



# Fairbanks North Star Borough

809 Pioneer Road P. O. Box 71267 Fairbanks, Alaska 99707-1267 [www.co.fairbanks.ak.us](http://www.co.fairbanks.ak.us)

## COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Year Ended June 30, 2007



### IPY International Polar Year 2007-2008

The International Polar Year (IPY) is a two-year international scientific endeavor that will focus research on both the Arctic and Antarctic polar regions. Based upon the Polar Years celebrated in 1882 and 1933 and the International Geophysical Year of 1958, this two-year project, with the support of international government agencies and private concerns, will focus on the unique attributes of both polar regions.

Ice Floes off of Barter Island, Alaska  
Photograph Courtesy of Jack Firestone

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# **FAIRBANKS NORTH STAR BOROUGH**

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Fairbanks, Alaska

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2007

Jim Whitaker, Borough Mayor

Prepared by  
Financial Services Department:

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

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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 96,888<sup>1</sup> and has an assessed valuation of \$7.04 billion, of which \$369.5 million is related to the trans-Alaska oil pipeline. There are two first-class cities located within the Borough's boundaries; North Pole with 1,710 residents and Fairbanks with a population of 30,552. 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 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 -19° and -3° 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 2,296 regular full- and part-time faculty and staff. Fall 2007 enrollment reached 8,627 students (3,954 full-time and 4,673 part-time), and currently has 1,027 students enrolled in graduate studies. In fiscal year 2007, 1,063 students graduated from an academic program. UAF expended \$113 million in research in fiscal year 2007. The university has an exceptional museum which received 93,504 visitors in fiscal year 2007. 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.

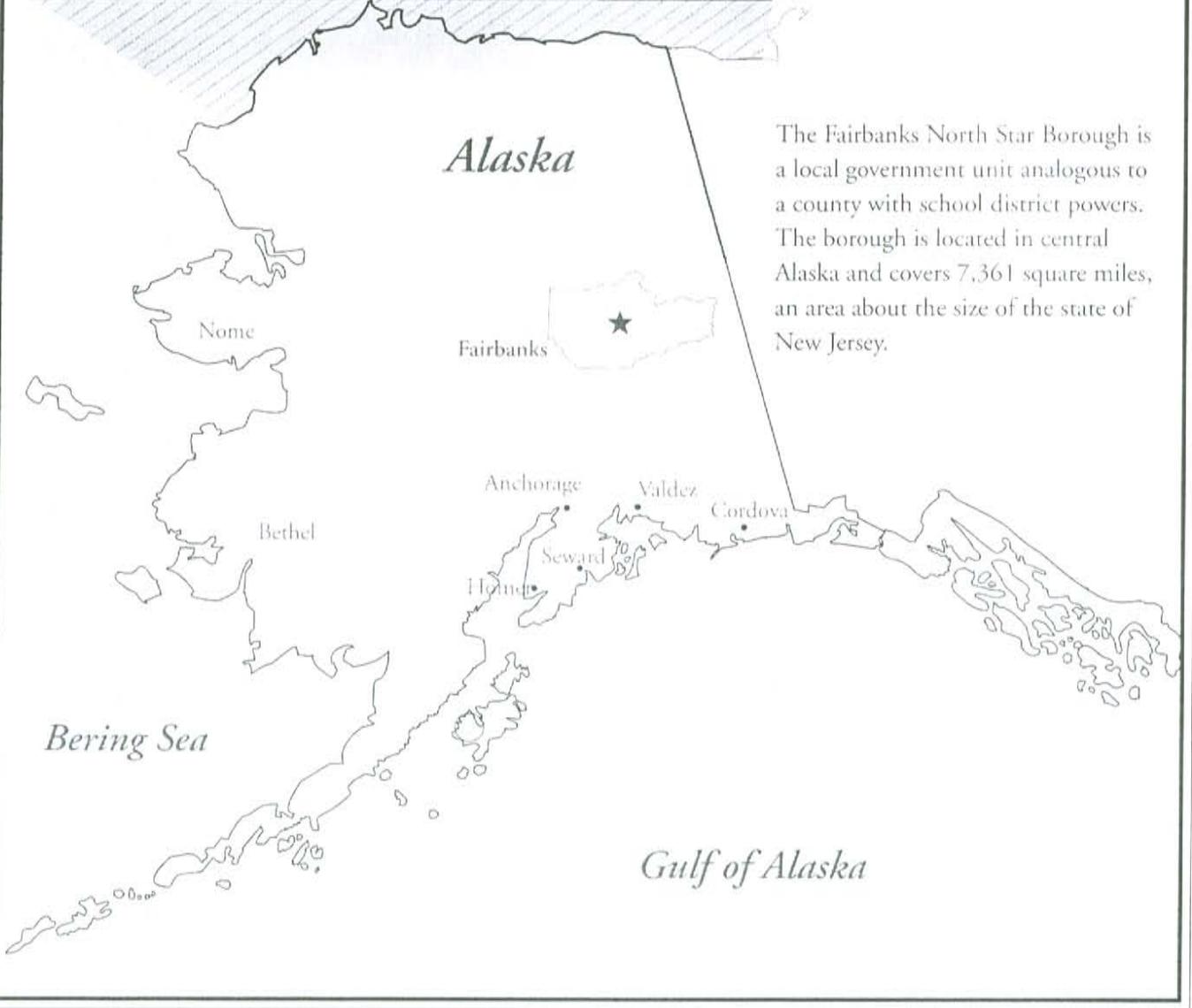
The Borough has over 100 parks. A major attraction among these is the 44-acre Pioneer Park -- a look at yesteryear -- with historic buildings, a stern-wheeler riverboat, and small shops. The largest of the Borough parks is the 2,178-acre Chena Lakes Recreation Area with 80 campsites, swimming, and boating. 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 45 bed and breakfasts, 7 lodges, and several recreational vehicle parks and campgrounds accommodating the area.

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<sup>1</sup> Population figures per Alaska Department of Commerce, Community, and Economic Development

# FAIRBANKS NORTH STAR BOROUGH



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



# Fairbanks North Star Borough

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December 13, 2007

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, 2007. 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 2006-07 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, 2007 provided no instances of material weaknesses 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, 2007."

## **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 taxes; public schools; platting, planning and zoning; animal control; flood control; library; air pollution control; disaster and civil defense; emergency communication services (enhanced 911); solid waste disposal (landfill); parks and recreation; public transportation system; child care assistance pursuant to a grant from the State of Alaska; limited health and social services; and tourism marketing funded by hotel-motel room taxes.

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

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

## **The Borough and the School District**

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

The School District has about 30 schools serving approximately 14,500 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. The 2006 year was the 18<sup>th</sup> year of employment growth for the borough.

#### Employment and Industries

Over the last five years, all industry sectors have retained fairly constant rates of employment relative to total borough employment. Job growth in the Interior of Alaska continues to slow, from a high of 3.3 percent in 2004 to 0.5 percent (183 jobs) for the twelve months ended September 2007. The State Department of Labor forecasts a growth rate of 1.2 percent for 2008.

Fairbanks employment is dominated by the services-providing domain. Eighty-nine percent of the borough workforce is employed in this domain. Eleven percent is employed in the goods-producing domain.

Government remains the largest employment sector at 31 percent of total borough employment (9 percent federal, 14 percent State, 8 percent local). The federal government (excluding uniformed military personnel) is the largest employer in the borough. The University of Alaska, based in Fairbanks, is the second largest employer in the borough. The other large government employers are the School District (third), the State of Alaska (non-University, fourth), and the Borough (ninth). In 2007, the University began site development for a new \$113 million biosciences facility (BIOS) on the Fairbanks campus. Funding for construction has not yet been secured.

Trade, transportation, and utilities is the next largest employment sector in the borough, accounting for 21 percent of total employment. Fred Meyer is the seventh largest employer in the borough. Wal-Mart and Sam's Club together are the eighth largest employer in the borough. Wal-Mart, Fred Meyer East, and Fred Meyer West are currently the eighth, ninth, and tenth largest taxable properties in the Borough, respectively. Wal Mart, off the Johansen Expressway, is currently constructing a \$10 million expansion to include a full grocery store, with an opening date in mid-2008.

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.

The first site work for the multi-phase Terminal Area Development Project (TADP) at the State's Fairbanks International Airport (FIA) began in May 2006. The project entails the expansion, renovation, and demolition of various parts of the terminal building, along with major reconfigurations of both the airside and landside facilities. The entire project is expected to be complete in the fall of 2009.

Eleven percent of total borough employment is in the educational and health services sector. The borough's largest private employer, with about 1,300 employees, is Fairbanks Memorial Hospital/Denali Center, operated by Banner Health. The hospital facilities are owned by the non-profit Greater Fairbanks Community Hospital Foundation, Inc. and are exempt from property taxes in accordance with Alaska Statutes and Borough Code. The first phase of a \$20 million construction and renovation project for the Hospital's emergency department was completed this summer. The final phase is to be completed in the spring of 2008.

Approximately eleven percent of the borough workforce is employed in the leisure and hospitality sector. The Westmark Fairbanks Hotel and the Fairbanks Princess Riverside Lodge are the sixth and seventh largest Borough property taxpayers, respectively. Ground-breaking for a new \$29.3 million interagency visitors center, downtown on the Chena River, occurred in May 2007. Completion of this center, the Morris Thompson Cultural and Visitors Center, is anticipated in the summer of 2008.

The natural resources and mining, construction, and manufacturing sectors comprise the goods-producing domain, and represent 2.4 percent, 7.0 percent, and 1.7 percent of total employment, respectively. Natural resources are an important part of the borough's economy. There are two oil refineries in the borough. Flint Hills Resources owns the larger of the two and is the Borough's third largest property taxpayer.

Fairbanks Gold Mining, Inc., operating at Fort Knox, is one of the borough's largest private employers (tenth overall) and its second largest property taxpayer. With the upcoming construction of a heap-leaching facility that was final-permitted in October 2007, production at Fort Knox is currently expected to continue through early 2015. The Pogo gold mine, just seven miles outside the Borough's southern boundary, has a ten-year projected operating life. Operations commenced in January 2006 and commercial production levels were achieved in April 2007. Teck Cominco Limited is the project operator and a 40-percent owner.

In addition to the construction projects previously mentioned, the Borough has several projects underway (see Capital Assets section of MD&A) and the State has started site work for the new \$40-plus million fish hatchery to be built on Borough land. A multitude of other construction projects are underway on the two military installations, on roads within the borough, and for retail, hotel, professional and medical office facilities in the Johansen Expressway area.

#### *Military Installations*

There are two large military installations within the borough, Fort Wainwright Army Post (Fort Wainwright) and Eielson Air Force Base (Eielson). The effect of losing 600<sup>+</sup> personnel at Eielson, a decision made by the 2005 Base Realignment and Closure Commission, has been lessened by transitioning its fighter jets to an aggressor squadron for training forces in Red Flag-Alaska. Red Flag-Alaska is a ten-day combat training exercise held three to five times a year, which brings in about 2,000 international personnel over the course of a year's exercises. Expectations at Fort Wainwright are for the troop level to increase by 1,300 personnel from 2006 to 2007 and then to remain relatively stable through 2010.

#### *City of Fairbanks*

One of the ballot propositions creating last year's \$10 million shortfall in the City's \$26 million budget was partially reversed by City voters in a special spring election, restoring the City's property tax for two years. Then in the regular October election, voters erased the two-year deadline and permanently capped the City's property tax levy rate at 4.9 mills (exclusive of debt servicing), or about 90 percent of the current levy.

#### *Natural Gas Pipeline*

For many years, Alaskans have been pushing 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. Different pipeline routes are being advocated by several different proposals in various stages of development; every proposed route for the main pipeline traverses land within the borough. Key federal incentives 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. The previous governor negotiated in private with the three major oil companies holding leases to 90 percent of the known reserves. However, the 2006 agreement was not approved by the Alaska Legislature (Legislature). In May 2007, the Legislature approved the new governor's Alaska Gasline Inducement Act (AGIA), a more transparent solicitation process. Four potentially-conforming applications, none from the major companies, were submitted to the State by the November 30 deadline under the AGIA. In addition, one of the majors, ConocoPhillips, has submitted a non-conforming project plan. All of the gasline proposals are enormous, multi-year undertakings, with international, federal, and State regulatory and environmental hurdles to overcome.

### Unemployment Rate

The average borough monthly unemployment rate for the twelve months ended September 30, 2007 was 5.3 percent, down slightly from the same period last year. 2005, 2006, and 2007 have seen the lowest monthly unemployment rates since 2001. Unemployment in the borough remains consistently a bit better than the statewide rate and higher than the national rate.

### Real Property Values

Net taxable assessed values within the Borough have increased 7.1 percent annually, on average, since 1998. This is despite a voter-approved doubling of the residential property value exemption that first affected the 2006 tax year.

During the same time period, the value of TAPS has both increased and decreased, ranging from a high of 7.7 percent of total assessed value (in 1998) to a low of 4.8 percent (in 2005). For the 2007 tax year, TAPS is 5.3 percent of total assessed value. 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 and 2007 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](http://www.co.fairbanks.ak.us/CommunityPlanning/CRC).

### **Local Tax Limit**

The Borough has an ordinance, effective since 1987 and reconfirmed by voters in the intervening 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 2006-07 could not exceed the total amount levied for fiscal year 2005-06, adjusted for inflation with certain defined exclusions. For computation purposes, the fiscal year 2005-06 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 time 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 to 80 percent. The Borough received \$10.4 million of reimbursements in fiscal year 2007. The State has historically funded this program at 100 percent of the entitlement amount.

All other major programs of shared revenue from the State were eliminated beginning in fiscal year 2003-04. However, the Borough received a one-time "fiscal relief" payment of \$988,000 from the State in that year; and in the fiscal year just ended, the Borough received a special appropriation of \$6.5 million "for the purpose of helping defray increased energy and other costs". The Alaska Municipal League's local government membership continues to advocate for the reinstatement of State revenue sharing and in November 2007 passed a resolution urging the State to adopt a sustainable revenue sharing program.

Oil tax and royalty revenues comprise well over 80 percent of the State's discretionary income. High oil prices resulted in a State surplus of \$1 billion-plus for fiscal year 2007. So far, a budget surplus of \$2.0 billion is expected for fiscal year 2008, with an additional \$1.6 billion expected from a new petroleum tax. The new net profits tax was approved by the Legislature in a special session called by the governor, in part, because of the ethics and corruption scandals linked to last year's passage of the petroleum profits tax.

The Borough receives various recurring amounts from the State and federal governments. The largest of these receipts in fiscal year 2007 were for federal and State payments in lieu of taxes (\$637,200), child care assistance program administration (\$569,700), operations of the Borough's mass transit system (\$471,200), the State's Health & Human Services Community Matching Grant Program (\$295,700), transportation planning (\$182,400), and various library programs (\$163,300).

The Borough has also received numerous State and federal non-recurring grants. In fiscal year 2007, some of the largest of these revenues included \$2.4 million for a variety of capital grants from the State; \$560,000 to demolish the old City of Fairbanks sewage treatment plant in the vicinity of the new fish hatchery; \$550,000 for Homeland Security functions and projects; \$410,000 for several air quality initiatives; \$324,000 for acquisitions of flood-prone land in the borough; and \$313,000 for wild land fire management and community fire assistance.

The School District's major sources of State revenues are the public school foundation funding program, at over \$88 million for fiscal year 2007, and pupil transportation at almost \$9 million. Federal impact aid is received for educating student-dependents of the uniformed military and totaled over \$11 million in fiscal year 2007.

## **Long-Term Financial Planning**

### Reserves

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

Information on the Borough's \$6.4 million voluntary landfill closure and postclosure care reserve can be found in Note 12 to the financial statements.

The Borough established a facilities maintenance reserve (FMR) in March 1999 specifically to accumulate funds for major maintenance, repairs, and upgrades to its 85-plus major facilities. This reserve provides steady funding to preserve these facilities, which are valued in excess of \$700 million. The Assembly has set aside over \$19 million in the FMR through June 30, 2007, of which \$14.9 million has been allocated to fund 115 discrete projects, leaving \$4.2 million still available for future projects. FNSBC 3.01.060A

requires a transfer of two-thirds of each fiscal year's net general fund lapse (with certain limitations) to the FMR. The first transfer under this provision was made in fiscal year 2005-06 in the amount of \$680,978. There was no transfer in fiscal year 2007. For fiscal year 2008, the transfer from the undesignated fund balance of the general fund to the FMR will be \$3.9 million.

Information on the Borough's \$2.4 million health care contingency reserve can be found in Note 16 to the financial statements.

In July 2004, the Borough Assembly created an asset replacement reserve (ARF) to 1) enable the prompt replacement of any needed equipment not anticipated and appropriated as part of the annual budget, and 2) purchase host-based software that meets the Borough's capitalization criteria, and for related hardware. The ordinance adopted by the Assembly provides for an annual deposit to the ARF of five percent of lapsing general fund appropriations. Almost \$830,000 has been deposited into the ARF and about \$198,000 has been set aside for purchases, for a balance remaining of over \$631,000. The fiscal year 2007-08 deposit to the ARF will be \$294,000 from the undesignated fund balance of the general fund.

#### Pension Benefits

Pension and postemployment healthcare benefits for Borough and School District employees are provided through either the Alaska Public Employees' Retirement System (PERS) or the Alaska Teachers' Retirement System (TRS). The PERS and TRS are multiple employer plans with both defined benefit and defined contribution tiers. The new defined contribution tiers in the PERS and TRS were created by the State Legislature for all employees hired on or after July 1, 2006, effectively closing the defined benefit portions of the PERS and TRS. See Note 17 to the financial statements for information about the Borough's and School District's retirement plans and the schedule of PERS funding progress (displayed as required supplementary information, immediately following the notes to the financial statements).

Across the systems, the funding ratios decreased dramatically in actuarial valuation year 2002, resulting in increased contribution rates beginning in fiscal year 2005, for all PERS and TRS employers across the entire state. On December 6, 2007, the State filed a lawsuit against Mercer (US) Inc., the former actuary for PERS and TRS, seeking more than \$1.8 billion in damages for failing to meet standards of due care, skill, and diligence causing errors that significantly contributed to the systems' unfunded liability.

The State has provided year-to-year "one-time" appropriations to lessen the impact of the increased contribution rates. For fiscal year 2006, the State provided \$18.4 million for local government PERS costs and deposited the funds directly into the individual local governments' pension accounts. The appropriation for the Borough was \$868,000. Similarly, for fiscal year 2007, the State's deposits were \$18.6 million, with \$929,000 deposited into the Borough's account

In November 2006, the Alaska Municipal League membership (AML) approved a policy statement and a resolution concerning the State's retirement systems. These documents assert that the State had the responsibility for, and the PERS/TRS members lacked control over, the factors leading to the systems' serious underfundings. These documents also recognize the State's vastly superior resources compared to those of the municipal governments and school districts. Among other things, the AML requested that the State fully fund the fiscal year 2008 rate increases and commit to funding 85 percent of the PERS's

existing unfunded liability on an ongoing basis. See the last two pages of MD&A for a narrative of the State's subsequent actions and the Borough's contribution rates for fiscal year 2008. Employers' fiscal year 2008 mandated rates were reduced from their actuarially determined rates by the Legislature's direct appropriation of \$185 million to the PERS (approximately a 60 percent / 40 percent split for that year). A similar direct appropriation was made to the TRS in the amount of \$270 million to reduce those employers' rates.

No legislative action was taken on sustained funding to pay the systems' unfunded liabilities. The AML continues to advocate for a permanent solution. The AML's November 2007 positions are 1) the State should recognize that PERS is a consolidated cost-sharing plan, not a single-agent multiple-employer plan, and establish a uniform normal cost rate that is the same for all employers; 2) the State should take responsibility for 85 percent of the PERS's unfunded liability as a separate stand-alone obligation, with the member employers taking on the remaining 15 percent of the unfunded liability by paying a uniform past service cost rate that is the same for all employers; and 3) the State should permanently pay all of the TRS's unfunded liability for past service costs. The Borough has taken a leading role in these state-wide efforts.

#### 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](http://www.co.fairbanks.ak.us).

#### Property Taxes

Although Alaska's individual State and local tax burden is the lowest in the nation (2007), its per capita property tax rate is the 12<sup>th</sup> highest in the nation (2005). Combined with the major increases in home energy expenses, these high costs of home ownership in the borough were part of the force behind the effort to significantly limit property taxes within the City of Fairbanks. (See discussion in the **Economy, City of Fairbanks** subsection above.) To avoid getting into a situation similar to the City of Fairbanks's, the Borough placed a sales tax proposition on the October 2007 ballot; it was not approved by the voters.

However, the financial pressure on home owners is a persistent concern for the Borough. As noted in the MD&A, the 2006 mill rate was lower than 2005's, and the total property tax levied was under the tax limit. For 2007, the mill rate is the lowest since 1989, property tax levied is \$3.3 million under the limit, and taxes on existing property (on the tax rolls for 2006) were lower in 2007 than in 2006. (Rising amounts of property tax revenues are the result of new construction and improvements. See **Economy, Real Property Values** subsection, above.)

In addition, the Borough continues to support an increase in the owner-occupied property value exemption set by the State, currently at \$20,000. On December 13, 2007, the Assembly approved an ordinance supporting an increase in the exemption to \$100,000 and appropriated \$150,000 to fund and promote a ballot initiative to amend Alaska Statutes.

