, the land enterprise fund was transferred from business type activities to governmental activities

Table I

Year				
2005-06	2006-07	2007-08	2008-09 Restated	2009-10 (a)
\$472,363,319	\$472,797,399	\$476,565,063	\$487,414,214	\$493,418,704
29,113,034	45,210,932	48,144,782	47,678,853	46,093,672
8,305,423	9,762,506	7,591,655	2,991,349	8,711,560
<u>\$509,781,777</u>	<u>\$527,770,837</u>	<u>\$532,301,500</u>	<u>\$538,084,417</u>	<u>\$548,223,936</u>
\$24,830,906	\$25,308,779	\$30,494,592	\$31,738,913	\$31,212,287
306,887	259,648	424,453	586,075	557,235
16,153,220	20,119,274	19,465,432	12,013,314	(2,378,977)
<u>\$41,291,013</u>	<u>\$45,687,701</u>	<u>\$50,384,477</u>	<u>\$44,338,302</u>	<u>\$29,390,545</u>
\$497,194,225	\$498,106,178	\$507,059,656	\$519,153,127	\$524,630,990
29,419,921	45,470,580	48,569,234	48,264,929	46,650,907
24,458,643	29,881,780	27,057,087	15,004,446	6,332,583
<u>\$551,072,789</u>	<u>\$573,458,538</u>	<u>\$582,685,977</u>	<u>\$582,422,502</u>	<u>\$577,614,480</u>
\$4,235,371	\$4,080,319	\$3,967,368	\$2,941,680	\$4,180,344
16,687,930	18,453,760	18,535,860	20,059,660	20,954,280
<u>\$20,923,301</u>	<u>\$22,534,079</u>	<u>\$22,503,228</u>	<u>\$23,001,340</u>	<u>\$25,134,624</u>

FAIRBANKS NORTH STAR BOROUGH

**Changes in Net Assets
Last Eight 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><u>\$142,947,476</u></u>	<u><u>\$143,307,386</u></u>	<u><u>\$154,861,311</u></u>
Program Revenues			
Governmental Activities:			
Charges for Services			
General government	\$472,039	\$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				
<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u> <u>Restated</u>	<u>2009-10</u> <u>(b)</u>
\$15,583,246	\$16,144,958	\$16,373,018	\$19,296,522	\$20,760,267
1,879,673	2,011,929	1,948,949	1,875,392	2,263,729
8,842,658	8,567,422	9,622,350	10,563,903	10,781,943
7,478,378	9,090,178	9,324,514	9,257,309	9,733,515
4,776,959	5,125,795	4,966,535	5,591,433	5,979,887
2,011,343	2,656,458	3,816,780	4,393,522	5,711,907
53,694,197	56,771,562	59,958,407	61,898,187	62,819,397
4,796,649	5,235,955	5,468,214	5,732,871	5,862,703
4,854,626	4,968,182	4,938,156	5,398,620	6,115,495
6,437,366	6,128,977	6,550,818	6,052,131	5,484,528
<u>110,355,095</u>	<u>116,701,416</u>	<u>122,967,742</u>	<u>130,059,889</u>	<u>135,513,371</u>
6,052,940	6,245,393	6,623,980	7,282,170	7,844,619
2,009,504	1,166,463	1,264,690	1,333,141	
1,570,809	1,360,931	1,622,048	1,596,110	1,557,872
6,087,732	6,484,640	5,913,299	11,235,460	5,974,645
<u>15,720,985</u>	<u>15,257,426</u>	<u>15,424,017</u>	<u>21,446,881</u>	<u>15,377,135</u>
<u>\$126,076,080</u>	<u>\$131,958,842</u>	<u>\$138,391,759</u>	<u>\$151,506,770</u>	<u>150,890,505</u>
<u>\$169,311,838</u>	<u>\$175,241,013</u>	<u>\$206,099,005</u>	<u>\$206,735,507</u>	<u>\$223,158,805</u>
\$640,713	\$773,783	\$928,108	\$995,973	\$910,610
119,708	123,915	69,393	52,268	52,318
1,003,199	1,005,680	1,154,422	1,106,668	1,120,921
28,995	44,579	58,947	93,804	77,233
973,475	1,041,582	1,091,326	1,111,970	1,129,474
6,041,259	5,086,603	4,245,873	3,653,545	2,337,538
5,687,000	14,069,248	6,061,315	19,787,620	4,601,870
<u>14,494,348</u>	<u>\$22,145,391</u>	<u>\$13,609,384</u>	<u>\$26,801,848</u>	<u>\$10,229,964</u>
1,206,101	1,370,952	1,372,828	1,429,331	1,167,823
1,894,329	633,582	898,626	736,617	
5,331,961	5,605,897	6,289,283	5,920,210	6,854,740
2,206,461	1,191,719	1,416,592	2,053,623	1,724,701
2,223,778	1,366,454	4,004,895	76,866	2,802,345
<u>12,862,631</u>	<u>10,168,604</u>	<u>13,982,223</u>	<u>10,216,647</u>	<u>12,549,610</u>
<u>\$27,356,978</u>	<u>\$32,313,995</u>	<u>\$27,591,607</u>	<u>\$37,018,494</u>	<u>\$22,779,572</u>

FAIRBANKS NORTH STAR BOROUGH

**Changes in Net Assets
Last Eight 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: The Borough began reporting accrual information when it implemented GASB Statement No. 34 in fiscal year 2002-03.

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

(b) In fiscal year 2010, the land enterprise fund was transferred from a business-type activity to a governmental activity.