#### Population of the Borough

The State of Alaska estimated the borough's population at 87,849 for 2006. The U.S. Census Bureau's estimate at June 30, 2006 was 86,754. However, various economic factors, such as new residential construction, job growth, and military increases, conflicted with these estimates; so the Borough conducted its own population survey in the spring of 2007. Survey results supported the Borough's contention of a higher population. The Borough was successful in challenging both the State and the U.S. Census Bureau. The State has now certified a 2006 population of 96,888 and the Census Bureau concurred with the Borough's June 30, 2006 population estimate of 94,803. A variety of funding sources to the Borough are partially driven by population.

#### Alaska Gasline Port Authority

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 (AGPA) for the purpose of construction and operation of an 800-mile natural gas pipeline from the North Slope of Alaska to the Port of Valdez.

Construction would be financed by the issuance of tax-exempt revenue bonds, with the bondholders assuming all risk for the project, leaving no financial risk for the municipalities. The AGPA submitted an application to the State under the Alaska Gasline Inducement Act (AGIA). This is one of several competing proposals for bringing Alaska's vast natural gas reserves to market (see the **Economy** section above). The Borough Mayor and an Assembly member are on the AGPA board of directors. For further information about the AGPA, please visit their web site at [www.allalaskagasline.com](http://www.allalaskagasline.com).

#### Pipeline Training Facility

In June 2007, the Borough Assembly authorized the sale and long-term lease, at less than fair market value, of two adjacent land parcels to Alaska Works Partnership, Inc. for a pipeline training facility. This corporation is a non-profit representing Alaska's building and construction trade unions and their federally-registered apprenticeship and training programs.

#### Parks & Recreation

The Borough and the State both own lands on the north bank of the Tanana River, south of Fairbanks. The Borough plans to turn the area into a 750-acre multi-use recreation area and wildlife preserve, named the Tanana Lakes Recreation Area (TLRA). The Borough has a permit to extract gravel from the State land for use at the Borough's landfill. In September 2005, the Borough and State entered into an agreement diverting the gravel extraction fees from the State to the Borough for the purposes of cleaning up hundreds of junked vehicles and other trash and debris that had been illegally dumped in the area over many years. In May 2007, the Borough approved a master plan for the TLRA, and a wetlands permit was approved in September 2007. The Borough has appropriated \$130,000 in grant awards for various development activities at TLRA. In addition, the Borough has received a \$200,000 private donation and is expected to receive another \$949,000 from two grants that are yet to be appropriated.

In the Cripple Creek subdivision west of Fairbanks, the Borough is planning a 420-acre, trail-focused recreation area, called the Isberg Recreation Area. The area was rezoned for outdoor recreation in early 2005. A master plan for the area was approved by the Assembly on December 13, 2007.

#### Chena Riverbend

In October 2004, the Mayor presented, and the Assembly adopted a resolution of support for, a concept plan for development of an area designated as Chena Riverbend. The area includes the Carlson Center, Pioneer Park, Growden Park, and other parks and baseball fields. The objective of the project is to create a multi-use community nexus, with links to the downtown area, for public recreation and economic development via public/private partnerships.

This area will also be home to the State's new Ruth Burnett Sport Fish Hatchery (mentioned in the **Economy, Employment and Industries** subsection above). The hatchery will be constructed on Borough land, which has been leased to the State for a nominal fee of \$30 over a 30-year term through 2037. Site preparation began this summer and operations should begin in late 2009.

This fall, the State completed a project to rebuild roads and construct sidewalks near the Carlson Center and the site of the fish hatchery. This followed the rehabilitation project, in the summer of 2006, for the bicycle/pedestrian path along the river.

## 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, 2006, its nineteenth 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, 2006 and July 1, 2007, its eighteenth consecutive award. 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.

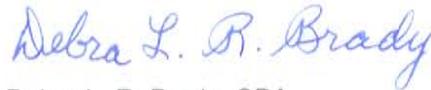
## Acknowledgments

We extend our special thanks to all members of the Accounting, Treasury/Budget, and Administration divisions of the Financial Services department, of the Applications Support division of the Computer 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, 2006

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.



President

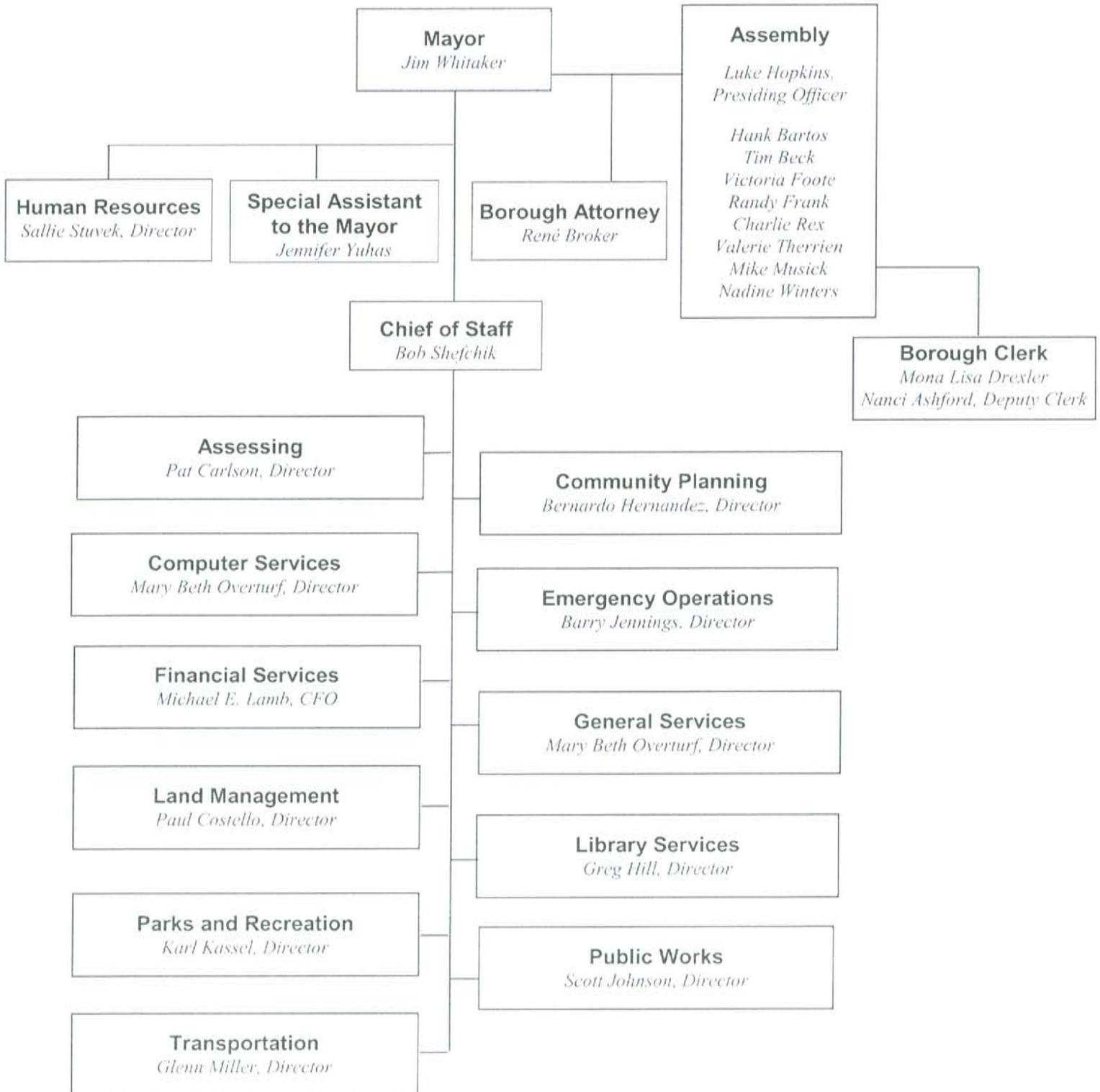
Executive Director

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# Fairbanks North Star Borough

## Organization

As of June 30, 2007



Fairbanks North Star Borough

LIST OF PRINCIPAL OFFICIALS

as of June 30, 2007

Borough Assembly

Luke Hopkins, Presiding Officer  
Valerie Therrien, Deputy Presiding Officer  
Hank Bartos  
Tim Beck  
Victoria Foote  
Randy Frank  
Mike Musick  
Charlie Rex  
Nadine Winters

Board of Education

Jennifer Schmidt, President  
Leslie Hajdukovich, Vice President  
Anna Huntington-Kriska, Treasurer  
Sue Hull, Clerk  
Wendy Dominique, Member  
Howard Thies, Member  
Sharon McConnell Gillis, Member  
Charles Rogers, Base Representative  
Ron Johnson, Post Representative  
Aunna Wilson, Student Representative

Borough Mayor

Jim Whitaker

Administration

Borough Clerk	Mona Lisa Drexler
Borough Attorney	René Broker
Chief of Staff	Bob Shefchik
Director Assessing	Pat Carlson
Director Community Planning	Bernardo Hernandez
Director Computer Services	Mary Beth Overturf
Director Emergency Operations	Barry Jennings
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	Karl Kassel
Director Public Works	Scott Johnson
Director Transportation	Glenn Miller

School District

Superintendent of Schools, Ann Shortt  
Assistant Superintendent, Secondary Education, Wayne Gerke  
Assistant Superintendent, Elementary Education, Roxa Hawkins  
Chief Financial Officer, Mike Fisher

December 13, 2007

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, as of and for the year ended June 30, 2007, 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 and fiduciary funds presented in the accompanying combining and individual fund financial statements and schedules as of and for the year ended June 30, 2007, 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, 2006 financial statements and, in our report dated November 10, 2006, 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 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, 2007, and the respective changes in financial position, where applicable, and 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 and fiduciary fund of the Fairbanks North Star Borough, as of June 30,

2007, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 13, 2007, 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 and the schedule of funding progress for pension and post employment health care benefits, as listed in the table of contents, 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, 2007 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, 2007, 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, 2006, which are not presented with the accompanying financial statements. In our report dated November 10, 2006, 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, 2006 additional information schedules are fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2006, taken as a whole. 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

## **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.

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## **FAIRBANKS NORTH STAR BOROUGH**

### **Management's Discussion and Analysis For the Year Ended June 30, 2007**

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, 2007. We encourage readers to consider the information presented here in conjunction with the additional information in our letter of transmittal in the Introductory Section of this report and with the Borough's financial statements, in the Financial Section.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### **Government-wide Financial Statements**

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

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

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

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

## FAIRBANKS NORTH STAR BOROUGH

### Management's Discussion and Analysis (continued) For the Year Ended June 30, 2007

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

#### **Fund Financial Statements**

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

#### **Governmental funds**

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

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

The Borough maintains sixteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the six major funds: the general fund, the service areas special revenue fund, the debt service fund, and the state grants, bond, and local capital projects funds. Data from the ten 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 Required Supplementary Information (RSI) section.

## FAIRBANKS NORTH STAR BOROUGH

### Management's Discussion and Analysis (continued) For the Year Ended June 30, 2007

#### Proprietary funds

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

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

The basic proprietary funds financial statements follow the governmental funds financial statements in the Basic Financial Statements and Required Supplementary Information (RSI) section.

#### Fiduciary fund

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

The basic fiduciary fund financial statement follows the proprietary funds financial statements in the Basic Financial Statements and Required Supplementary Information (RSI) section.

#### **Notes to the Financial Statements**

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

#### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI). The Borough's schedule of progress in funding its obligation to provide pension and postemployment healthcare benefits to its employees is the last item in the Basic Financial Statements and Required Supplementary Information (RSI) section.

**FAIRBANKS NORTH STAR BOROUGH**

**Management's Discussion and Analysis (continued)  
For the Year Ended June 30, 2007**

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 required supplementary information on pensions.

**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 \$565 million at the close of the most recent fiscal year.

**Net Assets**  
(shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$113,010	\$88,037	\$38,824	\$33,167	\$151,834	\$121,203
Capital assets	578,473	582,135	31,481	30,713	609,954	612,848
Total assets	<u>691,483</u>	<u>670,172</u>	<u>70,305</u>	<u>63,879</u>	<u>761,788</u>	<u>734,051</u>
Long-term liabilities	148,732	145,325	23,371	21,659	172,102	166,983
Other liabilities	23,440	15,065	1,246	930	24,687	15,995
Total liabilities	<u>172,172</u>	<u>160,390</u>	<u>24,617</u>	<u>22,588</u>	<u>196,789</u>	<u>182,978</u>
Net assets:						
Invested in capital assets, net of related debt	472,797	472,363	25,309	24,831	498,106	497,194
Restricted	36,751	29,113	260	307	37,011	29,420
Unrestricted	9,763	8,305	20,119	16,153	29,882	24,459
Total net assets	<u>\$519,311</u>	<u>\$509,782</u>	<u>\$45,688</u>	<u>\$41,291</u>	<u>\$564,999</u>	<u>\$551,073</u>

By far the largest portion of the Borough's net assets (\$498.1 million or 88.2 percent) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, equipment); less any related debt used to acquire those assets that is still outstanding. The Borough uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Borough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Borough's net assets (\$37.0 million or 6.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$29.9 million or 5.3 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Borough is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type

**FAIRBANKS NORTH STAR BOROUGH**

**Management's Discussion and Analysis (continued)  
For the Year Ended June 30, 2007**

activities. This was also true at the end of the prior fiscal year. Table I in the Statistical Section of this report, shows a history of net assets by component (category) beginning with fiscal year 2002-03.

**Changes in Net Assets**  
(shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$2,990	\$2,766	\$7,610	\$8,432	\$10,600	\$11,198
Operating grants and contributions	5,087	6,041	1,192	2,206	6,278	8,248
Capital grants and contributions	5,609	5,687	1,366	2,224	6,976	7,911
General revenues:						
Property taxes	88,584	82,605			88,584	82,605
Other taxes	4,020	3,799			4,020	3,799
Grants and contributions not restricted to specific programs	18,661	13,776	3,575	115	22,236	13,890
Other	6,071	4,370	1,120	854	7,191	5,224
Total revenues	<u>131,021</u>	<u>119,044</u>	<u>14,864</u>	<u>13,831</u>	<u>145,885</u>	<u>132,875</u>
Expenses:						
General government	16,145	15,583			16,145	15,583
Community planning	2,012	1,880			2,012	1,880
Public works	8,567	8,843			8,567	8,843
Parks and recreation	9,090	7,478			9,090	7,478
Library	5,126	4,777			5,126	4,777
Road and other service areas	2,656	2,011			2,656	2,011
Education	56,772	53,694			56,772	53,694
Emergency operations	5,236	4,797			5,236	4,797
Fire service areas	4,968	4,855			4,968	4,855
Interest on long-term debt	6,129	6,437			6,129	6,437
Transit			6,245	6,053	6,245	6,053
Land			1,166	2,010	1,166	2,010
Carlson Center			1,361	1,571	1,361	1,571
Solid waste disposal			6,485	6,088	6,485	6,088
Total expenses	<u>116,701</u>	<u>110,355</u>	<u>15,257</u>	<u>15,721</u>	<u>131,959</u>	<u>126,076</u>
Changes in net assets before transfers	14,320	8,689	(394)	(1,890)	13,926	6,799
Transfers	(4,790)	(3,637)	4,790	3,637		
Changes in net assets	<u>9,529</u>	<u>5,052</u>	<u>4,397</u>	<u>1,747</u>	<u>13,926</u>	<u>6,799</u>
Net assets – July 1, 2006	<u>509,782</u>	<u>504,730</u>	<u>41,291</u>	<u>39,544</u>	<u>551,073</u>	<u>544,274</u>
Net assets – June 30, 2007	<u>\$519,311</u>	<u>\$509,782</u>	<u>\$45,688</u>	<u>\$41,291</u>	<u>\$564,999</u>	<u>\$551,073</u>

## FAIRBANKS NORTH STAR BOROUGH

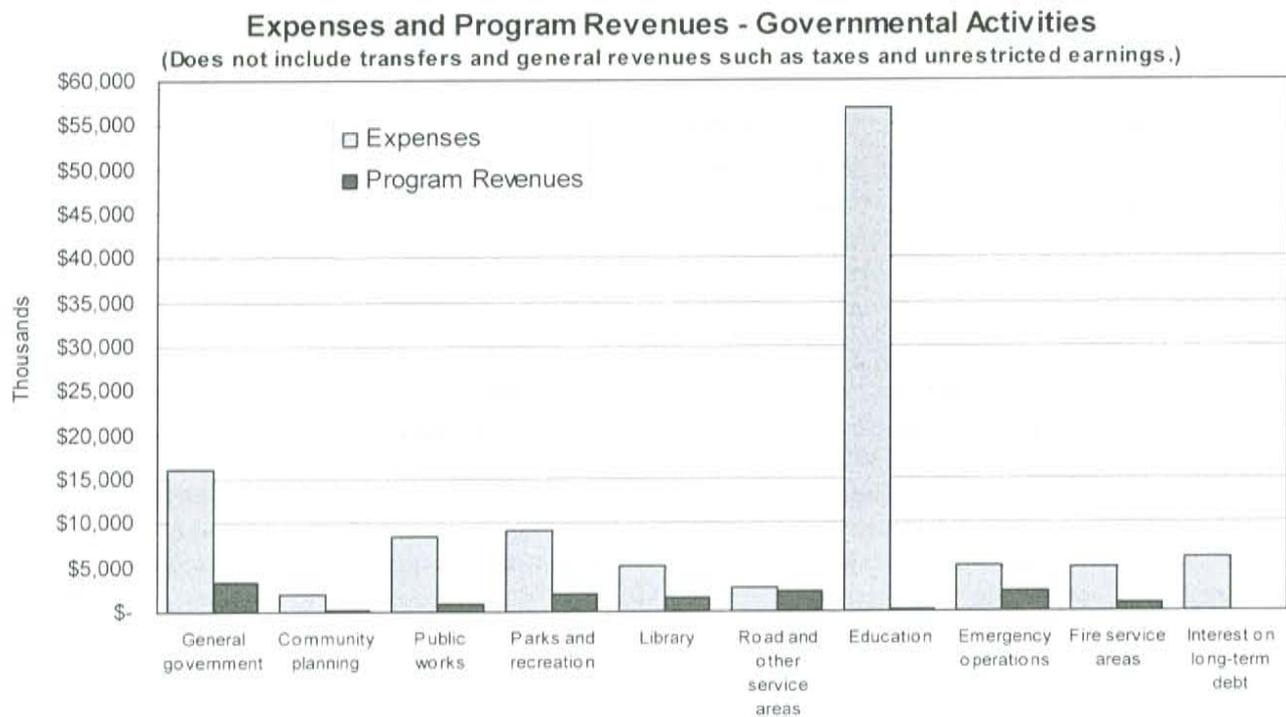
### Management's Discussion and Analysis For the Year Ended June 30, 2007

The Borough's net assets increased by \$13.9 million during the current fiscal year. Significant increases from the prior year include the following:

- \$6.0 million increase in revenue from property taxes
- \$8.3 million increase in grants and contributions not restricted to specific programs, made up of:
  - \$6.5 million special appropriation from the State of Alaska
  - \$1.7 million reduction in State aid for school construction
  - \$3.4 million of donations revenue recorded for municipal entitlement land
- \$2.5 million increase in Borough-wide revenue from investments
- \$3.1 million increase in support to education
- Increases in Borough-wide expenses included salaries, contributions to the Public Employees' Retirement System (PERS), healthcare costs, energy costs, and others.

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

#### Governmental activities



Governmental activities increased the Borough's net assets by \$9.5 million (out of the \$13.9 million total increase) during the current fiscal year. Key elements of this increase are as follows:

- Property tax revenues for governmental activities increased by \$6.0 million from the prior fiscal year. The increase is due largely to taxes on new construction and property improvements, and a 3.1 percent cost of living adjustment, both allowed under the Borough's tax cap. Increased assessed value, including assessed value of new construction and property improvements, plus fiscal restraint,

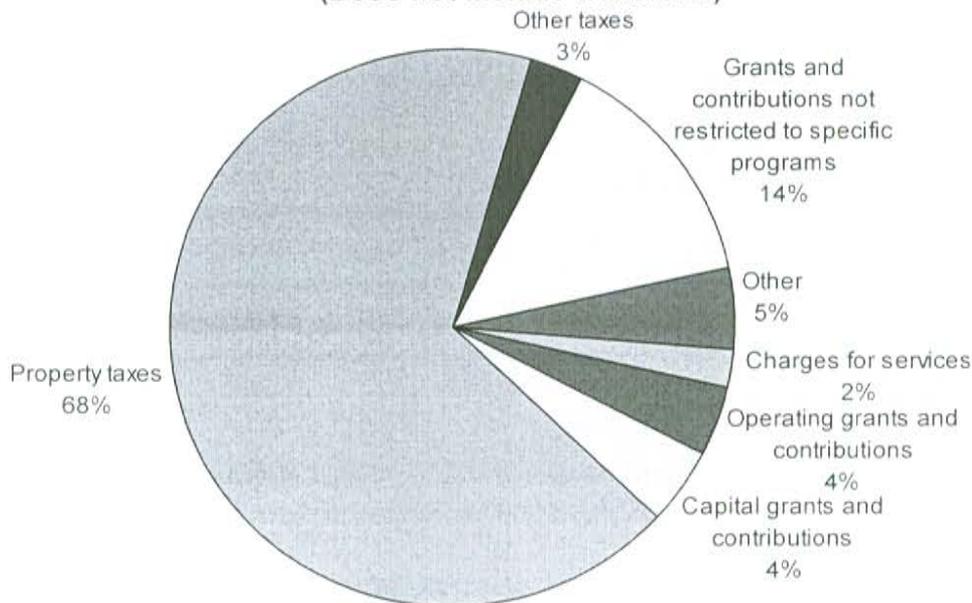
## FAIRBANKS NORTH STAR BOROUGH

### Management's Discussion and Analysis (continued) For the Year Ended June 30, 2007

are the major reasons that the areawide mill rate decreased by an additional .296 mills, continuing a trend which has seen a total areawide mill rate decrease of .937 mills since fiscal year 2001-02.