Table II
Sheet 2 of 2

Year				
2005-06	2006-07	2007-08	2008-09 Restated	2009-10 (b)
\$1,894,564	\$2,034,531	\$2,162,538	\$2,365,595	\$2,216,143
27,354,672	27,084,712	55,175,797	50,760,894	52,835,590
1,544,726	676,148	511,057	2,515,129	369,871
<u>\$30,793,962</u>	<u>\$29,795,391</u>	<u>\$57,849,392</u>	<u>\$55,641,618</u>	<u>\$55,421,604</u>
(\$95,860,748)	(\$94,556,026)	(\$109,358,359)	(\$103,258,041)	(\$125,283,407)
(2,858,354)	(5,088,821)	(1,441,793)	(11,230,235)	(2,827,526)
<u>(\$98,719,102)</u>	<u>(\$99,644,847)</u>	<u>(\$110,800,152)</u>	<u>(\$114,488,276)</u>	<u>(\$128,110,932)</u>
<u>(\$138,517,876)</u>	<u>(\$145,445,622)</u>	<u>(\$148,249,613)</u>	<u>(\$151,093,889)</u>	<u>(\$167,737,201)</u>
\$82,605,092	\$88,584,284	\$93,330,750	\$93,707,963	\$98,489,612
1,551,623	1,696,639	1,824,832	1,660,803	1,698,466
1,233,545	1,329,319	1,434,006	1,384,156	1,358,690
1,013,728	994,039	983,683	1,077,166	1,684,657
13,775,527	18,660,580	15,069,990	14,124,381	16,604,140
3,968,731	5,897,632	5,959,023	1,639,379	165,512
401,295	172,986	327,873	356,210	2,990,559
(3,636,875)	(4,790,392)	(5,041,135)	(5,022,034)	12,266,595
<u>\$100,912,665</u>	<u>\$112,545,086</u>	<u>\$113,889,022</u>	<u>\$108,928,023</u>	<u>\$135,258,232</u>
\$114,509	\$3,574,961	\$308,995	\$41,495	
852,984	1,108,130	759,665	228,395	25,152
1,161	12,026	28,773	4,854	8,493
3,636,875	4,790,392	5,041,135	5,022,034	(12,266,595)
<u>\$4,605,530</u>	<u>\$9,485,509</u>	<u>\$6,138,567</u>	<u>\$5,296,777</u>	<u>(\$12,232,950)</u>
\$80,045,140	\$90,029,160	\$85,688,097	\$96,001,077	\$109,730,232
12,257,249	11,405,933	19,037,350	11,418,547	13,862,337
38,022,700	40,022,700	42,222,700	44,222,700	45,522,700
2,771,155	3,819,360	1,270,615	680,263	755,216
<u>\$133,096,244</u>	<u>\$145,277,153</u>	<u>\$148,218,762</u>	<u>\$152,322,587</u>	<u>\$169,870,485</u>
\$5,051,918	\$17,989,060	\$4,530,663	\$5,669,982	\$9,974,825
1,747,176	4,396,688	4,696,774	(5,933,457)	(15,060,475)
<u>\$6,799,093</u>	<u>\$22,385,748</u>	<u>\$9,227,438</u>	<u>(\$263,475)</u>	<u>(\$5,085,650)</u>
<u>(\$5,421,632)</u>	<u>(\$168,469)</u>	<u>(\$30,851)</u>	<u>\$1,228,698</u>	<u>\$2,133,284</u>

FAIRBANKS NORTH STAR BOROUGH

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

	Fiscal				
	2000-01	2001-02	2002-03 (a)	2003-04	2004-05
General Fund					
Reserved	\$286,112	\$231,960	\$316,869	\$1,345,345	\$1,308,728
Unreserved, designated	2,306,315	3,526,749	3,760,820	2,904,310	3,820,591
Unreserved, undesignated	13,650,339	14,103,801	13,711,517	12,714,117	13,395,095
Total general fund	<u>\$16,242,766</u>	<u>\$17,862,510</u>	<u>\$17,789,206</u>	<u>\$16,963,772</u>	<u>\$18,524,414</u>
All Other Governmental Funds					
Reserved	\$4,937,126	\$11,978,468	\$25,707,427	\$27,481,832	\$4,920,774
Unreserved, reported in:					
Annual special revenue funds	9,474,801	9,446,099	13,032,304	14,675,852	15,820,582
Other special revenue funds	1,175,990	1,914,255	2,929,846	3,175,386	4,388,926
Debt service funds	100,133	23,009	8,606	112,317	114,129
Capital projects funds	22,476,005	13,675,541	15,591,940	9,260,685	17,482,996
Total all other governmental funds	<u>\$38,164,055</u>	<u>\$37,037,372</u>	<u>\$57,270,123</u>	<u>\$54,706,072</u>	<u>\$42,727,407</u>

- Notes:
- (a) Beginning in fiscal year 2003, the library "trust" is reported with annual special revenue funds.
 - (b) 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.
 - (c) 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.
 - (d) Beginning in fiscal year 2010, the Land enterprise fund was transferred from business-type activities to governmental activities with balances moved to general fund, other special revenue funds, and capital projects funds.

Table III

Year				
2005-06	2006-07	2007-08	2008-09	2009-10
	(b)	(c)	Restated	(d)
\$2,445,532	\$1,746,549	\$286,354	\$233,114	\$224,738
4,034,592	6,771,813	7,067,050	8,072,713	7,942,322
12,257,177	17,063,104	17,665,754	14,169,609	16,954,927
<u>\$18,737,301</u>	<u>\$25,581,466</u>	<u>\$25,019,157</u>	<u>\$22,475,436</u>	<u>\$25,121,987</u>
\$10,232,691	\$6,632,400	\$23,880,617	\$13,950,338	\$8,764,443
18,014,755	21,049,041	24,774,630	27,358,102	28,963,892
5,155,174	6,159,683	7,021,689	4,629,847	6,123,687
13,600	288,099	416,380	428,038	517,531
18,170,915	35,075,210	20,506,225	21,673,821	25,990,019
<u>\$51,587,135</u>	<u>\$69,204,433</u>	<u>\$76,599,541</u>	<u>\$68,040,147</u>	<u>\$70,359,572</u>

FAIRBANKS NORTH STAR BOROUGH

**Changes in Fund Balances, Governmental Funds
Last Eight 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 2009	<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 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				
2005-06	2006-07	2007-08	2008-09 Restated	2009-10
\$86,260,935	\$92,771,899	\$97,420,541	\$98,097,157	\$102,653,387
19,767,388	32,031,536	20,714,305	33,740,365	22,484,328
2,661,083	2,835,267	2,849,476	3,097,501	3,430,485
7,783,449	8,771,600	8,717,887	3,961,466	3,808,139
<u>116,472,855</u>	<u>136,410,302</u>	<u>129,702,209</u>	<u>\$138,896,488</u>	<u>\$132,376,340</u>
14,688,581	15,824,328	17,219,384	18,701,474	19,986,947
1,812,730	1,967,873	2,098,840	1,873,065	2,234,446
8,750,017	8,487,852	10,184,809	10,682,814	10,822,062
5,814,749	7,526,894	8,021,967	7,589,790	8,044,732
4,044,681	4,431,108	4,649,316	4,944,300	5,275,861
2,019,189	2,656,562	3,817,022	4,393,833	5,717,742
43,386,995	45,984,740	49,137,624	50,993,244	51,838,473
4,542,640	5,013,710	5,292,665	5,185,352	5,643,297
4,314,473	4,183,744	4,570,079	5,286,090	5,587,701
6,472,046	7,507,952	6,638,611	21,455,853	8,504,052
10,645,000	9,315,000	10,165,000	7,903,000	8,380,000
6,591,969	6,601,766	6,421,184	6,262,825	5,834,083
<u>113,083,071</u>	<u>119,501,528</u>	<u>128,216,500</u>	<u>145,271,640</u>	<u>137,869,397</u>
3,389,784	16,908,774	1,485,709	(6,375,152)	(5,493,057)
32,020,697	24,684,907	38,733,398	25,534,095	31,663,332
(35,797,855)	(29,424,785)	(44,623,126)	(30,262,058)	(32,953,416)
9,750,000	22,460,000	11,128,000		29,430,000
110,458	207,567	108,817		1,869,007
	(10,375,000)			(19,100,000)
<u>6,083,300</u>	<u>7,552,689</u>	<u>5,347,090</u>	<u>(4,727,963)</u>	<u>10,908,922</u>
9,473,084	24,461,463	6,832,799	(11,103,115)	5,415,865
<u>60,851,352</u>	<u>70,324,436</u>	<u>94,785,899</u>	<u>\$101,618,698</u>	<u>\$90,065,694</u>
<u>\$70,324,436</u>	<u>\$94,785,899</u>	<u>\$101,618,698</u>	<u>\$90,515,583</u>	<u>\$95,481,559</u>
16.17%	14.21%	13.64%	11.44%	10.99%

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>
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
2009	4,904,177,806	1,084,908,136	925,518,536	694,077,720

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 from certified assessment rolls of the Fairbanks North Star Borough. All values are for real property only unless otherwise noted.

(a) This column 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>
\$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
373,581,218	769,391,011	7,212,872,405	11.186	7,705,203,789	93.610

FAIRBANKS NORTH STAR BOROUGH

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

	Tax Rates - Millage									
	<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>	<u>2009</u>
This Borough:										
Areawide	13.662	13.860	13.693	13.693	13.606	13.219	12.923	12.209	11.287	11.186
Non-areawide	0.522	0.521	0.525	0.523	0.435	0.425	0.418	0.409	0.400	0.393
Solid Waste Collection District	1.159	1.162	1.187	1.187	1.183	1.167	1.150	1.126	1.103	1.121
Airway S.A.	1.175	1.259	1.251	1.214	1.210	1.173	1.120	1.089	1.089	1.207
Arctic Fox S.A.	2.158	2.283	2.325	2.167	2.272	2.089	1.944	1.864	1.804	1.861
Aztec S.A.	1.622	1.674	1.580	1.555	1.576	1.531	1.431	1.339	1.257	1.259
Ballaine Lake S.A.	8.411	8.797	11.744	11.543	11.758	13.268	13.775	12.828	12.413	12.671
Becker Ridge S.A.	1.490	1.542	1.527	1.490	1.500	1.412	1.359	1.346	1.376	1.450
Birch Hill S.A.	2.080	2.085	2.083	2.025	1.986	1.910	1.861	1.832	1.814	1.939
Bluebird Road S.A.	2.195	2.253	2.326	2.329	2.408	2.228	2.187	2.004	2.054	2.333
Borda Road S.A.	1.177	1.192	1.195	1.166	1.152	1.159	1.131	1.067	1.079	1.119
Brookside S.A.	0.484	0.488	0.487	0.495	0.482	0.465	0.457	0.435	0.437	0.479
Chena Goldstream Fire S.A.	1.632	1.674	1.639	1.627	1.615	1.544	1.483	1.434	1.473	1.547
Chena Hills Road S.A.	1.046	1.097	1.051	1.067	1.068	1.032	1.001	0.987	0.985	1.047
Chena Hot Springs II S. A. (a)						2.991	0.681	0.888	0.698	0.713
Chena Marina S.A.			0.493	0.471	0.893	0.880	0.825	0.792	0.756	0.796
Chena Point Road S.A.	1.997	2.002	1.708	1.710	1.705	2.957	3.176	3.154	2.958	3.064
Chena Spur S.A.	0.930	0.945	0.893	0.893	0.897	1.729	2.354	2.407	2.329	2.606
Cleary Summit S.A. (b)						0.365		0.189	0.183	0.190
College S.A.	1.469	1.476	1.480	1.418	1.391	1.342	1.292	1.249	1.257	1.391
College Hills S.A.	0.917	0.919	0.927	0.923	0.922	0.881	0.789	0.754	0.785	0.835
Cooper Estates S.A.	3.233	3.291	3.149	2.927	3.045	3.040	2.709	2.717	2.614	2.821
Cordes Drive S.A.	1.306	1.338	1.338	1.403	1.337	1.232	1.150	1.060	1.074	1.112
Cripple Creek S.A.	1.835	1.875	1.868	1.835	1.754	1.691	1.679	1.477	1.520	1.601
Deep Forest S.A. (c)			0.865	0.944	6.229	6.017	0.759	0.714	0.707	0.724
Diane Subdivision S.A.	0.362	0.359	0.359	0.362	0.351	0.336	0.322	0.303	0.310	0.333
Drake Estates S.A. (d)				1.931	2.120	1.885	1.783	0.688	0.719	0.762
Edanella Heights Road S.A.	1.013	1.027	0.984	0.945	0.977	1.292	1.281	1.273	1.249	1.388
Ester Lump Road S.A.	2.000	2.016	2.000	2.053	2.021	1.922	1.881	1.710	1.741	1.773
Ester Volunteer Fire S.A.	2.545	2.580	2.634	2.657	2.590	2.492	2.501	2.270	2.384	2.444
Fairfields S.A.	0.870	0.887	0.861	0.824	0.812	0.762	0.707	0.683	0.675	0.713
Fairhill S.A.	1.305	1.296	1.332	1.295	1.211	1.173	1.170	1.163	1.093	1.188
Fairwest S.A.	2.030	2.007	2.024	1.999	1.971	1.939	1.878	1.850	1.789	1.896
Garden S.A.	1.203	1.225	1.205	1.116	1.158	1.136	1.103	1.074	1.035	1.089
Golden Valley Road S.A.	3.362	3.427	3.224	2.728	2.618	2.565	2.695	2.665	4.285	4.483
Goldstream-Alaska S.A.	1.524	1.567	1.536	1.498	1.512	1.430	2.294	2.109	2.171	2.246
Goldstream Moose Creek S.A. (e)	1.971	2.057	2.064	1.988	1.873	1.763	1.723	1.586	1.635	1.598
Gordon S.A.	1.267	1.303	1.289	1.281	1.245	1.199	1.167	1.112	1.028	1.096
Granola Estates S.A.	1.164	1.207	1.253	1.216	1.210	1.298	1.323	1.117	1.089	1.239
Grieme Road S.A.	2.855	3.617	3.542	3.137	3.144	3.466	3.486	3.418	3.466	3.780
Haystack S.A.	1.672	1.664	3.175	3.309	3.285	3.219	3.106	2.875	2.901	3.231
Herning Hills S.A.	1.465	1.495	1.469	1.511	1.482	1.376	1.382	1.318	1.258	1.368
Hopeless S.A. (f)							0.869	0.833	0.838	0.889
Horseshoe Downs S.A.	1.447	1.486	1.577	2.633	2.591	2.522	2.384	2.278	2.297	2.447