- Grants and contributions that are not restricted to specific programs, increased by \$4.9 million over the prior fiscal year. This is made up of a \$6.5 million special appropriation from the State of Alaska to be used to defray increased energy and other costs, and a \$1.7 million decrease in State aid for school construction, which is closely tied to the decrease in school debt service payments.
- Education expenses represent the largest single functional expense and the largest single functional expense increase in the Borough's budget, increasing by \$3.1 million from the prior fiscal year to \$56.8 million. This \$3.1 million increase includes a \$2.0 million increase in the local appropriation to the School District for education, a \$598,000 increase in major maintenance of school facilities financed predominately with general obligation bonds, and a \$289,000 increase in depreciation on school facilities related to assets capitalized in the current fiscal year and the second year of depreciation (first full-year of depreciation using the half-year convention) on schools capitalized in the prior fiscal year.
- Parks and recreation expenses increased by \$1.6 million over the prior year. This was due to a variety of factors including major repairs at the Wescott swimming pool/building, maintenance and improvements at Pioneer Park and other parks, site clean-up and master plan for the future Tanana Lakes Recreation Area, salary and benefit increases, and a new parks project coordinator position.

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



- In fiscal year 2006-07, the Borough's actuarially determined PERS rate increased slightly from 21.55 percent in the prior year to 22.24 percent and the Borough's PERS employer contribution rate as set

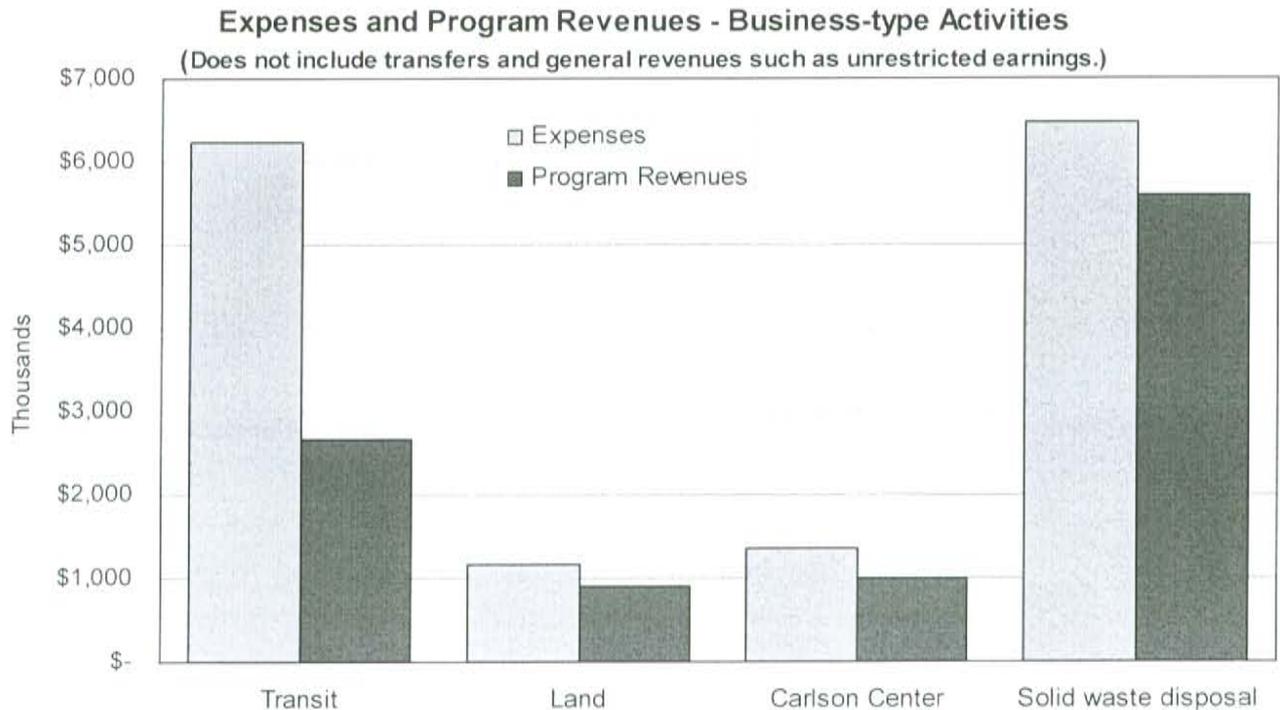
FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued)  
For the Year Ended June 30, 2007

by the State increased from 15.93 percent to 20.93 percent, and the Borough's net pension obligation for governmental activities grew by \$503,000.

- o The increase in the net pension obligation reflects the difference between the Borough's actuarially determined rate of 22.24 percent and the Borough's actual State-set employer contribution rate of 20.93 percent. The reason for this difference is that the fiscal year 2006-07 contribution rate was statutorily limited to a 5.00 percentage point increase over the prior year rate of 15.93 percent. Beginning in fiscal year 2004-05, the actuarially determined PERS rate has been increasing; the rate increases are needed to increase PERS funding to counter a decrease in the PERS funding ratio, due primarily to the PERS system's change to more realistic assumptions/ estimates for medical costs, mortality, and salary projections.
- o In fiscal year 2006-07, the State transferred funds to the Public Employees' Retirement System to help cover employers' contribution rate increases; the Borough's account received \$929,000, \$764,000 of which was allocated to governmental activities. This is the second consecutive year that the State has transferred funds to member governments' PERS accounts.
- o Effective July 1, 2006, the State created PERS Tier IV as a defined contribution pension plan with some hybrid components, resulting in a different set of employer contribution rates from the PERS Tiers I, II, and III defined benefit employer contribution rate in fiscal year 2006-07.
- o Additional information on the Borough's and School District's retirement plans can be found in Note 17 to the financial statements, and in the letter of transmittal.

**Business-type activities**



## FAIRBANKS NORTH STAR BOROUGH

### Management's Discussion and Analysis (continued) For the Year Ended June 30, 2007

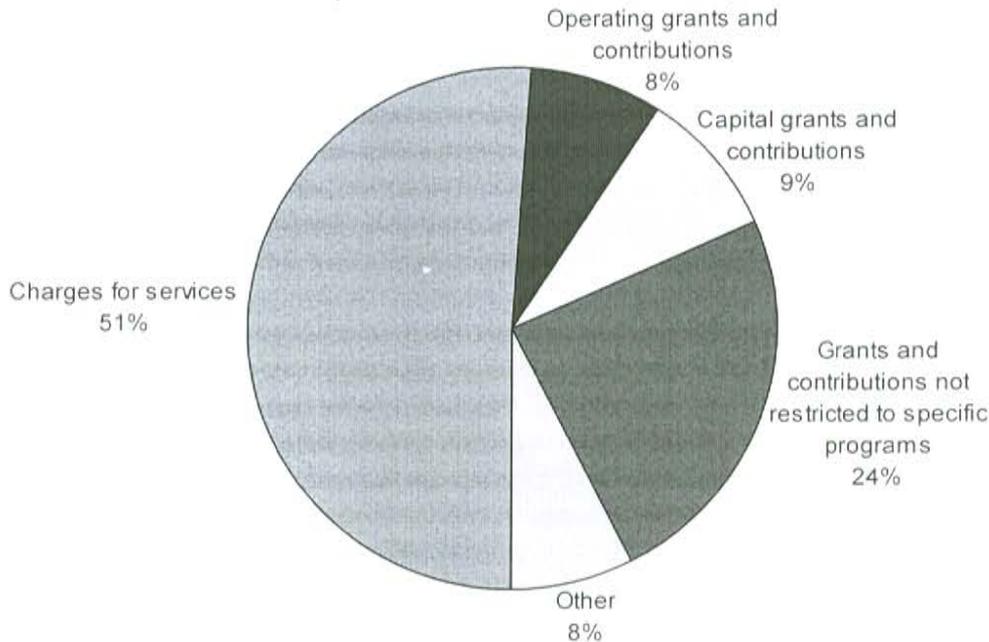
The business-type activities, when including transfers and general revenues that are not included on the foregoing chart, increased the Borough's net assets by \$4.4 million in the current fiscal year, which compares favorably to the \$1.7 million increase in the prior fiscal year. Key elements of the current year increase are as follows:

- Transit enterprise fund revenue from grants (mostly federal grants) decreased by \$2.5 million from the prior fiscal year. \$1.6 million of this decrease was related to grants for the construction of the new Max C. Lyon Transit Center, which was substantially completed in the prior fiscal year. Other grant revenue decreases were related to prior year grants to purchase paratransit vans, routing software, and other equipment, and air quality related studies and programs.
- Grants and contributions that are not restricted to specific programs, increased by \$3.5 million over the prior fiscal year, and included \$3.4 million of current year donations revenue recorded in the land enterprise fund. The donations revenue amount represents the fair value at the date of donation from the State of 4,848 acres of municipal entitlement land included in four new development projects. (Municipal entitlement land is initially recorded at \$1 per acre until it is ready to be developed or sold, at which time it is retroactively valued at the estimated value as of the date of donation, and that value is recorded as current year revenue.) In general, a land parcel is offered for sale at a land auction approximately two years after parcel development begins. Information on the Borough's land inventories can be found in Note 6 to the financial statements.
- Proceeds from land sales in the land enterprise fund were \$220,000 in the current fiscal year, compared to \$1.4 million in the prior fiscal year, a decrease of \$1.2 million; related cost of goods sold decreased by \$1.0 million. No land auction was held during the current fiscal year, but one parcel of formerly repossessed land with a small inventory value was sold. During the prior fiscal year, 29 parcels were sold at a land auction, with most of the properties selling for more than 30 percent above appraised value. Those 29 parcels were State municipal entitlement land previously received by the Borough, developed, and then sold.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued)  
For the Year Ended June 30, 2007

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



- Carlson Center grant revenue for a new video scoreboard system and electronics upgrade was \$897,000 in the current fiscal year compared to \$140,000 in the prior fiscal year, an increase of \$756,000. The new systems were placed in service during fiscal year 2006-07.
- Landfill cell 2 began operations during the current fiscal year; related depreciation expense was \$347,000. In addition, landfill closure and postclosure care costs increased over the prior year as did the cost of personnel services, while some other costs decreased. On the revenue side, charges for services are up due to increased solid waste and hazardous waste disposal rates, which are analyzed each year and adjusted in congruence with Consumer Price Index (CPI) increases if warranted. Prior year grant revenue shown for the landfill's sewer line connection was a one-time grant.

**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

## FAIRBANKS NORTH STAR BOROUGH

### Management's Discussion and Analysis (continued) For the Year Ended June 30, 2007

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, the Borough's governmental funds reported combined ending fund balances of \$86.3 million, an increase of \$16.0 million from the prior year. Approximately 90 percent of the ending fund balances (\$77.9 million) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$7.0 million, 83 percent of which is in project funds), or 2) as a non-interest-bearing compensating balance to pay for the Borough's banking services (\$1.3 million).

The most significant reasons for the fund balance increases during the current fiscal year are as follows:

- Fund balance of the general fund increased by \$6.8 million, due to various reasons discussed later in this Governmental funds section of this MD&A.
- Fund balance of the bond capital projects fund increased by \$6.3 million as a result of issuing \$12.0 million of new bonds.
- Fund balance of the local capital projects fund decreased by \$3.1 million, due to increased spending and substantial completion on several large capital projects.

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

Purpose of Reserve	Fund	Beginning Balance	Increases (b)	Decreases (c)	Ending Balance
Facilities maintenance	CP local projects	\$3,684,175	\$3,075,306	(\$2,608,000)	\$4,151,481
Health care contingency (a)	SR local programs	2,123,167	308,017	(41,304)	2,389,879
Asset replacement	SR local programs	608,155	179,409	(156,365)	631,200
Tourism marketing (from hotel-motel room tax)	SR local programs	33,850	1,009,383	(1,007,500)	35,733
Labor-management relations	SR local programs	12,730	7,668	(4,912)	15,486

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

Except for the general fund, some appropriations to the special revenue local programs fund, and most appropriations to the capital projects local projects fund; fund balances in the Borough's governmental funds are restricted by agreements or understandings with the resource providers (taxpayers, grantors, or others) to be spent for specific jurisdictions or purposes.

## FAIRBANKS NORTH STAR BOROUGH

### Management's Discussion and Analysis (continued) For the Year Ended June 30, 2007

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 \$17.1 million, and unreserved fund balance was \$23.8 million, while total fund balance reached \$25.6 million. As a measure of the general fund's liquidity, it may be useful to compare these balances to total fund expenditures and transfers. Unreserved undesignated fund balance represents 18.2 percent of total general fund expenditures and transfers, and unreserved fund balance represents 25.5 percent of that same amount, while total fund balance represents 27.4 percent.

The total fund balance of the Borough's general fund increased by \$6.8 million during the current fiscal year, compared to a \$613,000 increase in the prior year. Key factors in this general fund increase are as follows:

- Property tax revenue of the general fund, including related interest and penalties, increased by \$5.2 million, but was \$2.1 million under the Borough's tax cap. Despite the property tax revenue increase, the areawide mill rate decreased by .296 mills. A \$518 million increase in areawide taxable assessed value combined with a property tax revenue budget below the tax cap were the significant contributing factors to the mill rate decrease.
- In fiscal year 2006-07, \$6.5 million of State revenue was provided to the Borough to be used to defray increased energy and other costs. \$2.3 million of this amount was added to the Borough's general fund, and the rest was recorded in governmental projects funds including the facilities maintenance reserve.
- Investment income increased by \$1.6 million from last fiscal year. This is due to 1) improved market conditions and an increase in the average rate of return on the Borough's investments to 5.04 percent compared to 4.05 percent in the prior fiscal year, and 2) average cash and investment balances during the current year that were larger than those in the prior year, due to increased revenues and other factors.
- General fund transfers to the facilities maintenance reserve decreased by \$1.3 million from the prior fiscal year. The original budget appropriation from the general fund to the reserve was \$1.0 million in the current year compared to \$1.6 million in the prior year. In addition, pursuant to an ordinance adopted in October 2005, two-thirds of the fiscal year 2004-05 net general fund lapse (with certain limitations), \$681,000, was transferred to the facilities maintenance reserve during fiscal year 2005-06. In fiscal year 2005-06, undesignated fund balance decreased, so no amount was transferred to the facilities maintenance reserve pursuant to this ordinance during the current fiscal year.
- The general fund transfer to the debt service fund decreased by \$1.4 million from the prior fiscal year. Principal and interest payments on the 1993 Refunding Series S bonds decreased by \$2.2 million from the prior year; they will be fully paid off in fiscal year 2007-08. Principal and interest payments on \$9.75 million of school bond debt issued in fiscal year 2005-06 (Series 1) amounts to \$735,000 in the current fiscal year. Most of the school bonds are eligible for reimbursement under the State's school construction program (ranging from 70 percent to 80 percent reimbursements rate), and most of the \$1.7 million decrease in State aid for school construction is related to reimbursements for the Series S bonds.

## FAIRBANKS NORTH STAR BOROUGH

### Management's Discussion and Analysis (continued) For the Year Ended June 30, 2007

These factors were partially offset by decreases to general fund fund balance as follows:

- Personnel and benefit costs have increased by \$2.3 million from the prior fiscal year, spread across all general fund functions, despite various position vacancies. This is due to a number of factors including a 3.1 percent cost-of-living adjustment, normal union and management longevity increases, a 5.0 percentage point increase in the PERS contribution rate for employees covered by the PERS defined benefit plan, and increased healthcare costs. Salaries increased by \$870,000 from the prior fiscal year, the PERS contribution increased by \$900,000, and healthcare costs increased by \$233,000.
- The direct local contribution to the School District increased by \$2.0 million. The Borough's support for education continues to increase as a result of the School District's increasing costs and other factors. As prescribed by Statute, increased assessed values in the Borough have a negative impact on the State foundation formula for the School District's funding, necessitating increased contributions from the Borough.

In the local projects capital projects fund, capital outlay expenditures increased by \$3.0 million, with the largest increases related to the replacement of the Big Dipper Ice Arena's refrigeration system and the replacement of the Steese Fire Service Area's Station #1 on Farmers Loop Road. On the revenue side, \$2.0 million of the \$6.5 million State revenue to be used to defray increased energy and other costs, was added to the facilities maintenance reserve, and \$1.0 million was transferred to the facilities maintenance reserve from the general fund (was \$2.3 million in prior year). In addition, transfers out from the facilities maintenance reserve decreased by \$2.7 million, and related transfers in to specific local capital projects fund facilities maintenance projects from the reserve decreased by \$2.5 million; the difference represents transfers out to specific projects in other funds.

It should be noted that although fund balance of the governmental funds increased by \$16.0 million from the prior fiscal year, governmental activities net assets increased by only \$9.5 million, for a net difference of \$6.5 million. Key differences between governmental funds and governmental activities relate to the accounting for capital assets, long-term liabilities, internal service fund activity, and various deferrals and accruals. For example, capital outlay expenditures reduce governmental fund balance but have no immediate effect on governmental activities total net assets. In governmental activities, capital outlays result in capital assets and reduce net assets over time as depreciation expense. In addition, capital asset dispositions and donations received are recorded only in governmental activities. In the current year, depreciation expense exceeded capital outlay expenditures and the net effect of other capital asset transactions by \$3.3 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 Required Supplementary Information (RSI) section of this report.

#### Proprietary funds

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

## FAIRBANKS NORTH STAR BOROUGH

### Management's Discussion and Analysis (continued) For the Year Ended June 30, 2007

Unrestricted net assets of the transit enterprise fund, at the end of the fiscal year amounted to \$1.8 million, those for the land enterprise fund amounted to \$17.3 million, Carlson Center enterprise fund was \$343,000, solid waste disposal enterprise fund was \$750,000, and the vehicle and equipment fleet internal service fund was \$537,000. The total increase in net assets for the enterprise funds was \$4.4 million, and net assets of the internal service fund increased by \$23,000.

Over \$11.9 million of the land fund's \$17.3 million of unrestricted net assets represents land inventories; another \$600,000 represents the long-term portion of contracts receivable for land sales, net of related unrealized gains. Current assets of the fund are \$6.5 million, with \$5.3 million of this amount representing equity in central treasury cash (cash), and \$663,000 for current land inventories.

Although the solid waste disposal fund has \$16.2 million in cash, its unrestricted net assets are only \$750,000. This difference is mostly due to the \$15.6 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, which is included in unrestricted net assets of the solid waste disposal fund as follows:

<u>Purpose of Reserve</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Landfill closure and postclosure care (a)	\$5,596,805	\$801,571		\$6,398,377

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

Other factors concerning the finances of these funds have already been addressed in the discussion of the Borough's business-type activities. Reconciliations between enterprise funds and business-type activities are included as the last page of the proprietary funds statement of net assets and the proprietary funds statement of revenues, expenses, and changes in net assets, in the Basic Financial Statements and Required Supplementary Information (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 \$681,000, and included the following items:

- \$178,000, which represents five (5) percent of the fiscal year 2005-06 net general fund lapse, was appropriated to the special revenue fund asset replacement reserve pursuant to an annual requirement of an ordinance adopted in fiscal year 2004-05.
- \$159,000 was transferred to the transit enterprise fund to provide a transit winter fare reduction for the period November 2006 through March 2007.

The above increases were budgeted from general fund fund balance. In addition, during fiscal year 2006-07, \$2.3 million of estimated State revenue was appropriated to general fund fund balance, with \$2.0 million designated for tax reduction; and \$929,000 that was freed up when the State deposited \$929,000 in the

## FAIRBANKS NORTH STAR BOROUGH

### Management's Discussion and Analysis (continued) For the Year Ended June 30, 2007

Borough's PERS account, was designated for property tax or retirement system relief. In the fiscal year 2007-08 original budget, \$2.4 million was appropriated from the general fund fund balance designated for tax reduction, in order to reduce the amount of property taxes levied on the taxpayer. Therefore, in accordance with the Borough's tax cap ordinance, the Borough's tax cap does not apply to that \$2.4 million tax reduction.

During the current fiscal year, positive actual variances from the final budget increased the net change in fund balance by \$5.9 million, from the budgeted \$624,000 addition to fund balance to the actual addition of \$6.5 million to fund balance. The most significant budget-to-actual differences follow:

- Revenue from property tax was \$992,000 more than budgeted. The Borough uses a 2.0 percent delinquency rate to set a conservative property tax revenue amount for the budget; the actual delinquency rate for the current year was only 0.7 percent.
- \$691,000 of the \$929,000 that the State deposited in the Borough's PERS account was allocated to the general fund.
- Investment income was \$1.7 million more than budgeted. This is due to 1) improved actual average rate of return on the Borough's investments of 5.04 percent, compared to the 4.50 percent used for the budget projection, and 2) average cash and investment balances during the current year that were larger than those used in the investment income calculation for the budget, due to increased revenues and other factors.
- The general fund lapsed \$2.1 million from the expenditure budget in the current fiscal year.
  - \$461,000 of the non-departmental reserves set up for current year activities were not needed.
  - Computer services department actual expenditures were less than budgeted primarily due to decreasing computer prices, delay of maintenance contract payments as a result of delays in the wireless connectivity project, and lease payment timing issues for new equipment.
  - Part-year facility closures for major construction projects at the Big Dipper ice arena and Hamme and Wescott swimming pool facilities resulted in over-budgeting of fuel and utilities in the public works function.
  - Staff vacancies and turnover contributed to budget lapses in several departments, including financial services, parks and recreation, public works, and assessing.

## 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, 2007, amounts to \$610 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 net decrease in the Borough's investment in capital assets for the current fiscal year was \$2.9 million (0.5 percent), a \$3.7 million decrease (0.6 percent) for governmental

**FAIRBANKS NORTH STAR BOROUGH**

**Management's Discussion and Analysis (continued)  
For the Year Ended June 30, 2007**

activities and a \$768,000 increase (2.5 percent) for business-type activities. In the governmental activities, increases in accumulated depreciation exceeded net additions to capital assets.

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

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Land and land improvements	\$232,206	\$229,207	\$2,642	\$2,244	\$234,848	\$231,451
Buildings	285,648	294,490	15,210	15,621	300,858	310,111
Improvements other than buildings	47,513	43,969	9,854	10,249	57,367	54,218
Equipment	7,162	6,911	3,127	2,029	10,289	8,940
Works of art	134	134	121	121	255	255
Library materials	1,919	1,854			1,919	1,854
Intangible assets – software	468	567	188	173	656	740
Construction in progress	3,423	5,003	339	276	3,762	5,279
<b>Total</b>	<b>\$578,473</b>	<b>\$582,135</b>	<b>\$31,481</b>	<b>\$30,713</b>	<b>\$609,954</b>	<b>\$612,848</b>

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

Governmental Activities:

- Building, improvement, and acquisition projects substantially completed during the fiscal year included:
  - \$3.0 million replacement of the Big Dipper Ice Arena's refrigeration system and hot and cold water piping, appropriated from local funds.
  - \$2.5 million design and construction of a new fire station facility to replace the old Steese Fire Station #1 on Farmers Loop Road, funded with a combination of Steese fire service area funds and state grants.
  - \$1.2 million rehabilitation and upgrade of Bernice Allridge Park, financed by a combination of local, federal, and state sources.
  - \$873,000 for acquisition and installation of a new enhanced 911 system to replace the old system, funded with a grant from the U. S. Department of Justice, and fund balance of the enhanced 911 special revenue fund.
  - Chena Riverfront Bike Path was rebuilt by the State of Alaska on Borough-owned land along the Chena River, with \$650,000 of funding provided by the State and a \$60,000 match provided by the Borough.
  - \$427,000 for the acquisition of a site to build a replacement for the North Pole Branch Library. The site acquisition is financed by the library special revenue fund, which accounts for donations received from trusts of which the Borough Public Library is a 15 percent beneficiary.

## FAIRBANKS NORTH STAR BOROUGH

### Management's Discussion and Analysis (continued) For the Year Ended June 30, 2007

- Work continued on the following facilities/projects:
  - \$3.9 million Anderson Elementary School upgrade and improvements, financed with general obligation bonds. The project consists of upgrades to fire, mechanical, lighting and electrical systems, improvements to classroom and administrative facilities, as well as other building and site improvements.
  - An additional \$228,000 was spent toward the development and construction of South Davis Park, and \$241,000 of softball field development was performed by a user group, bringing the total for capital expenditures and contributed value to \$2.5 million, project-to-date.
  - Planning and design continued on the \$595,000 telephone system replacement for the Borough's offices; the new system will utilize more-current telephone technology.
  
- Planning, design, or construction began on the following facilities:
  - \$7.4 million School District Central Kitchen replacement, funded by a State grant. Completion of this new facility will allow retirement of the School District's current central kitchen which is located on Eielson Air Force Base.
  - Tanana Lakes Recreation Area, to be developed as a 750-acre multi-use park south of the City of Fairbanks along the Tanana River. This area is also the site of gravel extraction for use at the Borough's nearby landfill. The Master Plan, approved in May 2007, 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.
  
- Governmental activities construction in progress was \$3.4 million at fiscal year end.

#### Business-type activities:

- Construction continued on the \$2.1 million project to expand the landfill's household hazardous waste facility, financed with solid waste disposal enterprise fund net assets.
  
- The new video scoreboard system was placed in service at the Carlson Center. This \$1.3 million project was financed with a combination of state grants, Carlson Center enterprise fund net assets, and local funding.

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

#### Long-term Debt

At the end of the current fiscal year, the Borough had total long-term debt outstanding of \$149.5 million. The Borough's total long-term debt increased by \$2.8 million (1.9 percent) during the current fiscal year.

**FAIRBANKS NORTH STAR BOROUGH**

**Management's Discussion and Analysis (continued)  
For the Year Ended June 30, 2007**

**Outstanding Debt**  
(shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$142,200	\$139,430	\$	\$	\$142,200	\$139,430
Solid waste disposal loan			6,172	5,865	6,172	5,865
Capital leases payable	1,169	1,478		16	1,169	1,494
<b>Total</b>	<b>\$143,369</b>	<b>\$140,908</b>	<b>\$6,172</b>	<b>\$5,882</b>	<b>\$149,541</b>	<b>\$146,790</b>

The increase in governmental activities long-term debt is due largely to the \$2.8 million net increase in general obligation bonds, as follows:

- \$12.0 million of new bonds were issued for renovation, upgrade, and maintenance of Borough schools.
- \$10.460 million of new bonds with a 4.0 percent interest rate were issued to refund \$10.375 million of outstanding 1996 bonds with a 5.0 percent interest rate.
- An additional \$9.3 million of bond principal was retired.

In business-type activities, pursuant to the loan agreement for the Alaska Department of Environmental Conservation loan, upon substantial completion of landfill cell 2, cumulative interest of \$307,000 on the cell 2 portion of the loan was rolled into principal.

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

**Economic Factors and Next Year's Budget**

- Employer rates for the Public Employees' Retirement System (PERS) for fiscal year 2007-08 were set by the Alaska Retirement Management Board taking into account legislation passed by the 2007 Alaska Legislature. Legislation included a law change requiring that the PERS defined benefit rate be applied to the salaries of both defined benefit employees and defined contribution employees. Other, one-year legislation provided a state appropriation to be deposited directly into the defined benefit plan to reduce employer rates from their actuarially determined rates to an effective rate of no greater than 22.00 percent (for employers whose actuarially determined rate was greater than 22 percent) and no less than 14.48 percent (for employers whose actuarially determined rate was less than 22 percent).

## FAIRBANKS NORTH STAR BOROUGH

### Management's Discussion and Analysis (continued) For the Year Ended June 30, 2007

The Borough's actuarially determined rate increased by 3.32 percent from 22.24 percent to 25.56 percent. The Borough's mandated employer contribution rate for both defined benefit (Tier I, II, and III) and defined contribution (Tier IV) employees is, therefore, 22 percent for fiscal year 2007-08. For defined benefit employees, this is an increase of 1.07 percentage points from the prior fiscal year. Employer contribution rates for School District employees covered by the PERS and the Teachers' Retirement System (TRS) have also increased and are also still less than their actuarially determined rates. The state provided a similar, one-year direct appropriation to the TRS, a cost-sharing plan.

Both the Borough and School District (and most other PERS employers in the state) have assigned unfunded actuarial accrued liabilities which first occurred in the 2002 actuarial valuation year. Significant efforts are currently underway to have the Alaska legislature modify State statutes to reflect the reality that PERS is a consolidated cost-sharing plan and not a single-agent, multiple-employer plan. The intended result of this effort is the elimination of actuarially calculated individual employer over-funded and under-funded balances in the future. Additional information on the retirement plans can be found in Note 17 to the financial statements, in the Schedule of PERS Funding Progress which is presented as required supplementary information immediately following the notes to the financial statements, and in the letter of transmittal.

- Future funding for the financially dependent School District continues to be an issue. Revenues from the State are largely dependent on student enrollment, which is less than projected for the 2007-08 school year. In addition, increases in assessed values in the Borough have a negative impact on the State foundation formula for school funding. Further, the School District faces increased costs for salaries, retirement and health care benefit costs, fuel and utilities, and other expenses.
- The healthcare benefit rate is 28.5 percent of permanent salaries in the fiscal year 2007-08 original budget, an increase of 2.5 percent over the fiscal year 2006-07 original budget. This is one of the impacts of an aging workforce, and also reflects the increasing cost of healthcare.
- The Borough's fiscal year 2007-08 original budget for fuel and utilities was increased by \$106,000 Borough-wide over the prior year's original budget. This is in addition to the increases over the prior year's original budget in fiscal year 2006-07 of \$875,000 and in fiscal year 2005-06 of \$280,000.

#### 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.

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## **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, 2007

	Primary Government	
	Governmental Activities	Business- type Activities
<b>Assets</b>		
Equity in central treasury cash	\$43,012,308	\$23,507,325
Restricted equity in central treasury cash	62,565,191	1,014,348
Taxes receivable (net of allowance for uncollectibles 2007 - \$281,704; 2006 - \$143,389)	2,378,449	213,298
Restricted taxes receivable	268,200	
Accounts receivable (net of allowance for uncollectibles 2007 - \$58,489; 2006 - \$40,443)	65,563	595,185
Restricted accounts receivable (net of allowance for uncollectibles 2007 - \$52,271; 2006 - \$45,491)	472,449	2,909
Accrued interest receivable	269,838	13,166
Restricted accrued interest receivable	87,230	3,194
Internal balances (payable from restricted assets: governmental activities \$70,116; business-type activities \$318,912)	201,343	(201,343)
Due from Borough		
Restricted due from School District		
Due from governmental agencies	116,638	
Restricted due from governmental agencies	688,683	349,454
Restricted prepaid		1,000
Inventories		12,062,777
Other assets	2,884,289	
Land contracts receivable		1,262,240
Capital assets (See Note 7):		
Non-depreciable	236,799,634	3,013,721
Depreciable, net of accumulated depreciation	341,673,314	28,467,261
Assets total	691,483,128	70,304,534

See accompanying notes to financial statements.

Primary Government		Component
Totals		Unit
2007	2006	School District
\$66,519,632	\$57,386,434	\$20,703,761
63,579,539	42,458,067	24,150
2,591,747	2,600,106	
268,200	250,553	
660,748	474,750	8,839,916
475,357	398,532	
283,005	411,920	
90,424	44,745	
		37,136
	28,578	
116,638	508,274	
1,038,137	2,969,200	
1,000		
12,062,777	8,376,559	715,252
2,884,289	3,347,195	25,179
1,262,240	1,948,554	
239,813,355	237,988,135	
370,140,575	374,859,489	4,080,319
761,787,662	734,051,090	34,425,713

FAIRBANKS NORTH STAR BOROUGH

Statement of Net Assets  
June 30, 2007

	Primary Government	
	Governmental Activities	Business- type Activities
<b><u>Liabilities</u></b>		
Advance tax payments	\$5,170,081	\$
Accounts payable	1,488,798	294,023
Due to School District	880	
Wages and payroll taxes	913,327	155,110
Payable from restricted assets:		
Accounts payable	1,868,468	45,763
Due to School District	36,256	
Unearned revenues	12,134,581	746,582
Deposits from others	9,513	
Due to governmental agencies		
Accrued interest payable	1,534,730	
Deposits from others	283,694	4,802
Long-term liabilities (See Note 11 and 17):		
Due within one year	12,559,581	1,626,717
Due in more than one year	136,172,267	21,743,837
	<hr/>	<hr/>
Liabilities total	172,172,175	24,616,832
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	472,797,399	25,308,779
Restricted for:		
Employee healthcare and labor relations	2,428,962	
Grant-funded special projects	1,267,734	
Special taxing jurisdictions	13,840,316	
Enhanced 911	2,135,817	
Library special revenue (donor-restricted)	6,530,198	
Grant-funded capital projects	1,944,048	
School bond capital projects	8,597,810	
Proprietary fund grants and asset replacement	6,163	259,648
Unrestricted	9,762,506	20,119,274
	<hr/>	<hr/>
Net assets total	\$519,310,953	\$45,687,701

See accompanying notes to financial statements.

Primary Government		Component Unit School District
Totals		
2007	2006	
\$5,170,081	\$5,697,691	\$
1,782,820	2,148,697	1,113,875
880		
1,068,437	819,700	380,100
1,914,231	2,826,706	
36,256	214,546	
12,881,163	2,236,753	24,150
9,513	9,461	
		613
1,534,730	1,850,498	
288,496	190,901	
14,186,298	11,965,649	4,892,483
157,916,103	155,017,698	7,357,234
<u>196,789,008</u>	<u>182,978,300</u>	<u>13,768,455</u>
498,106,178	497,194,225	4,080,319
2,428,962	2,135,897	
1,267,734	20,960,535	
13,840,316		
2,135,817		
6,530,198		
1,944,048	6,010,439	
8,597,810		
265,812	313,050	
29,881,780	24,458,643	16,576,939
<u>\$564,998,654</u>	<u>\$551,072,789</u>	<u>\$20,657,258</u>

FAIRBANKS NORTH STAR BOROUGH

Statement of Activities  
For the Year Ended June 30, 2007

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	\$18,907,887	(\$2,762,929)	\$773,783	\$1,316,466	\$1,275,814
Community planning	2,011,657	272		178,509	
Public works	9,878,980	(1,311,558)	123,915		777,734
Parks and recreation	9,080,390	9,788	1,005,680	11,455	1,070,817
Library	5,125,523	272	44,579	1,523,546	
Road and other service areas	2,319,318	337,140		695,995	1,486,959
Education	56,771,562			67,688	209,175
Emergency operations	5,077,302	158,653	1,041,582	1,097,578	988
Fire service areas	4,956,171	12,011		195,366	787,877
Interest on long-term debt	6,128,977				
Total governmental activities	<u>120,257,766</u>	<u>(3,556,350)</u>	<u>2,989,540</u>	<u>5,086,603</u>	<u>5,609,364</u>
Business-type activities:					
Transit	5,447,555	797,838	1,370,952	1,092,342	201,458
Land	897,321	269,142	633,582		268,485
Carlson Center	982,341	378,590		99,378	896,511
Solid waste disposal	5,806,495	678,145	5,605,897		
Total business-type activities	<u>13,133,712</u>	<u>2,123,714</u>	<u>7,610,431</u>	<u>1,191,719</u>	<u>1,366,454</u>
Total primary government	<u>\$133,391,478</u>	<u>(\$1,432,636)</u>	<u>\$10,599,970</u>	<u>\$6,278,322</u>	<u>\$6,975,819</u>
Component units:					
School District	<u>\$171,254,548</u>	<u>\$1,432,636</u>	<u>\$1,947,887</u>	<u>\$24,519,953</u>	<u>\$676,148</u>

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  
 Net assets, ending

See accompanying notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets				
Primary Government				Component Unit
Governmental Activities	Business-type Activities	Totals		School District
		2007	2006	
(\$12,778,895)	\$	(\$12,778,895)	(\$12,623,222)	\$
(1,833,420)		(1,833,420)	(1,607,640)	
(7,665,773)		(7,665,773)	(8,401,250)	
(7,002,227)		(7,002,227)	(4,407,868)	
(3,557,669)		(3,557,669)	(2,392,441)	
(473,503)		(473,503)	(771,777)	
(56,494,700)		(56,494,700)	(53,172,605)	
(3,095,807)		(3,095,807)	(1,937,147)	
(3,984,939)		(3,984,939)	(4,109,431)	
(6,128,977)		(6,128,977)	(6,437,366)	
<u>(103,015,910)</u>		<u>(103,015,910)</u>	<u>(95,860,748)</u>	
	(3,580,641)	(3,580,641)	(1,070,444)	
	(264,396)	(264,396)	(94,260)	
	(365,042)	(365,042)	(1,342,400)	
	<u>(878,743)</u>	<u>(878,743)</u>	<u>(351,250)</u>	
	<u>(5,088,821)</u>	<u>(5,088,821)</u>	<u>(2,858,355)</u>	
<u>(103,015,910)</u>	<u>(5,088,821)</u>	<u>(108,104,732)</u>	<u>(98,719,103)</u>	
				<u>(145,543,196)</u>
88,584,284		88,584,284	82,605,092	
1,696,639		1,696,639	1,551,623	
1,329,319		1,329,319	1,233,545	
994,039		994,039	1,013,728	
18,660,580	3,574,961	22,235,541	13,890,036	90,029,160
				11,405,933
5,897,632	1,108,130	7,005,762	4,821,715	40,022,700
172,986	12,026	185,012	402,456	3,819,360
<u>(4,790,392)</u>	<u>4,790,392</u>			
<u>112,545,086</u>	<u>9,485,509</u>	<u>122,030,595</u>	<u>105,518,195</u>	<u>145,277,153</u>
9,529,176	4,396,688	13,925,864	6,799,093	(266,043)
<u>509,781,777</u>	<u>41,291,013</u>	<u>551,072,789</u>	<u>544,273,696</u>	<u>20,923,301</u>
<u>\$519,310,953</u>	<u>\$45,687,701</u>	<u>\$564,998,653</u>	<u>\$551,072,789</u>	<u>\$20,657,258</u>

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**FAIRBANKS NORTH STAR BOROUGH**

**Governmental Funds**

**Balance Sheet  
June 30, 2007**

	<u>General</u>	<u>Service Areas</u>	<u>Debt Service</u>
<b>Assets</b>			
Equity in central treasury cash	\$29,892,638	\$10,286,447	\$288,099
Taxes receivable (net of allowance for uncollectibles - \$281,704)	2,378,449	137,141	
Accounts receivable (net of allowance for uncollectibles - \$77,909)	65,563		
Accrued interest receivable	269,838		
Interfund receivable	852,600		
Due from governmental agencies	116,638		
Other assets	1,450,975		
Assets total	\$35,026,702	\$10,423,588	\$288,099
<b>Liabilities and Fund Balances (Deficit)</b>			
Liabilities			
Accounts payable	\$613,005	\$200,438	\$
Wages and payroll taxes	944,033		
Accrued self-insurance losses	749,036		
Interfund payable		168,267	
Due to School District	880		
Deposits from others	273,119		
Deferred revenues	1,695,081	122,609	
Unearned revenues			
Advance tax payments	5,170,081		
Liabilities total	9,445,235	491,314	
Fund balances (deficit)			
Reserved			
Reserved for encumbrances	401,549	695,000	
Reserved for deposit	1,345,000		
Unreserved, designated for			
Unrealized gains	281,029		
Compensated absences	1,662,378		
Tax or retirement system relief	523,033		
Pipeline assessment	392,000		
Subsequent year's expenditures	2,413,373	183,300	
Self-insurance losses	1,500,000		
Reported in special revenue funds			
Undesignated, reported in			
General fund	17,063,104		
Special revenue funds		9,053,973	
Debt service fund			288,099
Capital projects funds			
Fund balances (deficit) total	25,581,467	9,932,273	288,099
Liabilities and fund balances (deficit) total	\$35,026,702	\$10,423,588	\$288,099

See accompanying notes to financial statements.

<u>State Grants Capital Projects</u>	<u>Bond Projects</u>	<u>Local Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$11,794,526	\$22,218,071	\$8,667,382	\$21,855,161	\$105,002,324
			131,059	2,646,649
			472,448	538,011
	87,182	48		357,068
248,815			439,868	852,600
				805,321
				1,450,975
<u>\$12,043,342</u>	<u>\$22,305,252</u>	<u>\$8,667,430</u>	<u>\$22,898,536</u>	<u>\$111,652,949</u>
\$99,657	\$995,089	\$838,050	\$607,532	\$3,353,771
				944,033
				749,036
165,178			358,143	691,587
4,600	23,425		8,231	37,136
			9,513	282,632
			164,586	1,982,276
10,672,814			1,443,567	12,116,381
				5,170,081
<u>10,942,248</u>	<u>1,018,515</u>	<u>838,050</u>	<u>2,591,572</u>	<u>25,326,934</u>
354,772	2,920,034	1,136,490	1,526,104	7,033,948
				1,345,000
				281,029
				1,662,378
				523,033
				392,000
				2,596,673
				1,500,000
			9,156,542	9,156,542
				17,063,104
			8,814,909	17,868,883
				288,099
746,322	18,366,704	6,692,890	809,410	26,615,326
<u>1,101,093</u>	<u>21,286,738</u>	<u>7,829,380</u>	<u>20,306,965</u>	<u>86,326,015</u>
<u>\$12,043,342</u>	<u>\$22,305,252</u>	<u>\$8,667,430</u>	<u>\$22,898,536</u>	<u>\$111,652,949</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Governmental Funds

**Reconciliation of Balance Sheet  
to the Statement of Net Assets  
June 30, 2007**

Total fund balances of governmental funds		\$	86,326,015
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.			575,333,265
Deferred bond issuance costs are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			1,433,314
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.			2,554,268
Earned revenues that are not available to pay current period expenditures are reported as deferred revenues in the funds.			1,982,276
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	(\$142,200,000)		
Deferred bond issuance premiums	(762,583)		
Accrued interest payable on bonds	(1,534,730)		
Accrued compensated absences	(1,662,378)		
Net pension obligation	(2,158,495)		
			<u>(148,318,186)</u>
Net assets of governmental activities			<u>\$519,310,953</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, 2007

	General	Service Areas	Debt Service
Revenues			
Taxes	\$79,119,557	\$7,469,159	\$
Intergovernmental revenues	14,370,392	11,648	
Charges for services	1,325,144		
Other revenues	5,491,974	628,720	
Revenues total	<u>100,307,068</u>	<u>8,109,527</u>	
Expenditures			
Current			
General government	11,598,270		
Community planning	1,714,293		
Public works	3,962,569		
Parks and recreation	5,623,455		
Library	4,207,605		
Road and other service areas		2,002,752	
Education	40,022,700		
Emergency operations	1,706,389		
Fire service areas		4,176,095	
Capital outlay	350,658	3,631	
Debt service			
Principal retirement			9,315,000
Interest and fiscal agent fees			6,601,766
Expenditures total	<u>69,185,940</u>	<u>6,182,477</u>	<u>15,916,766</u>
Excess (deficiency) of revenues over expenditures	31,121,128	1,927,049	(15,916,766)
Other financing sources (uses)			
Transfers in	41,863	66,087	15,995,715
Transfers out	(24,318,826)	(518,740)	
Bond issuance			10,460,000
Premium on bond debt			110,550
Payment to refunded bond escrow agent			(10,375,000)
Other financing sources (uses) total	<u>(24,276,963)</u>	<u>(452,653)</u>	<u>16,191,265</u>
Net change in fund balances	6,844,165	1,474,396	274,499
Fund balances (deficit), beginning	<u>18,737,301</u>	<u>8,457,877</u>	<u>13,600</u>
Fund balances (deficit), ending	<u>\$25,581,467</u>	<u>\$9,932,273</u>	<u>\$288,099</u>

See accompanying notes to financial statements.