See notes on Sheet 3 of 3.

Table VI
Sheet 1 of 3

Tax Levies (in 000's)									
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
\$55,566	\$58,314	\$60,682	\$64,568	\$69,324	\$74,094	\$79,537	\$82,628	\$82,551	\$86,102
1,356	1,412	1,496	1,588	1,424	1,543	1,672	1,812	1,921	1,991
3,295	3,436	3,683	3,916	4,194	4,536	4,912	5,319	5,636	6,038
8	8	9	9	10	10	11	12	12	14
4	4	4	4	5	5	5	5	5	5
13	13	13	14	16	17	19	18	20	21
13	13	18	18	19	22	25	26	26	28
52	55	59	64	70	82	90	98	105	113
53	55	59	63	68	75	87	100	104	111
4	5	5	5	6	6	6	6	7	7
14	14	16	19	21	23	25	27	28	29
6	6	6	7	7	7	8	8	9	9
449	479	521	572	637	710	779	853	933	1,007
30	35	39	45	54	63	71	80	88	95
					1	1	1	1	1
		7	7	15	17	19	20	21	22
9	11	15	18	24	48	60	86	90	95
9	9	9	10	10	23	35	38	39	43
					1		1	1	1
330	341	356	370	390	419	447	474	493	530
18	19	20	21	22	21	22	23	25	27
12	12	12	13	16	18	20	23	24	26
12	13	13	15	17	18	20	21	24	26
24	27	29	32	37	41	46	52	55	62
		11	15	46	46	17	18	19	20
3	3	3	3	3	3	3	3	3	4
			10	12	13	15	7	7	8
14	15	16	16	17	26	27	29	31	34
12	12	13	14	14	15	15	17	18	20
166	182	195	207	228	255	277	318	344	379
12	13	13	14	14	14	14	15	15	16
8	9	10	10	10	11	11	12	12	13
16	16	17	17	18	19	21	23	24	26
9	9	10	10	12	20	26	32	36	39
3	3	4	4	5	6	7	7	12	13
7	8	9	9	11	11	22	23	24	26
11	12	12	30	33	36	40	42	45	49
22	24	25	26	29	35	39	47	50	54
3	3	3	3	4	4	4	5	5	6
5	5	6	7	9	11	13	15	16	19
7	7	15	16	18	19	21	27	34	37
16	16	17	19	20	21	23	25	26	28
						19	20	22	23
4	4	5	9	10	10	11	11	12	13