State Grants Capital Projects	Bond Projects	Local Projects	Other Governmental Funds	Total Governmental Funds
\$ 2,575,165	\$	\$ 2,000,000	\$6,183,183	\$92,771,899
			4,614,447	23,571,652
	836,555	16,922	1,510,123	2,835,267
2,575,165	836,555	2,016,922	1,797,430	8,771,600
			14,105,182	127,950,418
		634,084	3,591,974	15,824,328
726		136,041	253,580	1,967,873
17,495		1,646,990	4,388,515	8,487,852
		56,907	238,954	7,526,894
435,000		218,810	166,596	4,431,108
165,446	5,781,218	1,901	13,475	2,656,562
		1,728	3,305,593	45,984,740
7,570			78	5,013,710
929,873	615,149	4,726,501	882,140	4,183,744
				7,507,952
				9,315,000
				6,601,766
1,556,112	6,396,367	7,422,961	12,840,905	119,501,528
1,019,054	(5,559,812)	(5,406,039)	1,264,277	8,448,890
4,874		4,911,707	3,664,659	24,684,907
	(246,795)	(2,650,131)	(1,690,292)	(29,424,785)
	12,000,000			22,460,000
	97,017			207,567
4,874	11,850,222	2,261,576	1,974,367	(10,375,000)
1,023,928	6,290,410	(3,144,463)	3,238,644	7,552,689
77,165	14,996,328	10,973,843	17,068,321	16,001,579
\$1,101,093	\$21,286,738	\$7,829,380	\$20,306,965	70,324,436
				\$86,326,015

(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, 2007**

Net change in fund balances - total governmental funds \$16,001,579

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	\$7,507,952	
Depreciation expense	<u>(14,228,806)</u>	(6,720,854)

The net effect of other transactions involving capital assets (i.e., dispositions, trade-ins, and donations) is to increase (decrease) net assets. 3,407,203

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,982,284

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. (2,092,064)

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	(22,460,000)	
Premium on debt	(207,567)	
Debt service refunding	10,520,813	
Deferred bond issuance costs	416,085	
Debt principal payments	9,315,000	
Accrued interest and amortization	<u>(17,405)</u>	(2,433,074)

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. (631,085)

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. 23,022

The internal service fund lookback adjustment results in a balance between governmental and business-type activities. (7,834)

Change in net assets of governmental activities \$9,529,176

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FAIRBANKS NORTH STAR BOROUGH

General Fund

Statement of Revenues and Expenditures  
Budget and Actual  
Year Ended June 30, 2007

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property tax	\$73,419,910	\$73,419,910	\$74,411,835	\$991,925
Hotel-motel and sales taxes	1,550,000	1,550,000	1,691,757	141,757
Alcoholic beverage tax	1,200,000	1,200,000	1,319,505	119,505
Tobacco excise tax	990,000	990,000	993,304	3,304
Interest and penalties on taxes	366,500	366,500	703,157	336,657
Taxes total	<u>77,526,410</u>	<u>77,526,410</u>	<u>79,119,557</u>	<u>1,593,147</u>
Intergovernmental revenues				
State of Alaska				
Aid for school construction	10,499,180	10,499,180	10,413,595	(85,585)
Retirement system funding			690,509	690,509
Other shared revenue and assistance	327,100	2,583,547	2,609,557	26,010
Grants	50,000	50,000	50,000	
Federal government				
Payment in lieu of taxes	605,000	605,000	606,732	1,732
Intergovernmental revenues total	<u>11,481,280</u>	<u>13,737,727</u>	<u>14,370,392</u>	<u>632,665</u>
Charges for services	<u>1,362,290</u>	<u>1,362,290</u>	<u>1,325,144</u>	<u>(37,146)</u>
Charges to School District	<u>1,551,100</u>	<u>1,551,100</u>	<u>1,432,636</u>	<u>(118,464)</u>
Other revenues				
Charges to other funds	3,026,170	3,026,170	2,880,148	(146,022)
Investment income, including net unrealized investment gains/losses	3,376,360	3,376,360	5,061,281	1,684,921
Indirect charges to grants	250,000	250,000	240,659	(9,341)
Various	45,000	52,325	190,035	137,709
Other revenues total	<u>6,697,530</u>	<u>6,704,855</u>	<u>8,372,122</u>	<u>1,667,267</u>
Revenues total	<u>98,618,610</u>	<u>100,882,382</u>	<u>104,619,852</u>	<u>3,737,470</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, 2007

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
Expenditures				
Current				
General government				
Non-departmental	\$818,710	\$657,692	\$196,359	\$461,333
Mayor	996,960	1,000,476	982,477	17,998
Assembly	1,397,040	1,395,492	1,347,440	48,051
Legal	857,380	861,922	859,752	2,170
Computer services	2,646,860	2,652,095	2,453,957	198,138
Financial services	2,806,850	2,806,850	2,562,234	244,616
Assessing	2,387,720	2,386,880	2,238,414	148,466
General services	1,384,110	1,385,582	1,328,158	57,424
Human resources	2,641,750	2,604,180	2,573,675	30,505
General government total	15,937,380	15,751,169	14,542,468	1,208,701
Community planning	1,756,490	1,762,477	1,724,912	37,565
Public works	5,969,990	5,970,745	5,467,364	503,381
Parks and recreation	5,738,070	5,749,418	5,598,264	151,154
Library	4,093,870	4,103,112	4,080,100	23,012
Emergency operations	1,848,730	1,862,929	1,751,609	111,321
Capital outlay	674,170	727,441	647,330	80,111
Expenditures total	36,018,700	35,927,291	33,812,046	2,115,245

FAIRBANKS NORTH STAR BOROUGH

General Fund

Statement of Revenues and Expenditures  
Budget and Actual  
Year Ended June 30, 2007

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over expenditures	\$62,599,910	\$64,955,091	\$70,807,806	\$5,852,716
Other financing sources (uses)				
Transfers in				
Special revenue funds		41,304	41,863	559
Transfers out				
Special revenue funds	(1,661,320)	(1,914,834)	(1,883,947)	30,888
Debt service fund	(15,748,920)	(15,748,920)	(15,748,920)	
Capital projects funds	(1,573,000)	(1,876,694)	(1,876,694)	
Enterprise funds	(4,593,970)	(4,809,395)	(4,809,266)	129
School District	(40,022,700)	(40,022,700)	(40,022,700)	
Other financing sources (uses) total	(63,599,910)	(64,331,238)	(64,299,663)	31,575
Net change in fund balance	(\$1,000,000)	\$623,852	\$6,508,143	\$5,884,291

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, 2007

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Air Park</u>				
Total revenues and transfers in	\$660	\$660	\$537	(\$123)
Total expenditures and transfers out	\$11,710	\$11,710	\$1,080	\$10,630
<u>Airway</u>				
Total revenues and transfers in	\$11,140	\$11,140	\$11,616	\$476
Total expenditures and transfers out	\$29,652	\$29,652	\$9,589	\$20,063
<u>Arctic Fox</u>				
Total revenues and transfers in	\$4,780	\$4,780	\$5,651	\$871
Total expenditures and transfers out	\$21,495	\$21,495	\$1,530	\$19,965
<u>Aztec</u>				
Total revenues and transfers in	\$22,110	\$22,110	\$19,419	(\$2,691)
Total expenditures and transfers out	\$103,003	\$103,003	\$8,715	\$94,288
<u>Ballaine Lake Sewer &amp; Water</u>				
Total revenues and transfers in	\$22,400	\$22,400	\$22,359	(\$41)
Total expenditures and transfers out	\$22,400	\$22,400	\$8,840	\$13,560
<u>Bear's Den Road</u>				
Total revenues and transfers in	\$270	\$270	\$117	(\$153)
Total expenditures and transfers out	\$3,062	\$3,062	\$770	\$2,292
<u>Becker Ridge</u>				
Total revenues and transfers in	\$83,450	\$83,450	\$89,890	\$6,440
Total expenditures and transfers out	\$146,345	\$146,345	\$56,781	\$89,564
<u>Birch Hill</u>				
Total revenues and transfers in	\$86,120	\$86,120	\$86,998	\$878
Total expenditures and transfers out	\$94,798	\$94,798	\$37,235	\$57,563
<u>Bluebird Road</u>				
Total revenues and transfers in	\$5,330	\$5,330	\$5,431	\$101
Total expenditures and transfers out	\$14,479	\$14,479	\$1,010	\$13,469

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures  
Budget and Actual  
Year Ended June 30, 2007

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Borda Road</u>				
Total revenues and transfers in	\$24,780	\$24,780	\$26,575	\$1,795
Total expenditures and transfers out	\$78,652	\$78,652	\$21,322	\$57,330
<u>Brookside</u>				
Total revenues and transfers in	\$8,480	\$8,480	\$8,128	(\$352)
Total expenditures and transfers out	\$23,353	\$24,353	\$3,868	\$20,485
<u>Chena Goldstream Volunteer Fire</u>				
Total revenues and transfers in	\$755,010	\$755,010	\$785,981	\$30,971
Total expenditures and transfers out	\$1,051,393	\$1,050,953	\$707,001	\$343,952
<u>Chena Hills Road</u>				
Total revenues and transfers in	\$70,320	\$70,320	\$71,634	\$1,314
Total expenditures and transfers out	\$86,997	\$86,997	\$29,615	\$57,382
<u>Chena Hot Springs II</u>				
Total revenues and transfers in	\$500	\$500	\$500	\$
Total expenditures and transfers out	\$500	\$500	\$500	\$
<u>Chena Marina</u>				
Total revenues and transfers in	\$16,980	\$16,980	\$18,404	\$1,424
Total expenditures and transfers out	\$30,168	\$30,168	\$4,816	\$25,352
<u>Chena Point Road</u>				
Total revenues and transfers in	\$60,690	\$60,690	\$62,943	\$2,253
Total expenditures and transfers out	\$60,690	\$60,690	\$11,581	\$49,109
<u>Chena Spur</u>				
Total revenues and transfers in	\$35,000	\$35,000	\$35,624	\$624
Total expenditures and transfers out	\$62,063	\$62,063	\$6,828	\$55,236
<u>Cleary Summit</u>				
Total revenues and transfers in	\$70	\$70	\$2	(\$68)
Total expenditures and transfers out	\$670	\$670	\$670	\$

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures  
Budget and Actual  
Year Ended June 30, 2007

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>College</u>				
Total revenues and transfers in	\$470,490	\$470,490	\$495,904	\$25,414
Total expenditures and transfers out	\$2,024,892	\$1,962,292	\$528,378	\$1,433,914
<u>College Hills</u>				
Total revenues and transfers in	\$21,300	\$21,300	\$20,924	(\$376)
Total expenditures and transfers out	\$32,577	\$35,737	\$30,529	\$5,209
<u>Cooper Estates</u>				
Total revenues and transfers in	\$20,610	\$20,610	\$21,781	\$1,171
Total expenditures and transfers out	\$69,325	\$69,325	\$3,949	\$65,376
<u>Cordes Drive</u>				
Total revenues and transfers in	\$19,540	\$19,540	\$19,578	\$38
Total expenditures and transfers out	\$34,689	\$36,689	\$18,034	\$18,655
<u>Cripple Creek</u>				
Total revenues and transfers in	\$48,450	\$48,450	\$49,948	\$1,498
Total expenditures and transfers out	\$130,628	\$130,628	\$25,115	\$105,512
<u>Deep Forest</u>				
Total revenues and transfers in	\$16,010	\$16,010	\$16,366	\$356
Total expenditures and transfers out	\$24,841	\$28,536	\$27,527	\$1,009
<u>Deep Forest Conifer &amp; Dagan</u>				
Total revenues and transfers in	\$	\$	\$2	\$2
Total expenditures and transfers out	\$	\$	\$	\$
<u>Diane Subdivision</u>				
Total revenues and transfers in	\$4,590	\$4,590	\$5,409	\$819
Total expenditures and transfers out	\$47,823	\$47,823	\$1,648	\$46,175
<u>Drake Estates</u>				
Total revenues and transfers in	\$15,060	\$15,060	\$15,101	\$41
Total expenditures and transfers out	\$16,706	\$24,206	\$20,834	\$3,372

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures  
Budget and Actual  
Year Ended June 30, 2007

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Edanella Heights Road</u>				
Total revenues and transfers in	\$26,150	\$26,150	\$27,466	\$1,316
Total expenditures and transfers out	\$66,180	\$62,905	\$42,528	\$20,377
<u>Ester Lump Road</u>				
Total revenues and transfers in	\$16,800	\$16,800	\$17,955	\$1,155
Total expenditures and transfers out	\$78,408	\$84,908	\$13,646	\$71,262
<u>Ester Volunteer Fire</u>				
Total revenues and transfers in	\$264,180	\$264,180	\$290,907	\$26,727
Total expenditures and transfers out	\$368,781	\$368,781	\$248,579	\$120,202
<u>Fairfields</u>				
Total revenues and transfers in	\$14,920	\$14,920	\$15,820	\$900
Total expenditures and transfers out	\$46,097	\$46,097	\$3,480	\$42,617
<u>Fairhill</u>				
Total revenues and transfers in	\$11,110	\$11,110	\$11,148	\$38
Total expenditures and transfers out	\$20,026	\$20,026	\$5,477	\$14,548
<u>Fairwest</u>				
Total revenues and transfers in	\$23,390	\$23,390	\$26,567	\$3,177
Total expenditures and transfers out	\$159,998	\$159,998	\$5,062	\$154,936
<u>Garden</u>				
Total revenues and transfers in	\$25,330	\$25,330	\$26,719	\$1,389
Total expenditures and transfers out	\$49,616	\$49,616	\$3,373	\$46,243
<u>Golden Valley Road</u>				
Total revenues and transfers in	\$6,780	\$6,780	\$7,094	\$314
Total expenditures and transfers out	\$13,862	\$13,862	\$5,815	\$8,047
<u>Goldstream Alaska</u>				
Total revenues and transfers in	\$21,530	\$21,530	\$21,867	\$337
Total expenditures and transfers out	\$30,097	\$30,097	\$4,540	\$25,557

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures  
Budget and Actual  
Year Ended June 30, 2007

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Goldstream Moose Creek</u>				
Total revenues and transfers in	\$41,200	\$41,775	\$42,075	\$300
Total expenditures and transfers out	\$64,384	\$62,999	\$11,122	\$51,877
<u>Gordon</u>				
Total revenues and transfers in	\$41,130	\$41,130	\$45,713	\$4,583
Total expenditures and transfers out	\$206,491	\$206,491	\$16,205	\$190,287
<u>Granola Estates</u>				
Total revenues and transfers in	\$5,220	\$5,220	\$5,964	\$744
Total expenditures and transfers out	\$41,411	\$41,411	\$2,916	\$38,495
<u>Grieme Road</u>				
Total revenues and transfers in	\$13,900	\$13,900	\$14,870	\$970
Total expenditures and transfers out	\$48,471	\$48,471	\$11,965	\$36,506
<u>Haystack</u>				
Total revenues and transfers in	\$21,280	\$21,280	\$22,060	\$780
Total expenditures and transfers out	\$28,906	\$28,906	\$8,445	\$20,461
<u>Herning Hills</u>				
Total revenues and transfers in	\$21,070	\$21,070	\$22,078	\$1,008
Total expenditures and transfers out	\$41,091	\$41,851	\$28,871	\$12,979
<u>Hopeless</u>				
Total revenues and transfers in	\$18,800	\$18,800	\$18,919	\$119
Total expenditures and transfers out	\$29,699	\$29,699	\$3,404	\$26,295
<u>Horseshoe Downs</u>				
Total revenues and transfers in	\$9,750	\$9,900	\$9,909	\$9
Total expenditures and transfers out	\$11,479	\$11,604	\$6,076	\$5,528
<u>Jennifer Drive</u>				
Total revenues and transfers in	\$4,300	\$4,300	\$4,550	\$250
Total expenditures and transfers out	\$7,826	\$7,534	\$5,523	\$2,011

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures  
Budget and Actual  
Year Ended June 30, 2007

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Jones Road</u>				
Total revenues and transfers in	\$48,860	\$48,860	\$50,252	\$1,392
Total expenditures and transfers out	\$69,613	\$69,613	\$26,684	\$42,929
<u>Joy Road</u>				
Total revenues and transfers in	\$6,350	\$6,350	\$6,988	\$638
Total expenditures and transfers out	\$19,144	\$19,144	\$1,595	\$17,549
<u>Keeney Road</u>				
Total revenues and transfers in	\$1,860	\$1,860	\$1,839	(\$21)
Total expenditures and transfers out	\$5,670	\$5,670	\$880	\$4,790
<u>Kendall</u>				
Total revenues and transfers in	\$9,560	\$9,560	\$10,471	\$911
Total expenditures and transfers out	\$42,922	\$42,922	\$1,742	\$41,180
<u>Keystone</u>				
Total revenues and transfers in	\$11,650	\$11,650	\$11,488	(\$162)
Total expenditures and transfers out	\$39,760	\$44,760	\$1,973	\$42,787
<u>Kris Kringle</u>				
Total revenues and transfers in	\$13,810	\$13,810	\$13,259	(\$551)
Total expenditures and transfers out	\$53,809	\$53,809	\$3,933	\$49,876
<u>Lakloey Hill</u>				
Total revenues and transfers in	\$31,900	\$31,900	\$34,024	\$2,124
Total expenditures and transfers out	\$117,578	\$117,578	\$14,206	\$103,372
<u>Lee Lane</u>				
Total revenues and transfers in	\$5,490	\$5,490	\$5,517	\$27
Total expenditures and transfers out	\$27,981	\$26,581	\$11,418	\$15,163
<u>Loose Moose</u>				
Total revenues and transfers in	\$5,850	\$5,850	\$5,324	(\$526)
Total expenditures and transfers out	\$12,655	\$13,655	\$5,403	\$8,252

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures  
Budget and Actual  
Year Ended June 30, 2007

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Martin</u>				
Total revenues and transfers in	\$17,210	\$17,210	\$16,126	(\$1,084)
Total expenditures and transfers out	\$24,788	\$24,788	\$3,520	\$21,268
<u>McCloud</u>				
Total revenues and transfers in	\$25,630	\$25,630	\$27,094	\$1,464
Total expenditures and transfers out	\$61,540	\$61,540	\$5,215	\$56,325
<u>McGrath Estates</u>				
Total revenues and transfers in	\$57,690	\$57,690	\$62,180	\$4,490
Total expenditures and transfers out	\$127,072	\$127,072	\$18,191	\$108,882
<u>McKinley View</u>				
Total revenues and transfers in	\$4,100	\$4,100	\$4,449	\$349
Total expenditures and transfers out	\$17,365	\$17,365	\$820	\$16,545
<u>Mellow Woods Road</u>				
Total revenues and transfers in	\$14,090	\$14,090	\$14,016	(\$74)
Total expenditures and transfers out	\$34,363	\$34,363	\$7,913	\$26,450
<u>Miller Hill Extension</u>				
Total revenues and transfers in	\$43,120	\$43,120	\$43,548	\$428
Total expenditures and transfers out	\$61,690	\$61,690	\$43,081	\$18,608
<u>Moose Creek</u>				
Total revenues and transfers in	\$14,530	\$14,530	\$15,512	\$982
Total expenditures and transfers out	\$60,335	\$60,335	\$3,620	\$56,715
<u>Moose Meadows</u>				
Total revenues and transfers in	\$54,110	\$54,110	\$58,113	\$4,003
Total expenditures and transfers out	\$119,892	\$119,892	\$17,389	\$102,503
<u>Mt. View</u>				
Total revenues and transfers in	\$23,320	\$23,320	\$25,679	\$2,359
Total expenditures and transfers out	\$77,935	\$77,935	\$12,455	\$65,480

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures  
Budget and Actual  
Year Ended June 30, 2007

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Murphy</u>				
Total revenues and transfers in	\$10,150	\$10,150	\$10,565	\$415
Total expenditures and transfers out	\$27,115	\$27,115	\$3,487	\$23,628
<u>Musk Ox</u>				
Total revenues and transfers in	\$22,050	\$22,050	\$23,332	\$1,282
Total expenditures and transfers out	\$79,524	\$79,524	\$8,795	\$70,729
<u>Newby Park</u>				
Total revenues and transfers in	\$14,560	\$14,560	\$14,666	\$106
Total expenditures and transfers out	\$23,234	\$23,234	\$5,785	\$17,450
<u>North Ridge</u>				
Total revenues and transfers in	\$6,970	\$6,970	\$7,125	\$155
Total expenditures and transfers out	\$10,603	\$10,603	\$1,025	\$9,578
<u>North Star Volunteer Fire</u>				
Total revenues and transfers in	\$1,190,500	\$1,190,712	\$1,222,416	\$31,703
Total expenditures and transfers out	\$1,454,109	\$1,463,029	\$1,093,063	\$369,965
<u>O'Connor Creek</u>				
Total revenues and transfers in	\$97,790	\$97,790	\$96,397	(\$1,393)
Total expenditures and transfers out	\$103,557	\$156,557	\$149,018	\$7,539
<u>Old Wood Road</u>				
Total revenues and transfers in	\$8,540	\$8,540	\$8,719	\$179
Total expenditures and transfers out	\$18,059	\$18,059	\$3,474	\$14,585
<u>Our</u>				
Total revenues and transfers in	\$2,870	\$2,870	\$3,017	\$147
Total expenditures and transfers out	\$8,640	\$9,140	\$960	\$8,180
<u>Parksridge</u>				
Total revenues and transfers in	\$8,770	\$8,770	\$9,144	\$374
Total expenditures and transfers out	\$37,340	\$37,340	\$1,370	\$35,970

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures  
Budget and Actual  
Year Ended June 30, 2007

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Peede Country Estates</u>				
Total revenues and transfers in	\$5,020	\$5,020	\$4,470	(\$550)
Total expenditures and transfers out	\$14,256	\$18,156	\$8,298	\$9,859
<u>Pine Stream</u>				
Total revenues and transfers in	\$19,560	\$19,560	\$20,394	\$834
Total expenditures and transfers out	\$69,423	\$69,423	\$6,321	\$63,103
<u>Pleasureland</u>				
Total revenues and transfers in	\$7,780	\$7,780	\$8,733	\$953
Total expenditures and transfers out	\$49,748	\$49,748	\$1,843	\$47,905
<u>Polar Heights</u>				
Total revenues and transfers in	\$16,890	\$16,890	\$17,732	\$842
Total expenditures and transfers out	\$43,023	\$43,023	\$20,291	\$22,733
<u>Potlatch</u>				
Total revenues and transfers in	\$9,340	\$9,340	\$9,455	\$115
Total expenditures and transfers out	\$11,334	\$19,834	\$13,548	\$6,285
<u>Prospect Park</u>				
Total revenues and transfers in	\$6,880	\$6,880	\$6,874	(\$6)
Total expenditures and transfers out	\$17,456	\$18,456	\$5,909	\$12,547
<u>Reed Acres Road</u>				
Total revenues and transfers in	\$8,390	\$8,390	\$9,537	\$1,147
Total expenditures and transfers out	\$55,209	\$55,209	\$1,809	\$53,400
<u>Ridgecrest</u>				
Total revenues and transfers in	\$2,000	\$2,000	\$1,931	(\$69)
Total expenditures and transfers out	\$3,568	\$3,568	\$900	\$2,668
<u>Salchaket Heights</u>				
Total revenues and transfers in	\$2,140	\$2,140	\$2,293	\$153
Total expenditures and transfers out	\$9,187	\$9,187	\$730	\$8,457

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures  
Budget and Actual  
Year Ended June 30, 2007

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Scenic Heights</u>				
Total revenues and transfers in	\$17,580	\$17,580	\$18,767	\$1,187
Total expenditures and transfers out	\$78,518	\$78,518	\$6,300	\$72,218
<u>Seavy</u>				
Total revenues and transfers in	\$9,640	\$9,640	\$10,074	\$434
Total expenditures and transfers out	\$39,092	\$39,092	\$5,183	\$33,909
<u>Secluded Acres</u>				
Total revenues and transfers in	\$7,390	\$7,390	\$8,073	\$683
Total expenditures and transfers out	\$25,387	\$25,387	\$3,029	\$22,358
<u>Serendipity Hill</u>				
Total revenues and transfers in	\$6,180	\$6,180	\$6,882	\$702
Total expenditures and transfers out	\$29,145	\$29,145	\$930	\$28,215
<u>Six Mile Village Road</u>				
Total revenues and transfers in	\$7,480	\$7,480	\$7,722	\$242
Total expenditures and transfers out	\$22,365	\$22,365	\$2,414	\$19,951
<u>Smallwood Trail Road</u>				
Total revenues and transfers in	\$5,070	\$5,070	\$5,574	\$504
Total expenditures and transfers out	\$23,624	\$23,624	\$890	\$22,734
<u>Smith Ranch</u>				
Total revenues and transfers in	\$2,160	\$2,160	\$2,061	(\$99)
Total expenditures and transfers out	\$43,654	\$43,654	\$3,200	\$40,454
<u>Spring Glade</u>				
Total revenues and transfers in	\$25,660	\$25,660	\$27,373	\$1,713
Total expenditures and transfers out	\$89,349	\$89,849	\$8,249	\$81,600
<u>Spruce Acres</u>				
Total revenues and transfers in	\$5,990	\$5,990	\$6,387	\$397
Total expenditures and transfers out	\$30,182	\$30,682	\$2,045	\$28,637

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures  
Budget and Actual  
Year Ended June 30, 2007

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Steamboat Landing</u>				
Total revenues and transfers in	\$12,930	\$12,930	\$13,579	\$649
Total expenditures and transfers out	\$31,943	\$41,443	\$14,539	\$26,904
<u>Steese Volunteer Fire</u>				
Total revenues and transfers in	\$992,700	\$992,700	\$1,025,394	\$32,694
Total expenditures and transfers out	\$937,240	\$1,007,871	\$997,668	\$10,202
<u>Straight Creek</u>				
Total revenues and transfers in	\$9,280	\$9,280	\$9,406	\$126
Total expenditures and transfers out	\$14,149	\$13,949	\$10,200	\$3,749
<u>Summerwood</u>				
Total revenues and transfers in	\$30,400	\$30,400	\$32,428	\$2,028
Total expenditures and transfers out	\$70,949	\$70,949	\$9,670	\$61,279
<u>Summit Drive</u>				
Total revenues and transfers in	\$90,640	\$90,640	\$95,181	\$4,541
Total expenditures and transfers out	\$275,488	\$275,488	\$26,583	\$248,905
<u>Sunny Hills Terrace</u>				
Total revenues and transfers in	\$25,580	\$25,580	\$28,314	\$2,734
Total expenditures and transfers out	\$96,394	\$96,394	\$4,924	\$91,470
<u>Sunrise</u>				
Total revenues and transfers in	\$11,180	\$11,180	\$12,016	\$836
Total expenditures and transfers out	\$64,418	\$64,418	\$10,482	\$53,936
<u>Tan Terra</u>				
Total revenues and transfers in	\$16,780	\$16,780	\$16,713	(\$67)
Total expenditures and transfers out	\$23,385	\$28,385	\$16,290	\$12,094
<u>Thomas</u>				
Total revenues and transfers in	\$9,170	\$9,170	\$9,788	\$618
Total expenditures and transfers out	\$11,080	\$11,080	\$5,748	\$5,332

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures  
Budget and Actual  
Year Ended June 30, 2007

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Timberlane Road</u>				
Total revenues and transfers in	\$8,770	\$8,770	\$9,660	\$890
Total expenditures and transfers out	\$61,375	\$66,855	\$11,460	\$55,395
<u>Tungsten</u>				
Total revenues and transfers in	\$26,000	\$26,000	\$26,637	\$637
Total expenditures and transfers out	\$28,494	\$28,494	\$15,996	\$12,498
<u>Twenty Three Mile Slough</u>				
Total revenues and transfers in	\$24,940	\$24,940	\$28,201	\$3,261
Total expenditures and transfers out	\$122,158	\$122,158	\$1,640	\$120,518
<u>Ullrhaven</u>				
Total revenues and transfers in	\$3,830	\$3,830	\$4,248	\$418
Total expenditures and transfers out	\$23,112	\$23,112	\$1,104	\$22,008
<u>University Fire</u>				
Total revenues and transfers in	\$1,769,650	\$1,769,650	\$1,859,112	\$89,462
Total expenditures and transfers out	\$2,604,092	\$2,604,092	\$1,641,854	\$962,238
<u>University Heights</u>				
Total revenues and transfers in	\$47,220	\$47,220	\$50,172	\$2,952
Total expenditures and transfers out	\$121,745	\$121,745	\$21,048	\$100,697
<u>University West Street Light</u>				
Total revenues and transfers in	\$57,090	\$57,090	\$61,444	\$4,354
Total expenditures and transfers out	\$213,947	\$213,947	\$40,720	\$173,227
<u>Vienna Wood</u>				
Total revenues and transfers in	\$19,950	\$19,950	\$20,634	\$684
Total expenditures and transfers out	\$50,075	\$50,075	\$16,130	\$33,945
<u>Viewpointe</u>				
Total revenues and transfers in	\$19,390	\$19,390	\$19,394	\$4
Total expenditures and transfers out	\$103,707	\$103,707	\$13,498	\$90,209

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures  
Budget and Actual  
Year Ended June 30, 2007

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Violet Drive</u>				
Total revenues and transfers in	\$47,100	\$47,100	\$49,258	\$2,158
Total expenditures and transfers out	\$76,172	\$76,172	\$37,429	\$38,743
<u>Vista Gold Road</u>				
Total revenues and transfers in	\$31,190	\$31,190	\$31,827	\$637
Total expenditures and transfers out	\$43,131	\$43,131	\$18,921	\$24,210
<u>Vue Crest</u>				
Total revenues and transfers in	\$26,900	\$26,900	\$28,926	\$2,026
Total expenditures and transfers out	\$123,459	\$123,459	\$15,592	\$107,867
<u>Whitman</u>				
Total revenues and transfers in	\$3,490	\$3,490	\$3,910	\$420
Total expenditures and transfers out	\$16,947	\$16,947	\$1,081	\$15,866
<u>Wildview</u>				
Total revenues and transfers in	\$163,240	\$163,240	\$159,924	(\$3,316)
Total expenditures and transfers out	\$484,195	\$469,509	\$176,816	\$292,693
<u>Woodland</u>				
Total revenues and transfers in	\$2,120	\$2,120	\$2,150	\$30
Total expenditures and transfers out	\$3,597	\$3,597	\$1,170	\$2,427
<u>Yak Road</u>				
Total revenues and transfers in	\$67,810	\$67,810	\$73,209	\$5,399
Total expenditures and transfers out	\$197,005	\$197,005	\$49,155	\$147,850
<u>Total All Service Areas</u>				
Total revenues and transfers in	\$7,844,810	\$7,845,747	\$8,175,614	\$329,867
Total expenditures and transfers out	\$14,724,807	\$14,838,699	\$6,693,417	\$8,145,282

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Net Assets  
June 30, 2007

	Business-type Activities -	
	Transit	Land
<b>Assets</b>		
Current assets		
Equity in central treasury cash	\$2,370,406	\$4,588,602
Restricted equity in central treasury cash	21,478	710,939
Taxes receivable - foreclosure reimbursement		213,298
Accounts receivable (net of allowance for uncollectibles - \$32,852)		31,598
Restricted accounts receivable		
Accrued interest receivable		13,166
Land contracts receivable, current portion		211,640
Interfund receivable		
Restricted accrued interest receivable		3,193
Restricted due from governmental agencies	231,544	113,617
Restricted prepaid	1,000	
Inventories	163,361	662,799
Current assets total	<u>2,787,789</u>	<u>6,548,852</u>
Noncurrent assets		
Land inventory - long-term		11,236,617
Land contracts receivable		1,050,600
Capital assets - non-depreciable		
Retained land		703,796
Land and land improvements	595,234	
Works of art		
Construction work in progress		
Capital assets - depreciable		
Land		
Buildings	4,006,768	314,927
Improvements other than buildings	266,665	
Equipment	2,639,370	
Intangible assets - software	204,769	18,864
Accumulated depreciation	(3,186,013)	(269,406)
Noncurrent assets (net) total	<u>4,526,793</u>	<u>13,055,397</u>
Assets total	<u>\$7,314,582</u>	<u>\$19,604,250</u>

See accompanying notes to financial statements.

Enterprise Funds			Governmental Activities - Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
\$350,817	\$16,197,500	\$23,507,325	\$550,811
281,930		1,014,348	24,363
		213,298	
	563,588	595,185	
2,909		2,909	
		13,166	
		211,640	
	157,899	157,899	
		3,193	
4,293		349,454	
		1,000	
		826,160	
<u>639,949</u>	<u>16,918,986</u>	<u>26,895,576</u>	<u>575,175</u>
		11,236,617	
		1,050,600	
		703,795	
509,032	746,003	1,850,269	
120,790		120,790	
10,153	328,713	338,866	
	346,044	346,044	
14,815,299	4,542,614	23,679,608	
1,608,028	16,985,303	18,859,996	
1,510,543	2,525,656	6,675,568	6,396,030
		223,633	
(5,424,697)	(12,437,472)	(21,317,589)	(3,256,347)
<u>13,149,148</u>	<u>13,036,861</u>	<u>43,768,198</u>	<u>3,139,683</u>
<u>\$13,789,096</u>	<u>\$29,955,847</u>	<u>\$70,663,775</u>	<u>\$3,714,858</u>

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Net Assets  
June 30, 2007

	<u>Business-type Activities -</u>	
	<u>Transit</u>	<u>Land</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$59,415	\$58,224
Wages and payroll taxes	91,194	19,243
Accrued interest payable		
Accrued compensated absences	185,356	29,942
Accrued self-insurance losses	26,536	
Deposits from others	3,402	1,400
Payable from restricted assets		
Accounts payable	28,271	17,492
Interfund payable	201,002	113,617
Unearned revenues	10,093	696,641
Capital leases payable		
Loans payable		
Unrealized gain on land contracts, current portion		85,273
Current liabilities total	<u>605,268</u>	<u>1,021,831</u>
Long-term liabilities		
Accrued compensated absences	29,443	10,279
Accrued self-insurance losses	34,512	
Unrealized gain on land contracts		450,265
Capital leases payable		
Loans payable		
Landfill closure and postclosure care		
Net pension obligation	323,436	68,044
Long-term liabilities total	<u>387,392</u>	<u>528,588</u>
Liabilities total	<u>992,660</u>	<u>1,550,419</u>
Net assets		
Invested in capital assets, net of related debt	4,526,793	768,180
Restricted for:		
Asset replacement		
Grants	14,657	
Unrestricted	1,780,472	17,285,650
Net assets total	<u>6,321,922</u>	<u>18,053,830</u>
Liabilities and net assets total	<u>\$7,314,582</u>	<u>\$19,604,250</u>

See accompanying notes to financial statements.

Enterprise Funds			Governmental Activities - Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
\$	\$176,384	\$294,023	\$3,495
1,157	43,515	155,110	
3,178	37,242	255,718	
	61,437	87,972	
		4,802	10,575
		45,763	
4,293		318,912	
39,847		746,581	18,200
			385,555
	1,197,754	1,197,754	
		85,273	
48,476	1,516,332	3,191,907	417,825
132	3,683	43,538	
	83,808	118,320	
		450,265	
			783,095
	4,974,449	4,974,449	
	15,642,347	15,642,347	
3,014	120,423	514,918	
3,147	20,824,710	21,743,837	783,095
51,622	22,341,042	24,935,744	1,200,920
13,149,148	6,864,658	25,308,779	1,971,034
244,992		244,992	
		14,657	6,163
343,335	750,147	20,159,604	536,741
13,737,474	7,614,805	45,728,031	2,513,939
\$13,789,096	\$29,955,847	\$70,663,775	\$3,714,858

Proprietary FundsReconciliation of Net Assets Between the  
Government-wide and Fund Financial Statements  
June 30, 2007

Total net assets of enterprise funds	\$45,728,031
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds.	<u>(40,330)</u>
Net assets of business-type activities	<u><u>\$45,687,701</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, 2007

	<u>Business-type Activities -</u>	
	<u>Transit</u>	<u>Land</u>
Operating revenues		
Fares	\$244,815	\$
Land sales, net of cost		215,123
Land leases		3,635
Interest on land contracts receivable		144,244
Advertising	9,549	
Charges for services	1,117,102	265,205
Retirement system funding	99,964	23,040
Other revenues		3,410,183
Operating revenues total	<u>1,471,430</u>	<u>4,061,430</u>
Operating expenses		
Wages and benefits	3,778,398	764,092
Fuels, lubricants, and parts	539,838	
Other commodities	22,739	
Contractual services	359,862	81,197
Utilities	105,680	
Professional services	141,284	22,738
Depreciation	320,919	7,242
Training, dues and professional expenses	53,049	9,389
Repairs and maintenance	80,278	700
Supplies	48,161	7,253
Management contractor fee		
Landfill closure and postclosure care costs		
Interest expense - capital leases		
Intragovernmental charges	796,750	268,870
Operating expenses total	<u>6,246,959</u>	<u>1,161,480</u>
Operating income (loss)	<u>(4,775,529)</u>	<u>2,899,951</u>

See accompanying notes to financial statements.

Enterprise Funds			Governmental Activities - Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
\$	\$	\$244,815	\$
		215,123	
		3,635	
		144,244	
		9,549	
99,378	5,615,004	7,096,689	539,440
2,065	39,708	164,778	
		3,410,183	
<u>101,442</u>	<u>5,654,712</u>	<u>11,289,015</u>	<u>539,440</u>
35,781	1,522,508	6,100,779	
	159,486	699,324	
2,200	3,610	28,550	14,070
391,971	1,110,464	1,943,494	
	100,768	206,449	
	115,964	279,986	
383,503	727,631	1,439,294	464,381
	16,899	79,337	
4,500	257,619	343,096	25
9,071	117,953	182,438	
156,642		156,642	
	1,644,877	1,644,877	
			56,875
<u>378,046</u>	<u>674,610</u>	<u>2,118,276</u>	<u>27,190</u>
<u>1,361,714</u>	<u>6,452,390</u>	<u>15,222,543</u>	<u>562,540</u>
<u>(1,260,272)</u>	<u>(797,677)</u>	<u>(3,933,528)</u>	<u>(23,100)</u>

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Revenues, Expenses  
and Changes in Net Assets  
Year Ended June 30, 2007

	<u>Business-type Activities -</u>	
	<u>Transit</u>	<u>Land</u>
Non-operating revenues (expenses)		
Interest expense	\$	\$
Grants revenue	1,293,800	268,485
Investment income	91,296	231,976
Gain (loss) on sales of capital assets		
Miscellaneous revenue (expense)	261	5
Non-operating revenues (expenses) total	<u>1,385,357</u>	<u>500,466</u>
Income (loss) before contributions and transfers	(3,390,172)	3,400,417
Transfers in	3,746,515	49,871
Transfers out		(471,324)
Capital contributions		356,532
Change in net assets	<u>356,342</u>	<u>3,335,495</u>
Net assets total, beginning	<u>5,965,580</u>	<u>14,718,335</u>
Net assets total, ending	<u><u>\$6,321,922</u></u>	<u><u>\$18,053,830</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
\$	(\$22,322)	(\$22,322)	\$
896,511		2,458,796	
21,205	763,653	1,108,130	
180	(15,020)	(14,840)	23,782
1,957	3	2,226	5,397
<u>919,853</u>	<u>726,313</u>	<u>3,531,990</u>	<u>29,179</u>
(340,419)	(71,364)	(401,538)	6,079
1,072,403	53,340	4,922,128	
	(16,943)	(488,268)	
		356,532	16,943
<u>731,984</u>	<u>(34,967)</u>	<u>4,388,854</u>	<u>23,022</u>
13,005,490	7,649,773	41,339,177	2,490,917
<u>\$13,737,474</u>	<u>\$7,614,805</u>	<u>\$45,728,031</u>	<u>\$2,513,939</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, 2007**

Change in net assets - total enterprise funds	\$4,388,854
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>7,834</u>
Change in net assets of business-type activities	<u><u>\$4,396,688</u></u>

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FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

**Statement of Cash Flows**  
**Increases (Decreases) in Equity in Central Treasury Cash**  
**Year Ended June 30, 2007**