FAIRBANKS NORTH STAR BOROUGH

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

	Tax Rates - Millage									
	<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>	<u>2009</u>
Jennifer Drive S.A.	0.563	0.578	0.575	0.571	0.500	1.745	1.695	1.533	1.554	1.654
Jones Road S.A.	1.825	1.798	1.820	1.762	1.697	1.641	1.570	1.447	1.470	1.522
Joy Road S.A.	1.389	1.517	1.508	1.424	1.401	1.355	1.274	1.186	1.189	1.265
Keeney Road S.A.	0.668	0.681	0.706	0.670	0.646	0.676	0.549	0.552	0.545	0.561
Kendall S.A.	0.960	1.001	0.993	0.941	0.958	0.958	0.939	0.874	0.854	0.903
Keystone S.A.	3.247	3.283	3.373	3.166	2.976	3.203	3.125	3.065	3.002	3.088
Kris Kringle S.A.	1.883	1.916	3.719	3.942	2.077	2.053	1.938	1.871	1.911	2.023
Lakloey Hill S.A.	1.144	1.176	1.173	1.172	1.130	1.074	1.030	0.992	0.933	1.003
Lee Lane S.A.	1.655	1.678	1.701	1.650	1.649	1.684	1.598	1.615	1.561	1.623
Loose Moose S.A.	1.015	1.004	0.981	0.926	0.918	0.901	0.875	0.786	0.808	0.905
Martin S.A.	5.813	5.946	6.094	6.267	5.934	5.857	7.714	8.034	8.555	8.190
McCloud S.A.	9.190	8.992	9.164	8.620	8.237	14.807	14.746	14.787	15.075	15.055
McGrath Estates S.A.	1.308	1.336	1.322	1.440	1.431	1.231	1.207	1.176	1.212	1.302
McKinley View S.A.	2.842	2.532	2.510	2.191	2.055	1.910	1.808	1.644	1.692	1.590
Mellow Woods Road S.A.	1.236	1.297	1.275	1.360	1.330	1.303	1.253	1.161	1.194	1.242
Miller Hill Extension S.A.	2.507	2.569	2.493	2.516	5.597	4.829	4.607	4.354	4.400	4.481
Moose Creek S.A.	0.390	0.390	0.394	0.559	0.572	0.475	0.421	0.434	0.373	0.350
Moose Meadows S.A.					0.886	0.856	0.818	0.784	0.774	0.829
Mt. View S.A.	1.272	1.276	1.278	1.262	1.247	1.137	1.143	1.083	1.119	1.191
Murphy S.A.	1.708	1.744	1.761	1.647	1.593	1.622	1.571	1.456	1.506	1.564
Musk Ox S.A.	1.288	1.357	1.369	1.344	1.320	1.239	1.174	1.133	1.163	1.290
Newby Park S.A.	0.453	0.459	0.459	0.495	0.477	0.435	0.722	0.656	0.676	0.710
North Ridge S.A.		4.075	4.446	3.858	3.921	4.552	4.534	4.500	4.009	4.298
North Star Fire S.A.	1.359	1.382	1.374	1.488	1.462	1.316	1.257	1.205	1.153	1.198
O'Connor Creek S.A.	15.006	14.670	15.176	15.693	16.029	16.419	12.475	13.939	9.770	7.831
Old Wood Road S.A.	1.603	1.794	1.813	2.045	1.988	1.666	1.672	1.619	1.733	1.771
Our S.A	0.975	0.983	0.970	1.015	0.986	0.887	0.929	0.860	0.838	0.828
Parkside S.A.	1.479	1.579	1.600	1.600	1.584	1.538	1.558	1.428	1.446	1.552
Peede Country Estates S.A.	1.558	1.585	1.554	1.499	1.475	1.488	1.402	1.345	1.287	1.409
Pine Stream S.A.	1.041	1.039	1.028	0.989	0.975	0.955	0.902	0.911	0.928	0.981
Pleasureland S.A.	1.112	1.096	1.090	1.047	0.998	0.989	0.976	0.916	0.881	0.962
Polar Heights S.A.	1.091	1.095	1.081	1.172	1.166	1.110	1.027	1.014	0.926	0.926
Potlatch S.A.(g)	2.551	2.595	2.496	2.430	3.514	3.260	2.374	2.277	2.436	4.553
Prospect Park S.A.	0.850	0.892	0.891	0.961	0.891	0.737	1.142	1.083	1.095	1.121
Reed Acres Road S.A.	1.381	1.411	1.371	1.380	1.359	1.302	1.259	1.145	1.146	1.206
Ridgecrest S.A.	1.015	1.028	0.938	0.928	0.887	0.907	0.899	0.890	0.840	0.975
Salchaket Heights S.A.	4.465	4.589	4.543	4.668	4.292	4.444	4.590	4.806	4.966	5.162
Scenic Heights S.A.	1.698	1.701	1.573	1.584	1.527	1.395	1.377	1.370	1.415	1.497
Seavy S.A.	0.447	0.448	0.446	0.444	0.418	0.366	0.349	0.335	0.294	0.299
Secluded Acres S.A.	1.739	1.583	1.585	1.431	1.442	1.428	1.451	1.416	1.310	1.365
Serendipity Hill S.A.	2.661	2.674	3.377	3.287	3.153	3.077	3.029	2.716	2.998	3.069
Six Mile Village Road S.A.	1.525	1.526	1.378	1.408	1.354	1.280	1.226	1.223	1.167	1.234
Smallwood Trail Road S.A.	0.674	0.688	0.680	0.787	0.743	0.625	0.613	0.600	0.596	0.673
Smith Ranch S.A.(h)									1.299	1.372

See notes on Sheet 3 of 3.

Tax Levies (in 000's)									
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
\$1	\$1	\$1	\$1	\$1	\$4	\$4	\$5	\$5	\$5
33	35	36	37	37	44	49	53	57	61
4	4	5	5	5	6	6	6	7	8
2	2	2	2	2	2	2	2	2	2
7	7	7	7	9	10	10	10	12	12
7	7	8	8	8	10	11	11	11	12
7	7	16	17	10	11	11	12	12	13
22	22	23	25	26	28	31	33	36	39
3	4	4	4	4	5	5	5	5	6
5	5	5	5	5	5	6	6	7	7
6	7	7	7	9	11	16	21	22	23
8	9	9	9	11	23	24	25	29	31
42	44	46	53	58	55	58	61	65	69
4	4	4	4	4	5	5	5	5	5
11	12	12	14	15	15	16	16	18	18
14	15	16	16	37	41	44	49	51	57
10	10	10	13	14	13	13	14	15	15
				48	53	59	65	69	74
20	20	21	22	23	24	26	27	28	30
5	5	5	6	7	9	10	11	12	12
17	18	19	20	21	22	23	24	25	41
6	6	7	8	9	9	15	16	17	17
	3	4	4	5	8	8	10	10	11
770	815	867	1,019	1,110	1,135	1,269	1,387	1,484	1,596
79	81	83	85	87	90	95	106	107	112
6	7	7	9	9	8	8	10	11	12
2	2	2	2	2	3	3	3	4	4
4	4	5	5	5	7	8	9	10	11
3	3	4	4	4	4	5	5	5	5
13	14	14	14	15	18	19	21	22	23
4	5	5	5	6	6	7	7	7	8
13	13	13	14	15	16	17	17	18	19
8	9	9	9	7	11	9	10	15	16
3	4	4	5	5	4	7	8	8	8
5	5	5	6	6	6	7	8	8	8
1	1	1	2	2	2	2	2	2	2
2	2	2	2	2	2	2	2	2	2
14	14	14	15	16	16	17	18	18	19
6	7	7	8	9	8	9	9	9	10
5	5	5	6	6	7	7	7	8	8
3	4	5	6	6	6	6	6	7	7
4	4	4	5	5	8	8	8	9	9
3	3	3	4	5	5	5	5	5	6
								36	40

FAIRBANKS NORTH STAR BOROUGH

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

	Tax Rates - Millage									
	<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>	<u>2009</u>
Spring Glade S.A.	1.011	1.056	1.041	1.008	0.893	0.827	0.826	0.779	0.813	0.850
Spruce Acres S.A.	1.613	1.712	1.665	1.647	1.698	1.633	1.568	1.515	1.470	1.614
Steamboat Landing S.A.	1.334	1.315	1.260	1.251	1.317	1.237	1.171	1.176	1.192	1.307
Steese Volunteer Fire S.A.	1.466	1.494	1.937	1.861	1.809	1.733	1.693	1.628	1.600	1.690
Straight Creek S.A.	3.472	3.376	3.373	3.444	3.315	3.155	3.393	2.963	3.926	3.776
Summerwood S.A.	1.657	4.683	2.716	2.658	2.506	2.357	2.340	2.185	2.258	2.395
Summit Drive S.A.	1.065	1.079	1.085	1.060	1.037	1.483	1.45	1.375	1.381	1.447
Sunny Hills Terrace S.A.	2.422	2.484	2.378	2.377	2.432	2.380	2.355	2.249	2.367	2.498
Sunrise S.A.	2.430	2.501	2.467	2.357	2.349	2.069	2.078	1.865	1.926	2.031
Tan Terra S.A.	1.023	1.027	0.970	0.977	0.926	0.859	1.624	1.559	1.559	1.478
Thomas S.A.	1.381	1.272	1.284	1.297	1.209	2.538	2.442	2.485	2.460	2.759
Timberlane Road S.A.	1.577	1.589	1.556	1.470	1.485	1.420	1.347	1.251	1.274	1.371
Tungsten S.A.	2.606	2.797	2.752	2.778	2.737	2.681	2.687	2.682	2.648	2.814
Twenty Three Mile Slough S.A.	2.912	2.847	2.455	2.445	2.489	3.718	3.887	3.698	3.986	3.977
Ullrhaven S.A.	1.897	1.928	1.926	1.916	1.835	1.758	1.91	1.787	1.658	1.827
University Fire S.A.	2.310	2.319	2.326	2.300	2.285	2.215	2.163	2.108	2.138	2.301
University Heights S.A.	1.700	1.684	1.697	1.652	1.600	1.550	1.533	1.475	1.520	1.617
University West Street Light S.A.	0.529	0.527	0.528	0.500	0.485	0.468	0.443	0.418	0.419	0.447
Vienna Wood S.A.	1.151	1.179	1.148	0.960	0.904	0.878	0.856	0.815	0.772	0.794
Viewpointe S.A.	1.072	1.055	1.076	1.069	1.021	0.972	0.971	0.956	0.982	1.019
Violet Drive S.A.	2.244	2.264	2.203	2.191	2.118	2.780	2.711	2.667	2.572	2.798
Vista Gold Road S.A.	2.912	2.943	2.959	2.883	2.733	2.580	2.459	2.298	2.390	2.377
Vue Crest S.A.	1.532	1.550	1.510	1.467	1.463	1.418	1.389	1.310	1.303	1.429
Whitman S.A.	1.863	1.742	1.625	1.616	1.623	1.553	1.485	1.424	1.369	1.442
Wildview S.A.	3.090	3.142	3.021	3.078	2.896	2.776	2.79	2.579	2.651	2.898
Woodland S.A.	1.233	1.246	1.222	1.204	1.189	1.089	0.999	0.980	0.964	1.036
Woodridge/Mark Acres Road S.A.(i)	2.802									
Yak Road S.A.	0.963	0.983	0.956	0.965	0.934	0.900	0.888	0.889	0.900	0.976
City of Fairbanks	6.442	6.426	6.511	6.516	7.171	6.804	6.700	6.594	5.991	5.927
City of North Pole	2.400	2.400	3.000	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. began taxing real property owners in 2005.

(b) Cleary Summit S.A. began taxing real property owners in 2005.