	Business-type Activities -	
	Transit	Land
Cash flows from operating activities		
Cash received from customers	\$1,371,466	\$1,050,798
Cash payments to suppliers for goods and services	(2,156,660)	(793,695)
Cash payments to employees for services	(3,592,188)	(745,393)
Net cash provided by (used for) operating activities	<u>(4,377,383)</u>	<u>(488,290)</u>
Cash flows from noncapital financing activities		
Grants received	1,248,041	
Transfers from other funds	3,746,515	
Transfers to other funds		(132,379)
Proceeds from (repayment of) interfund financing activity	(194,339)	
Net cash provided by (used for) noncapital financing activities	<u>4,800,217</u>	<u>(132,379)</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(166,771)	
Capital grants received	424,036	852,370
Capital lease payments		
Interest on capital lease payments		
Proceeds from sale of capital assets		
Proceeds from surplus sale	261	5
Proceeds from (repayment of) interfund financing activity	(190,478)	
Net cash provided by (used for) capital and related financing activities	<u>67,048</u>	<u>852,375</u>
Cash flows from investing activities		
Investment income allocation from central treasury	91,296	231,976
Repayment on loans to other funds		
Net cash provided by investing activities	<u>91,296</u>	<u>231,976</u>
Net increase (decrease) in equity in central treasury cash	581,178	463,682
Equity in central treasury cash at beginning of year	<u>1,810,706</u>	<u>4,835,859</u>
Equity in central treasury cash at end of year	<u><u>\$2,391,884</u></u>	<u><u>\$5,299,541</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
\$129,652	\$5,381,198	\$7,933,114	\$539,440
(942,430)	(2,560,267)	(6,453,052)	(27,215)
<u>(34,043)</u>	<u>(1,573,350)</u>	<u>(5,944,974)</u>	
(846,821)	1,247,581	(4,464,912)	512,225
		1,248,041	
1,072,403	53,340	4,872,258	
		(132,379)	
		<u>(194,339)</u>	
1,072,403	53,340	5,793,581	
(1,190,252)	(622,633)	(1,979,656)	(8,775)
864,884		2,141,290	(412,820)
	96,080	96,080	(56,875)
2,137	3	2,406	23,782
<u>(68,219)</u>		<u>(258,697)</u>	<u>5,398</u>
(391,450)	(526,550)	1,423	(449,290)
21,205	763,653	1,108,130	
	17,101	17,101	
21,205	780,754	1,125,231	
(144,663)	1,555,125	2,455,323	62,935
777,410	14,642,375	22,066,350	512,240
<u>\$632,747</u>	<u>\$16,197,500</u>	<u>24,521,672</u>	<u>\$575,175</u>

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

**Statement of Cash Flows**  
**Increases (Decreases) in Equity in Central Treasury Cash**  
**Year Ended June 30, 2007**

	<u>Business-type Activities -</u>	
	<u>Transit</u>	<u>Land</u>
<u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</u>		
Operating income (loss)	<u>(\$4,775,529)</u>	<u>\$2,899,951</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	320,919	7,242
Interest expense for capital leases		
Change in assets and liabilities		
(Increase) decrease in receivables		541,278
(Increase) in inventories	(12,794)	(3,900,858)
Increase in net pension obligation	72,067	14,619
Increase (decrease) in accounts payable	3,654	184,572
Increase (decrease) in deposits from others	122	(13,879)
Increase (decrease) in wages and payroll taxes	7,231	1,100
Increase (decrease) in compensated absences	212	626
Increase (decrease) in accrued self-insurance losses	6,735	
(Decrease) in unrealized gain on land contracts		(222,940)
Increase in landfill closure and postclosure care liability		
Adjustments total	<u>398,146</u>	<u>(3,388,240)</u>
Net cash provided by (used for) operating activities	<u>(\$4,377,383)</u>	<u>(\$488,290)</u>
<u>Noncash investing, capital and financing activities</u>		
Capital leases		
<u>Reconciliation of equity in central treasury cash to Statement of Net Assets Accounts</u>		
Equity in central treasury cash	\$2,370,406	\$4,588,602
Restricted equity in central treasury cash	<u>21,478</u>	<u>710,939</u>
Equity in central treasury cash at end of year	<u>\$2,391,884</u>	<u>\$5,299,541</u>

See accompanying notes to financial statements

Enterprise Funds			Governmental Activities - Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
<u>(\$1,260,272)</u>	<u>(\$797,677)</u>	<u>(\$3,933,527)</u>	<u>(\$23,100)</u>
383,503	727,631	1,439,295	464,381
			56,875
30,274	(224,700)	346,852	
		(3,913,652)	
1,212	27,455	115,353	
	(11,604)	176,622	3,494
		(13,757)	10,575
(308)	3,833	11,856	
(1,230)	6,601	6,209	
	(128,835)	(122,100)	
		(222,940)	
	<u>1,644,877</u>	<u>1,644,877</u>	
<u>413,451</u>	<u>2,045,258</u>	<u>(531,385)</u>	<u>535,325</u>
<u>(\$846,821)</u>	<u>\$1,247,581</u>	<u>(\$4,464,913)</u>	<u>\$512,225</u>
			<u>\$103,330</u>
\$350,817	\$16,197,500	\$23,507,325	\$550,811
281,930		1,014,347	24,363
<u>\$632,747</u>	<u>\$16,197,500</u>	<u>\$24,521,672</u>	<u>\$575,175</u>

FAIRBANKS NORTH STAR BOROUGH

Fiduciary Fund

Statement of Net Assets

June 30, 2007

	<u>Taxes Agency Fund</u>
<b>Assets</b>	
Equity in central treasury cash	\$31,762
Property tax liens receivable	311,592
Sales tax receivable	44,445
Assets total	<u>\$387,799</u>
<b>Liabilities</b>	
Due to other governmental agencies for collected taxes	\$7,351
Due to other governmental agencies for uncollected taxes	356,037
Advance tax payments	24,411
Liabilities total	<u>\$387,799</u>

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements  
June 30, 2007

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# FAIRBANKS NORTH STAR BOROUGH

## Notes to Financial Statements June 30, 2007

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

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

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

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

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

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

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

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

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

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

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

**FAIRBANKS NORTH STAR BOROUGH**

**Notes to Financial Statements (continued)  
June 30, 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**A. REPORTING ENTITY (continued)**

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

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

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

**B. FUNDS**

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

The Borough has six 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.

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.

## FAIRBANKS NORTH STAR BOROUGH

### Notes to Financial Statements (continued) June 30, 2007

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### B. FUNDS (continued)

The local capital projects fund is used to account for Assembly appropriations for multi-fiscal year capital projects not funded by grants or bonds.

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

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 Trans), the air quality function, and maintenance of the Borough's vehicle fleet.

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

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

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

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

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

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.

##### 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

## FAIRBANKS NORTH STAR BOROUGH

### Notes to Financial Statements (continued) June 30, 2007

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

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. Likewise, the Borough is reported separately from the School District.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Indirect expense allocations made in the funds are reversed and presented in a separate column. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported as general revenues.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the transit enterprise fund, the land enterprise fund, the Carlson Center enterprise fund, the solid waste disposal enterprise fund, and the Borough's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

**FAIRBANKS NORTH STAR BOROUGH**  
**Notes to Financial Statements (continued)**  
**June 30, 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Borough considers revenues to be available if they are collected within 45 days of the end of the current fiscal period.

Property taxes are levied by June 15 but not accrued until July 1 of the succeeding fiscal year when they are available to finance expenditures of that period. Taxes collected prior to July 1 are recorded as advance tax payments. State entitlements and shared revenues are recorded as revenue in the period of allocation. Certain other 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.

## FAIRBANKS NORTH STAR BOROUGH

### Notes to Financial Statements (continued) June 30, 2007

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### E. BUDGETARY PROCESS

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

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

**FAIRBANKS NORTH STAR BOROUGH**

**Notes to Financial Statements (continued)  
June 30, 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. BUDGETARY PROCESS (continued)**

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

**F. EQUITY IN CENTRAL TREASURY CASH - DEPOSITS AND INVESTMENTS**

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

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, any Alaska Department of Education grants to the Borough and to the School District, 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 pupil activities agency fund of the School District. 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 are stated at cost. An average cost method is used for parts and 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

## FAIRBANKS NORTH STAR BOROUGH

### Notes to Financial Statements (continued) June 30, 2007

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### J. INVENTORIES (continued)

commodities. Food commodities are recorded at fair market value. All inventories are recorded as expenditures when used (consumption method).

##### K. LAND INVENTORIES

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

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

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

##### L. CAPITAL ASSETS

Capital assets, which include land, buildings, improvements, machinery and equipment, library materials, artwork, software, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Borough as tangible or intangible property for use in operations with an initial, individual cost of more than \$5,000 for machinery and equipment and artwork and more than \$50,000 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. If the cost of an asset was not readily available, the historical cost was estimated. This was done using the current replacement cost of the asset and using an applicable index to back-trend this amount to the date of acquisition or construction. Donated capital assets are recorded at estimated fair value at the date of donation.

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

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)  
June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. CAPITAL ASSETS (continued)

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

Most capital assets of the Borough are depreciated and amortized over their estimated useful lives using the straight-line method, half-year convention. Beginning in fiscal year 2006-07, land put into service for solid waste disposal is being depreciated using the activity method. All land for solid waste disposal put into service prior to fiscal year 2006-07 is depreciated using the straight line method, half-year convention. Land 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 appreciating in value and as such, they are not depreciated: microfilm, Alaskan materials, and the antiquarian collection. Estimated useful lives are as follows:

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

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

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

M. ACCRUED COMPENSATED ABSENCES

It is the Borough's policy to permit employees to accumulate earned but unused annual leave. Annual leave is subject to certain restrictions and maximum accumulations. Employees are paid for any accumulated annual

**FAIRBANKS NORTH STAR BOROUGH**

**Notes to Financial Statements (continued)  
June 30, 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**M. ACCRUED COMPENSATED ABSENCES (continued)**

leave upon use or at termination. All annual leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The governmental funds have no liabilities for accrued compensated absences at June 30.

**N. DEFERRED AND UNEARNED REVENUES**

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

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

**O. UNREALIZED GAIN ON LAND CONTRACTS**

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

**P. OTHER LONG-TERM LIABILITIES**

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

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

**Q. ENVIRONMENTAL LIABILITIES**

Environmental liabilities are recorded when assessments and/or remedial efforts are probable and the costs can be reasonably estimated. Generally, the timing of these accruals coincides with the commitment of the Borough to a formal plan of action. The Borough has no environmental liabilities at June 30.

**FAIRBANKS NORTH STAR BOROUGH**

**Notes to Financial Statements (continued)  
June 30, 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**R. FUND EQUITY**

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

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

**S. IN-KIND SUPPORT TO THE SCHOOL DISTRICT**

Certain services are provided by the Borough to the School District. These include use of various Borough facilities, debt service on school facilities, certain administrative functions, major facility maintenance, and certain equipment purchases. The costs of these services have not been charged to the School District.

**T. COMPARATIVE DATA/RECLASSIFICATION**

The basic financial statements include partial prior-year comparative information in order to provide an understanding of the changes in the financial position and operations of the Borough's funds. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Borough's financial statements for the year ended June 30, 2006, from which such partial information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**U. ROUNDING**

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

**FAIRBANKS NORTH STAR BOROUGH**

**Notes to Financial Statements (continued)  
June 30, 2007**

**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 Schedule 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	\$104,619,852	\$8,175,614
Adjustment for other financing sources (transfers in)		(66,087)
Adjustment for intragovernmental cost plan revenues	<u>(4,312,784)</u>	
Revenues reported on the basis of GAAP	<u>\$100,307,068</u>	<u>\$8,109,527</u>
Expenditures reported on the basis of budgeting	\$33,812,046	\$6,693,417
Expenditures on prior year encumbrances	161,835	7,800
Current year encumbrances	(382,864)	
Adjustment for other financing sources (transfers out)		(518,740)
Adjustment for intragovernmental cost plan expenditures	(4,312,784)	
Adjustment for accrued compensated absences	(114,993)	
Adjustment for School District appropriation	<u>40,022,700</u>	
Expenditures reported on the basis of GAAP	<u>\$69,185,940</u>	<u>\$6,182,477</u>

Since encumbrances constitute the equivalent of expenditures for budgetary purposes, the accompanying schedules 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 both reflected for budgetary purposes as a revenue and an expenditure in the applicable cost pool. For financial statement purposes, the actual intragovernmental cost plan revenues are subtracted from the actual intragovernmental cost plan expenditures and the net amount is shown as an expenditure 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.

**FAIRBANKS NORTH STAR BOROUGH**  
**Notes to Financial Statements (continued)**  
**June 30, 2007**

**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

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

The School District's appropriation is shown as a transfer for budgetary purposes and as an expenditure for financial statement purposes.

The threshold for capitalizing machinery and equipment is \$5,000. However, for control purposes, assets with a cost of greater than \$750 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, 2007. The \$167,846 of excess expenditures was the result of issuance costs for the 2006 Refunding Series K (see note 11). Although not officially appropriated, these expenditures were authorized with the Assembly's adoption of Ordinance 2006-75, 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, 2007 in Chena Point road service area of \$88,191, resulting from expenditures made in fiscal year 2007 to pave 1.75 miles of road within the service area. The project was funded by a \$175,000 ten-year loan from the Solid Waste disposal landfill closure reserve. At June 30, the Cleary Summit road service area had a deficit fund balance of \$9 resulting from a timing difference in the tax levy.

**D. TAXES LEVIED IN EXCESS OF MAXIMUM TAX COMPUTATION**

Thirty-nine service areas and the Non-Areawide District levied a total of \$714 of taxes in excess of the maximum tax computation. (See Note 4.)

**E. SCHOOL DISTRICT FUND BALANCE LIMIT**

In accordance with Alaska Statutes 14.14.060(c) and Fairbanks North Star Borough Code of Ordinances (FNSB) 3.03.040, the Assembly annually appropriates the amount of local support for school purposes, while FNSB 3.01.060 E limits the amount of the School District's unreserved local appropriation fund balance. Unreserved local appropriation fund balance not exceeding seven percent may carry over to the next fiscal year. This carry-over fund balance is not required to show as revenues for the following fiscal year's budget. At June 30, 2007, unreserved fund balance originating from all revenue sources, including local support, did not exceed seven percent of fiscal year 2006-07 expenditures and other financing uses.

## FAIRBANKS NORTH STAR BOROUGH

### Notes to Financial Statements (continued) June 30, 2007

#### 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. These services are paid for with a restricted, non-interest bearing compensating balance of \$1,345,000 that is recorded as an other asset in the general fund. 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. Call options of investments held by the Borough at June 30 are footnoted in the table below.

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

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. 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

**FAIRBANKS NORTH STAR BOROUGH**

**Notes to Financial Statements (continued)**  
**June 30, 2007**

**3. DEPOSITS AND INVESTMENTS (continued)**

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, 2007, 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, 2007 were:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Ratings</u>
Overnight investment			
Wells Fargo Bank Alaska N.A.	\$ 2,748,557		n/a
Wells Fargo Bank Alaska N.A.	1,456,325		n/a
Government securities money market funds			
Fidelity Institutional Money Market - Treasury Portfolio Class I	31,994,666		AAAm/Aaa
BNY Hamilton Money Fund	84,329		AAAm/Aaa
External investment pool			
Alaska Municipal League Investment Pool	52,795,871		unrated
U.S. securities and agencies			
Federal Home Loan Bank	4,995,313	7 May 2008 <sup>a</sup>	AAA/Aaa
Federal Home Loan Bank	4,996,875	11 December 2008 <sup>b</sup>	AAA/Aaa
Federal Home Loan Bank	4,996,875	11 December 2008 <sup>c</sup>	AAA/Aaa
Federal Home Loan Bank	5,000,000	11 June 2009 <sup>d</sup>	AAA/Aaa
Commercial paper			
General Electric Capital Corporation discount	4,985,722	20 July 2007	A1/P1/F1
Lockhart Funding, LLC discount	4,980,500	27 July 2007	P1/F1
Lockhart Funding, LLC discount	4,960,583	24 August 2007	P1/F1
American International Group Funding	4,943,075	19 September 2007	A1/P1
Rheingold Securitisation Corporation discount	4,935,750	28 September 2007	A1/P1
Lockhart Funding, LLC discount	4,914,450	26 October 2007	P1/F1
Lockhart Funding, LLC discount	4,913,794	26 October 2007	P1/F1
Merrill Lynch & Co	4,914,124	29 October 2007	A1/P1/F1
General Electric Capital Corporation discount	4,897,000	21 November 2007	A1/P1/F1
General Electric Capital Corporation discount	<u>4,827,167</u>	29 February 2008	A1/P1/F1
	<u>\$158,340,975</u>		

<sup>a</sup> redeemable on any day on after August 7, 2007

<sup>b</sup> redeemable on any day on after September 11, 2007

<sup>c</sup> redeemable on any day on after September 11, 2007

<sup>d</sup> redeemable on any day on after August 11, 2007

## FAIRBANKS NORTH STAR BOROUGH

### Notes to Financial Statements (continued) June 30, 2007

#### 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 2006, the voters reconfirmed the Code provision limiting the Borough's taxing authority.

#### 5. DEEDS OF TRUST AND CONTRACTS RECEIVABLE

*Deeds of Trust Receivable* - All real estate sales of the Borough using secured indebtedness are sold as deeds of trust. In addition, the Borough gave prior contract buyers an option to convert to deeds of trust. Annual installments are due over a period of ten years with a stated interest rate of 7.25 percent to 10.00 percent and a

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)  
June 30, 2007

5. DEEDS OF TRUST AND CONTRACTS RECEIVABLE (continued)

weighted average interest rate of 9.41 percent. The annual installments of principal due for the next five years on contracts converted to deeds of trust and parcels originally sold as deeds of trust are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Annual</u> <u>Installments</u>
2008	\$211,640
2009	199,141
2010	179,712
2011	173,221
2012	145,591

No allowances for uncollectible receivables are recorded as the Borough does not transfer title to contract buyers until the contract is paid in full. Revenue related to land sale receivables is recognized on the installment method. As of June 30, 2007, the total receivable for delinquent accounts amounted to \$104,669.

6. LAND INVENTORIES

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

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)  
June 30, 2007

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land and land improvements	\$229,207,051	\$3,477,175	(\$478,385)	\$232,205,841
Works of art	134,200			134,200
Library materials	1,009,569	27,194		1,036,763
Construction in progress	<u>5,003,120</u>	<u>7,781,659</u>	<u>(9,361,950)</u>	<u>3,422,830</u>
Total capital assets, not being depreciated	<u>235,353,940</u>	<u>11,286,029</u>	<u>(9,840,335)</u>	<u>236,799,634</u>
Capital assets, being depreciated:				
Buildings	422,967,041	2,425,922		425,392,963
Improvements other than buildings	63,616,040	5,587,928	(77,190)	69,126,778
Equipment	16,066,307	1,312,263	(1,352,732)	16,025,838
Library materials	1,563,805	307,184	(206,060)	1,664,929
Intangible assets - software	<u>1,286,895</u>			<u>1,286,895</u>
Total capital assets, being depreciated	<u>505,500,087</u>	<u>9,633,297</u>	<u>(1,635,982)</u>	<u>513,497,402</u>
Less accumulated depreciation for:				
Buildings	(128,476,839)	(11,268,377)		(139,745,215)
Improvements other than buildings	(19,647,081)	(2,043,645)	77,190	(21,613,537)
Equipment	(9,155,788)	(1,012,755)	1,304,845	(8,863,698)
Library materials	(719,296)	(269,061)	206,060	(782,297)
Intangible assets - software	<u>(719,992)</u>	<u>(99,349)</u>		<u>(819,341)</u>
Total accumulated depreciation	<u>(158,718,996)</u>	<u>(14,693,187)</u>	<u>1,588,094</u>	<u>(171,824,088)</u>
Total capital assets, being depreciated, net	<u>346,781,092</u>	<u>(5,059,890)</u>	<u>(47,888)</u>	<u>341,673,314</u>
Governmental activities capital assets, net	<u>\$582,135,032</u>	<u>\$6,226,139</u>	<u>(\$9,888,222)</u>	<u>\$578,472,948</u>

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)  
June 30, 2007

7. CAPITAL ASSETS (continued)

**Business-type activities:**

Capital assets, not being depreciated:

Retained land	\$296,148	\$427,584	(\$19,936)	\$703,796
Land and land improvements	1,941,142		(90,873)	1,850,269
Works of art	120,790			120,790
Construction in progress	<u>276,115</u>	<u>1,484,233</u>	<u>(1,421,482)</u>	<u>338,866</u>
Total capital assets, not being depreciated	<u>2,634,195</u>	<u>1,911,817</u>	<u>(1,532,291)</u>	<u>3,013,721</u>

Capital assets, being depreciated:

Land and land improvements	255,171	90,873		346,044
Buildings	23,614,630	64,978		23,679,608
Improvements other than buildings	18,788,800	71,197		18,859,996
Equipment	5,303,516	1,694,556	(322,503)	6,675,569
Intangible assets - software	<u>189,035</u>	<u>34,598</u>		<u>223,633</u>
Total capital assets, being depreciated	<u>48,151,151</u>	<u>1,956,201</u>	<u>(322,503)</u>	<u>49,784,849</u>

Less accumulated depreciation for:

Land and land improvements	(248,925)	(8,847)		(257,772)
Buildings	(7,994,033)	(475,436)		(8,469,469)
Improvements other than buildings	(8,539,691)	(466,748)		(9,006,439)
Equipment	(3,274,524)	(468,380)	194,460	(3,548,444)
Intangible assets - software	<u>(15,583)</u>	<u>(19,882)</u>		<u>(35,465)</u>
Total accumulated depreciation	<u>(20,072,754)</u>	<u>(1,439,294)</u>	<u>194,460</u>	<u>(21,317,589)</u>

Total capital assets, being depreciated, net

<u>28,078,397</u>	<u>516,907</u>	<u>(128,043)</u>	<u>28,467,261</u>
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Business-type activities capital assets, net

<u>\$30,712,592</u>	<u>\$2,428,724</u>	<u>(\$1,660,334)</u>	<u>\$31,480,982</u>
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**FAIRBANKS NORTH STAR BOROUGH**

**Notes to Financial Statements (continued)**  
**June 30, 2007**

**7. CAPITAL ASSETS (continued)**

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

Governmental activities:		
General government	\$236,267	
Community planning	2,764	
Public works	87,891	
Parks and recreation	1,524,832	
Library	613,302	
Education	10,787,492	
Emergency operations	204,063	
Fire service areas	772,196	
In addition, depreciation on capital assets held by the Borough's internal service fund is charged to the various functions on their usage of the assets	<u>464,381</u>	
Total depreciation expense – governmental activities		<u>\$14,693,187</u>
Business-type activities:		
Transit	\$320,919	
Land	7,242	
Carlson Center	383,503	
Solid waste disposal	<u>727,631</u>	
Total depreciation expense – business-type activities		<u>\$1,439,294</u>

**Component Unit - School District**

	Beginning Balance	Increases	Decreases	Ending Balance
Building improvements	\$	\$ 318,102	\$	\$ 318,102
Furniture and equipment	11,212,351	530,267	(184,196)	11,558,422
Less accumulated depreciation	<u>(7,377,276)</u>	<u>(656,295)</u>	<u>180,632</u>	<u>(7,852,939)</u>
Total, net of accumulated depreciation	<u>3,835,075</u>	<u>192,074</u>	<u>(3,564)</u>	<u>4,023,585</u>
Intangible assets (software)	205,056			205,056
Less accumulated amortization	<u>(121,804)</u>	<u>(26,518)</u>		<u>(148,322)</u>
Total, net of accumulated amortization	<u>83,252</u>	<u>(26,518)</u>		<u>56,734</u>
Construction in progress	317,044	1,058	(318,102)	
Component unit capital assets, net	<u>\$ 4,235,371</u>	<u>\$ 166,614</u>	<u>\$ (321,666)</u>	<u>\$ 4,080,319</u>

**8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund balances for the purpose of the entity-wide statements have been eliminated with the exception of internal balances that represent the amounts that are receivables or payables between business-type activities

**FAIRBANKS NORTH STAR BOROUGH**

**Notes to Financial Statements (continued)**  
**June 30, 2007**

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

and governmental activities. The composition of interfund balances in the fund-level statements as of June 30, 2007, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Service areas special revenue	\$10,368
General	Nonmajor governmental funds	358,142
General	State grants capital projects	165,178
General	Transit enterprise	201,002
General	Land enterprise	113,617
General	Carlson Center enterprise	4,293
Solid waste disposal enterprise	Service areas special revenue	<u>157,899</u>
Total interfund receivables and payables		<u>\$1,010,499</u>

The \$10,368 represents outstanding loans that Ballaine Lake sewer and water service area has from the general fund for the repair of their sewage disposal system. The first loan has a five-year payback with interest at 5 percent. The second loan has a six-year payback with interest at 5 percent. The remaining amount due to the general fund is a result from individual funds' overdrafts of pooled cash in the central treasury. The \$157,899 represents an outstanding loan from the solid waste disposal enterprise fund landfill closure reserve to Chena Point road service area for a resurfacing project. The loan has a 10-year payback with a variable interest rate calculated on the Bond Buyer's 20-Bond G.O. Index.