Tax Levies (in 000's)									
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
\$15	\$16	\$18	\$20	\$20	\$22	\$24	\$26	\$27	\$29
4	4	4	5	5	5	6	6	6	7
8	8	8	9	10	12	13	15	17	18
490	516	736	800	862	935	1,018	1,097	1,172	1,279
7	8	8	8	9	9	10	13	18	19
5	13	21	23	26	28	30	32	34	38
37	38	42	45	48	79	89	99	108	115
19	20	20	21	23	25	27	28	30	33
8	8	8	9	9	10	11	11	12	12
7	7	8	8	9	9	19	19	20	27
4	4	4	4	4	10	10	11	11	12
6	6	6	6	7	7	7	7	8	8
7	10	13	17	22	25	26	29	32	42
7	8	9	10	12	19	23	24	29	41
2	2	3	3	3	3	3	4	4	4
1,266	1,355	1,432	1,519	1,609	1,727	1,866	2,020	2,135	2,337
36	38	40	42	44	46	49	52	55	58
41	43	44	46	49	52	57	60	62	66
8	10	11	12	14	16	19	20	21	23
13	13	14	14	15	15	16	17	18	18
23	24	26	27	29	44	48	53	57	61
20	21	23	26	28	29	31	33	35	38
19	19	20	21	22	23	25	27	30	32
3	3	2	3	3	3	3	3	4	4
80	89	97	109	120	131	145	158	171	184
2	2	2	2	2	2	2	2	2	2
7									
35	37	43	48	56	62	66	70	73	78
7,861	8,033	8,648	9,227	11,113	11,688	12,619	13,477	13,210	13,701
589	591	759	789	813	770	815	883	924	959

(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) Hopeless S.A. began taxing real property owners in 2006.

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

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

(i) 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	2009			2000		
		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	\$694,077,720	1	8.70%	\$258,225,360	1	6.16%
Fairbanks Gold Mining, Inc. (c)	gold mining	359,369,918	2	4.50	241,508,273	2	5.76
Doyon Utilities, LLC	utilities	197,633,608	3	2.48			
Flint Hills Resources, LLC (d)	oil refining	144,453,018	4	1.81	162,518,926	3	3.88
Alaska Communications Systems	communications	49,016,352	5	0.61	34,793,605	5	0.83
GCI Cable Fairbanks, Inc	utilities	38,162,431	6	0.48			
Wal-Mart	shopping center	33,590,745	7	0.42	13,344,202	10	0.32
Westmark Hotel	hotel	33,251,338	8	0.42			
Alaska Hotel Properties, Inc. (e)	hotel	27,753,848	9	0.35	16,797,749	8	0.40
Fred Meyer Stores, Inc. (east)	shopping center	23,409,275	10	0.29			
HEBL Housing (Eielson AFB)	military housing				51,791,267	4	1.23
North Star Alaska Housing Corp.	military housing				28,472,678	6	0.68
Fred Meyer Stores, Inc. (west)	shopping center				17,819,111	7	0.42
Jillian Square/Whmmy Real Estate	apartment complex				14,168,416	9	0.34
		<u>\$1,600,718,253</u>		<u>20.05%</u>	<u>\$839,439,587</u>		<u>20.03%</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) \$7,982,203,416
- (b) \$4,193,816,597
- (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
2000-01	\$ 55,566,051	\$ 52,711,220	\$ 51,710,487	98.10%	\$ 726,482	\$52,436,969	99.48%
2001-02	58,313,709	55,223,773	54,516,342	98.72	620,228	55,136,570	99.84
2002-03	60,682,005	57,377,304	56,643,449	98.72	653,120	57,296,569	99.86
2003-04	64,568,352	60,900,931	60,228,158	98.90	591,827	60,819,985	99.87
2004-05	69,324,447	65,291,295	64,576,590	98.91	635,266	65,211,856	99.88
2005-06	74,094,284	69,496,812	68,689,017	98.84	752,558	69,441,575	99.92
2006-07	79,536,709	74,585,658	73,722,859	98.84	722,332	74,445,191	99.81
2007-08	82,627,871	77,656,254	76,752,199	98.84	786,366	77,538,565	99.85
2008-09	82,550,860	77,538,492	76,584,056	98.77	503,143	77,087,199	99.42
2009-10	86,102,429	80,718,646	79,548,208	98.55		79,548,208	98.55

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			
2000-01	\$117,005,000	\$ 1,034,577	\$6,717,278	\$	\$124,756,855	5.30%	\$1,507
2001-02	110,230,000	1,073,885	5,260,185	160,543	116,724,613	4.81	1,369
2002-03	130,340,000	989,038	5,930,095	126,399	137,385,532	5.37	1,573
2003-04	136,214,000	861,029	6,249,509	91,002	143,415,540	5.42	1,608
2004-05	140,325,000	1,270,358	7,585,945	54,305	149,235,608	5.34	1,617
2005-06	139,430,000	1,478,140	5,865,425	16,261	146,789,826	4.82	1,554
2006-07	142,200,000	1,168,650	6,172,203		149,540,853	4.52	1,577
2007-08	143,163,000	975,952	4,974,449		149,113,401	4.22	1,522
2008-09	135,260,000	1,006,485	3,758,471		140,024,956	3.65	1,424
2009-10	137,210,000	1,249,231	2,524,253		140,983,484		

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 2009 is not available until April 2011.

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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 (a)</u>
2000-01	2000	\$4,193,816,597	82,769
2001-02	2001	4,340,465,874	85,233
2002-03	2002	4,568,512,361	87,329
2003-04	2003	4,854,771,052	89,198
2004-05	2004	5,239,380,208	92,301
2005-06	2005	5,739,614,003	94,451
2006-07	2006	6,417,556,566	94,803
2007-08	2007	7,043,522,263	97,952
2008-09	2008	7,596,404,767	98,351
2009-10	2009	7,982,203,416	

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 2009 is not available until April 2011.

(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)
\$117,005,000	\$100,133	\$116,904,867	2.79%	\$1,412
110,230,000	23,009	110,206,991	2.54	1,293
130,340,000	8,606	130,331,394	2.85	1,492
136,214,000	112,317	136,101,683	2.80	1,526
140,325,000	114,129	140,210,871	2.68	1,519
139,430,000	13,600	139,416,400	2.43	1,476
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	1,371
137,210,000	517,531	136,692,469	1.71	

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)
1999	83,390	\$2,188,651	\$26,246	5.8%
2000	82,769	2,352,634	28,424	6.0
2001	85,233	2,424,741	28,448	5.8
2002	87,329	2,556,541	29,275	6.4
2003	89,198	2,644,498	29,648	6.9
2004	92,301	2,794,089	30,271	6.4
2005	94,451	3,047,813	32,269	5.8
2006	94,803	3,307,185	34,885	5.6
2007	97,952	3,536,535	36,105	5.3
2008	98,351	3,832,653	38,969	5.9

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 2009 is not available until April 2011.

FAIRBANKS NORTH STAR BOROUGH

Table XII

Principal Employers
Current Year and Nine Years Ago

Employer	2009		2000		Percentage of Total Borough Employment (b)
	Rank	Average Monthly Employment (a)	Employees	Rank	
Federal government (c)	1	1,000 - 3,500	3,376	1	8.77%
University of Alaska Fairbanks (d)	2	1,000 - 3,500	1,968	2	5.11
Fairbanks North Star Borough School District	3	1,000 - 3,500	1,918	3	4.98
State government (e)	4	1,000 - 3,500	1,658	4	4.31
Banner Health (f)	5	1,000 - 3,500	1,049	5	2.72
Sam's Club/Wal-Mart	6	500 - 749			
Fred Meyer Stores Inc	7	500 - 749	568	7	1.47
Fairbanks North Star Borough (FNSB)	8	250 - 499	418	9	1.09
Fairbanks Gold Mining, Inc. (Ft. Knox)	9	250 - 499	291	10	0.76
Carrs/Safeway	10	250 - 499			
Tanana Chiefs Conference			594	6	1.54
ASRC Energy Services (Houston/NANA)			468	8	1.22
			<u>12,308</u>		<u>31.96%</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; 42,828 total Borough employment in 2009 per U.S. Bureau of Labor Statistics' Current Population Survey

(b) 38,509 total Borough employment in 2000 per U.S. Bureau of Labor Statistics' Current Population Survey

(c) excludes military uniformed personnel; for 2009, includes civilian employees at Fort Wainwright Army Post 1,529 and civilian employees at Eielson Air Force Base 823

(d) student employment not included: 2009 - 840, 2000 - 925

(e) State government is total State government excluding the University of Alaska

(f) Fairbanks Memorial Hospital (Lutheran Health Services in 2000)

FAIRBANKS NORTH STAR BOROUGH

**Full-time Equivalent Borough Government Employees by Function
Last Eight Fiscal Years**

	Full-time Equivalent Employees				
	2003	2004	2005 (a)	2006	2007
General government	109.95	108.40	112.40	116.90	116.30
Community planning	19.00	20.00	20.00	20.00	21.00
Public works	35.66	33.32	40.32	38.32	38.32
Parks and recreation	48.18	47.24	48.64	49.57	53.45
Library	49.35	47.35	47.35	47.35	47.85
Direct services	19.06	20.06			
Emergency operations	3.00	3.00	18.01	19.01	21.00
Fire service areas	5.00	5.00	5.00	5.00	5.00
Transit	36.86	38.86	41.36	41.36	42.67
Land	9.00	9.00	9.00	9.00	9.00
Carlson Center	0.25	0.25	0.25	0.25	0.25
Solid waste disposal	14.84	15.18	15.68	15.68	16.06
Total	<u>350.15</u>	<u>347.66</u>	<u>358.01</u>	<u>362.44</u>	<u>370.90</u>

Source: Borough Treasury and Budget division

Notes:

- (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.
- (b) In fiscal year 2010, the land function was moved into the general government function.

Table XIII

as of June 30		
<u>2008</u>	<u>2009</u>	<u>2010</u>
		(b)
116.30	114.30	121.30
22.00	20.00	19.00
40.32	40.32	40.32
54.45	55.45	55.45
47.85	47.85	47.85
21.00	20.50	21.00
4.00	4.00	4.00
44.88	45.88	46.83
8.00	8.00	
0.25	0.25	0.25
16.06	16.06	16.56
<u>375.11</u>	<u>372.61</u>	<u>372.56</u>

FAIRBANKS NORTH STAR BOROUGH

**Operating Indicators by Function/Program
Last Eight 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
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.

Table XIV

Year				
2005-06	2006-07	2007-08	2008-09	2009-10
\$121,996,319	\$124,835,720	\$133,920,867	\$135,135,900	(a) \$142,046,812
338	387	217	196	234
349	328	258	166	222
\$33 million	\$34 million	\$25 million	\$19 million	\$23 million
3,230	2,862	2,704	2,703	2,810
225,350	220,134	227,671	201,532	200,000
80,294	95,038	88,069	97,990	114,617
358	481	480	479	484
259,985	275,581	265,100	251,065	258,000
566,640	614,218	662,755	693,954	659,426
363,653	327,850	344,723	343,411	345,399
278	266	265	283	285
\$38,022,700	\$40,022,700	\$42,222,700	\$44,222,700	\$45,522,700
1,632	2,229	2,287	2,410	2,544
4,458	4,930	3,997	2,983	3,900
45,900	46,500	116,007	117,323	129,165
1,164	1,122	1,058	1084	(c)
392,024	294,865	292,142	357,964	400,000
21,014	24,765	30,047	23,069	24,000
33,389	30,656	28,028	30,842	14,920
102,064	107,336	109,525	108,313	109,500
109,780	113,052	115,990	103,950	106,000
1,081	622	(d)	(d)	(d)

(a) This column contains budgeted numbers, actuals will not be available until the following year

(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 Eight 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	2009-10
21,127	21,138	21,138	22,899
5	5	5	5
14	14	14	14
43	43	43	43
5	5	5	5
8	8	8	8
133	132	136	136
30	30	30	30
3	3	3	3
8	8	8	8
48,000	47,480	47,480	47,480
27	27	27	27
347,291	348,380	350,881	368,797
63	64	72	62
470	473	476	476
19	19	19	19
10	10	10	10
6	7	7	7
6	7	6	6
62	67	68	69
14	14	14	14
9	13	13	13
12	9	9	8
4	4	4	4
1	1	1	1
2	2	2	2
30	30	30	35

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