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

Transfers for the year ended June 30, 2007, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds		
General	\$41,863	\$24,318,826
Service areas special revenue	66,087	518,740
Debt service	15,995,715	
State grants capital projects	4,874	
Bond projects		246,795
Local capital projects	4,911,707	2,650,131
Nonmajor governmental funds	<u>3,664,659</u>	<u>1,690,292</u>
	<u>24,684,907</u>	<u>29,424,785</u>
	<u>Transfers In</u>	<u>Transfers Out</u>
Major business-type funds		
Transit enterprise	3,746,515	
Land enterprise	49,871	471,324
Carlson Center enterprise	1,072,403	
Solid waste disposal enterprise	<u>53,340</u>	<u>16,943</u>
	<u>4,922,128</u>	<u>488,268</u>
Total - all funds	<u>\$29,607,035</u>	<u>\$29,913,053</u>

## FAIRBANKS NORTH STAR BOROUGH

### Notes to Financial Statements (continued) June 30, 2007

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

In the fund-level financial statements, total transfers in of \$29,607,035 are less than transfers out of \$29,913,053 by \$306,018 because of capital asset transactions between governmental and business-type activities. Specifically, the Land enterprise fund transferred property in the amount of \$289,075 to general capital assets and the Solid waste disposal enterprise fund transferred assets in the amount of \$16,943 to the Vehicle and equipment fleet internal service fund as a capital contribution.

#### 9. OPERATING LEASES

The Borough is obligated under certain site and equipment leases accounted for as operating leases. Operating leases do not give rise to property rights or recorded lease obligations; and therefore, the results of the lease agreements are not reflected as assets or liabilities. Operating lease expenditures for the year ended June 30, 2007 were \$688,388.

The Borough has several significant operating leases:

- land lease for West Valley High School. In fiscal year 1995-96, the Borough paid a one-time lease payment to the University of Alaska for an extension of the West Valley lease to the year 2043.
- land lease for Hutchison High School which is housed within the Hutchison Institute of Technology. In fiscal year 1999-2000, the Borough paid a one dollar, one-time lease payment to the University of Alaska. The lease expires in the year 2043.
- five land leases for the following school sites: Crawford Elementary School, Anderson Elementary School, Arctic Light Elementary School, Ben Eielson High School, and Ladd Elementary School/Tanana Middle School. All land lease agreements are for twenty-five years expiring in 2021, 2023, 2028, 2030, and 2024 respectively, and are revocable at will by either the Secretary of the Army or the Secretary of the Air Force. Payment is made through ongoing maintenance, repairs, operations, protection and improvement of the schools, except for Ladd Elementary School/Tanana Middle School for which a \$25 annual lease payment is made by the School District. Ladd and Tanana are located on land owned by the military, but are not on post.
- land lease for the construction of a school district central kitchen facility and food supply warehouse was executed prior to fiscal year end. In fiscal year 2007-08, the Borough will pay a one-time lease payment of \$163,491 to the Alaska Railroad Corporation. The lease expires in the year 2057.
- Chena Lakes Recreation Area. 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. Long-term lease expires in January 2008, but is revocable at will by the Secretary of the Army. Payment is made through trail construction and ongoing maintenance for public use.

**FAIRBANKS NORTH STAR BOROUGH**

**Notes to Financial Statements (continued)  
June 30, 2007**

**9. OPERATING LEASES (continued)**

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2008	\$288,627
2009	176,172
2010	56,001
2011	28,567
2012	26,215
2013-2016	<u>1,400</u>
Total	<u>\$576,982</u>

There are no other operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2007.

The School District has two operating leases for a small facility for the H.I.R.E. program and for copiers District-wide. Future minimum lease payments, ending in fiscal year 2012, total \$700,431.

**10. CAPITAL LEASES**

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

	<u>Proprietary Funds</u>
Asset:	
Machinery and equipment	\$2,457,355
Less: Accumulated depreciation	<u>(572,355)</u>
Total	<u>\$1,885,000</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007, were as follows:

<u>Year Ending June 30</u>	<u>Proprietary Funds</u>
2008	\$427,466
2009	385,172
2010	301,710
2011	123,951
2012	<u>18,477</u>
Total minimum lease payments	1,256,776
Less: Amount representing interest	<u>(88,126)</u>
Present value of minimum lease payments	<u>\$1,168,650</u>

**FAIRBANKS NORTH STAR BOROUGH**  
**Notes to Financial Statements (continued)**  
**June 30, 2007**

**11. LONG-TERM LIABILITIES**

**A. GENERAL OBLIGATION BONDS**

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

On October 3, 2000, the voters of the Fairbanks North Star Borough approved bond propositions totaling \$29,450,000 for renovations and upgrades to Hutchison Institute of Technology and to five other schools, plus improvements to playgrounds at several elementary schools. On December 7, 2000, the Borough sold the first \$9,000,000 of these bonds. On January 11, 2001, the Borough sold an additional \$9,050,000 of these bonds. On December 11, 2002, the final \$11,400,000 were sold.

On October 8, 2002, the voters approved bond propositions totaling \$42,264,000 to replace two elementary schools and for capital maintenance and upgrades to school facilities throughout the School District. The first \$2,600,000 of these bonds were sold on December 11, 2002. On March 27, 2003, March 17, 2004, and January 12, 2005, an additional \$13,500,000, \$14,164,000, and \$12,000,000 of these bonds were sold, respectively.

On October 5, 2004 the voters approved bond propositions totaling \$11,500,000 for school district-wide capital maintenance and upgrades and capital improvements to Anderson Elementary and Ben Eielson Junior-Senior High School. The first \$1,750,000 of these bonds were sold on January 12, 2005 and the remaining \$9,750,000 of these bonds were sold on January 11, 2006.

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

On January 24, 2007, the Borough issued \$10,460,000 in general obligation bonds with a 4.0 interest rate to refund \$10,375,000 of outstanding 1996 Series U general obligation bonds, carrying interest at 5.0 percent. The newly issued Series K bonds were sold at a premium of \$110,550. In addition to the amount provided by Series K, the Borough directly contributed an additional \$161,895 to complete the refunding. The new bonds were issued on February 16, 2007 and \$10,510,596 was deposited in an irrevocable trust with an escrow agent who redeemed the 1996 Series U bonds on February 27, 2007.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$145,813. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2017, proportionate to stated interest requirements. The Borough completed the refunding to reduce its total debt service payments over the next 10 years by \$425,801 and to obtain an economic gain (the difference between the present value of the old and new debt service payments) of \$342,043.

**FAIRBANKS NORTH STAR BOROUGH**

**Notes to Financial Statements (continued)**  
**June 30, 2007**

**11. LONG-TERM LIABILITIES (continued)**

**A. GENERAL OBLIGATION BONDS (continued)**

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

	<u>Amount</u>
\$42,615,000 1993 Refunding Series S bonds due in annual installments of \$2,830,000 to \$3,035,000 through March 1, 2008 at 5.50% interest	\$3,035,000
\$35,250,000 1997 Series A school facilities and library bonds due in annual installments of \$1,600,000 to \$2,800,000 through November 1, 2017 at 5.0 to 6.5% interest	24,500,000
\$26,210,000 1999 Series B school facilities bonds due in annual installments of \$1,140,000 to \$1,990,000 through April 1, 2019 at 4.25 to 6.25% interest	18,610,000
\$9,000,000 2000 Series C school facilities bonds due in annual installments of \$355,000 to \$710,000 through December 1, 2020 at 4.5 to 7.5% interest	7,315,000
\$9,050,000 2001 Series D school facilities bonds due in annual installments of \$355,000 to \$695,000 through February 1, 2021 at 4.125 to 7.125% interest	7,165,000
\$14,000,000 2002 Series E school facilities bonds due in annual installments of \$500,000 to \$1,085,000 through August 1, 2022 at 4.0 to 4.8% interest	12,165,000
\$13,500,000 2003 Series F school facilities bonds due in annual installments of \$500,000 to \$1,075,000 through October 1, 2022 at 3.75 to 4.75% interest	12,055,000
\$14,164,000 2004 Series G school facilities bonds due in annual installments of \$550,000 to \$1,005,000 through October 1, 2023 at 3.125 to 4.250% interest	12,545,000
\$13,750,000 2005 Series H school facilities bonds due in annual installments of \$515,000 to \$985,000 through October 1, 2024 at 3.500 to 4.375% interest	12,820,000
\$9,750,000 2006 Series I school facilities bonds due in annual installments of \$220,000 to \$735,000 through November 1, 2025 at 4.25 to 4.30% interest	9,530,000
\$12,000,000 2007 Series J school facilities bonds due in annual installments of \$290,000 to \$880,000 through November 1, 2026 at 4.00 to 4.50% interest	12,000,000
\$10,460,000 2007 Series K refunding bonds due in annual installments of \$745,000 to \$1,320,000 through November 1, 2016 at 4.00% interest	10,460,000
	\$142,200,000

**FAIRBANKS NORTH STAR BOROUGH**

**Notes to Financial Statements (continued)  
June 30, 2007**

**11. LONG-TERM LIABILITIES (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
2008	\$10,165,000	\$6,416,838
2009	7,655,000	5,711,126
2010	7,995,000	5,349,001
2011	8,355,000	4,977,639
2012	8,740,000	4,607,708
2013-2017	50,235,000	16,829,516
2018-2022	35,325,000	6,559,666
2023-2027	13,730,000	1,033,856
Total	<u>\$142,200,000</u>	<u>\$51,485,350</u>

**B. SOLID WASTE DISPOSAL ENTERPRISE FUND**

The long-term debt in the solid waste disposal enterprise fund at June 30, 2007 is as follows:

Loan payable	\$6,172,203
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\$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. Interest accrual of 2.5 percent commenced one year from the date of the first loan drawdown, in May 1999. Interest was reduced to 1.5 percent on the balances outstanding as of April 28, 2005. Repayment is due in annual installments beginning one year after substantial completion and initiation of operations for each cell. Substantial completion and initiation of operations for cell 1 occurred December 31, 2001; the initial repayment for cell 1 was due January 1, 2003. Cell 2 is substantially complete and operations were initiated in September 2006.

Although one loan agreement governs drawdowns for both cell 1 and cell 2, repayment terms are separately negotiated and are different for each cell. The repayment terms for cell 1 were negotiated and finalized in fiscal year 2003 to include increasing principal payments. The repayment terms for cell 2 were initiated and finalized during fiscal year 2005-06 to include five equal annual payments.

**FAIRBANKS NORTH STAR BOROUGH**

**Notes to Financial Statements (continued)  
June 30, 2007**

**11. LONG-TERM LIABILITIES (continued)**

**B. SOLID WASTE DISPOSAL ENTERPRISE FUND (continued)**

The annual requirements for the loan are as follows:

Year Ending <u>June 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$1,197,754	\$92,841
2009	1,215,978	74,617
2010	1,234,218	56,377
2011	1,252,731	37,864
2012	<u>1,271,522</u>	<u>19,073</u>
Total	<u>\$6,172,203</u>	<u>\$280,771</u>

**C. SCHOOL DISTRICT COMPONENT UNIT**

The School District has \$2,991,939 in liabilities for compensated absences at June 30, 2007. The current portion of this balance is \$2,787,173.

**D. CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds payable:					
General obligation bonds	\$139,430,000	\$22,460,000	(\$19,690,000)	\$142,200,000	\$10,165,000
Plus deferred amounts:					
For issuance premiums	620,407	207,567	(65,391)	762,583	
Capital leases	1,478,140	103,330	(412,820)	1,168,650	385,555
Self-insurance losses	590,613	5,544,983	(5,386,558)	749,037	656,092
Accrued compensated absences	<u>1,550,352</u>	<u>2,269,649</u>	<u>(2,126,916)</u>	<u>1,693,084</u>	<u>1,352,934</u>
Governmental activity Long-term liabilities	<u>\$143,669,512</u>	<u>\$30,585,529</u>	<u>(\$27,681,685)</u>	<u>\$146,573,354</u>	<u>\$12,559,581</u>

**FAIRBANKS NORTH STAR BOROUGH**

**Notes to Financial Statements (continued)**  
**June 30, 2007**

**11. LONG-TERM LIABILITIES (continued)**

**D. CHANGES IN LONG-TERM LIABILITIES (continued)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type Activities:</b>					
Loans payable	\$ 5,865,425	\$ 306,778	\$	\$ 6,172,203	\$1,197,754
Landfill closure and postclosure care	13,997,470	1,644,877		15,642,347	
Capital leases	16,261		(16,261)		
Self-insurance losses	328,392	109,046	(231,146)	206,292	87,972
Accrued compensated absences	<u>293,049</u>	<u>502,292</u>	<u>(496,085)</u>	<u>299,256</u>	<u>255,718</u>
Business-type activity					
Long-term liabilities	<u>\$20,500,597</u>	<u>\$ 2,562,993</u>	<u>(\$743,492)</u>	<u>\$22,320,098</u>	<u>\$1,541,444</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, \$1,168,650 for capital leases were included in the above amounts. Also, for the governmental activities, self-insurance losses, accrued compensated absences and net pension obligation are generally liquidated by the general fund.

**12. MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

State and federal laws and regulations require the Borough to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. Landfill closure and postclosure care costs, and their related liability, are recognized in the solid waste disposal enterprise fund and are based on the amount of landfill capacity used during the year. As of June 30, 2007, the estimated liability for landfill closure and postclosure care costs was \$15,642,347, which was based on 70.38 percent of the landfill used (filled) to date. It is estimated an additional \$6,583,868 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 (2015). The estimated total cost for future landfill closure and postclosure care (\$22,226,215) 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, 2007. 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, 2007.

While not required by state or federal laws and regulations, the Borough Assembly established a landfill closure reserve fund account in 1994. Beginning in fiscal year 1994-95 and continuing through fiscal year 2005-06, \$440,000 has been contributed annually. In fiscal year 2006-07 \$500,000 was contributed to this account. The landfill closure reserve is accounted for as a separate cost center within the solid waste disposal enterprise fund

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)  
June 30, 2007

12. MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (continued)

and has a balance of \$6,240,478 in central treasury cash at June 30, 2007. Additional yearly contributions are anticipated. It is also anticipated that future inflation costs will be financed in part from earnings on these contributions. The remaining portion of anticipated future inflation costs and additional costs that might arise from changes in postclosure care requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

13. COMMITMENTS

The Borough's capital improvement and other multi-year programs in effect at June 30, 2007 contain authorizations for hundreds of projects in five active capital projects funds and four enterprise funds.

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

The Borough has hundreds of commitments for architectural, engineering, and construction services under various continuing contracts that are recorded as encumbrances. Funding sources for the capital improvement and other programs include general obligation bonds, state revenues, federal revenues, contributions from the general and special revenue operating funds, and net assets of the enterprise funds.

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

The unreserved, designated fund balance as reported in nonmajor special revenue funds on the Borough's Governmental Funds Balance Sheet consists of the following:

	<u>Nonmajor Special Revenue</u>
Designated for subsequent year's expenditures	\$ 377,860
Designated for capital replacement and repairs	1,397,790
Designated for library endowment	<u>7,380,892</u>
Reported in special revenue funds	<u>\$9,156,542</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 \$24,644,976, a decrease of \$2,414,224 from the prior year. Of the total combined ending fund balance, \$1,816,662 is reserved for encumbrances, \$667,141 is reserved for inventories, \$25,179 is reserved for prepayments, and \$10,562,000 is reserved impact aid funding received in advance for fiscal year 2007-08. The remaining \$11,573,994 of fund balance is unreserved.

## FAIRBANKS NORTH STAR BOROUGH

### Notes to Financial Statements (continued) June 30, 2007

#### 15. LIBRARY SPECIAL REVENUE FUND

The Fairbanks North Star Borough Public Library was a 15 percent beneficiary of two trusts. One of the trusts was dissolved in March 2000. The remaining trust provided that, for a period of 15 years beginning September 10, 1987, income after administrative expenses would be distributed. From the 15<sup>th</sup> year after September 10, 1987, income and principal may be distributed to the beneficiaries. The trust mandated that distribution in full be completed no later than September 10, 2005 (18 years later). In September 2005 the beneficiaries agreed that the remaining assets of the Bentley Family Trust should be transferred to a new trust called the Bentley Beneficiaries Trust. The new trust was formed so the remaining assets can continue to be managed and sold and the proceeds distributed. The Fairbanks North Star Borough Public Library retains a 15 percent beneficial interest in the trust. Income received from both trusts is recorded as donations in the library special revenue fund and \$8,560,542 had been received as of June 30, 2007. The Library's share of the carrying value and market value of the remaining trust's net assets yet to be distributed to the Borough was \$838,339 and \$2,936,850, respectively, at June 30, 2007, as reported by the trust's trustee.

#### 16. RISK MANAGEMENT

The Borough and its component unit, the School District, are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to, and illnesses of, employees and their dependents; and natural disasters. The Borough's risk management program includes both the Borough and the School District. The program employs various combinations of insurance policies provided by commercial carriers, and self-insured retention amounts, depending upon the type of risk. Commercial insurance with zero or small deductibles is secured for the following coverages: auto and general liability, property, and workers' compensation for fire service areas; general liability for road and streetlight service areas; physical damage to Borough vehicles; employee life insurance; and employee fidelity bonds. The program self-insures some portion of the following risk exposures: employee and dependent medical, auto and general liability, workers' compensation, errors and omissions/public officials, property, and employment practices. Commercial insurance has also been obtained for excess coverage above self-retention limits for all risk exposures except environmental. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

In addition, the Borough has designated fund balance in the amount of \$1,500,000 to provide resources for catastrophic losses up to self-retention limits and for contractual indemnification purposes, as well as to demonstrate financial responsibility to insurance carriers of excess coverage. The adequacy of this designated amount is re-evaluated periodically.

Furthermore, in conjunction with employee union contracts and in accordance with Assembly ordinance, the Borough instituted a health care contingency reserve (HCCR) in September 1997. The purpose of the HCCR is to smooth employee healthcare benefit costs over time. Contributions from employee payroll deductions of \$10 per pay period, along with an equal match from the Borough and interest earnings, are deposited into the HCCR. When annual actual costs are less than budgeted costs, the savings are deposited into the HCCR. Withdrawals are made when healthcare costs exceed 105 percent of budgeted costs, for the amount that exceeds the 105 percent. The contracts also outline provisions for capping the balance, above which no savings are deposited. The cap at June 30, 2007 was \$1,897,320. The undesignated fund balance of the HCCR at June 30, 2007 is \$2,389,879.

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)  
June 30, 2007

16. RISK MANAGEMENT (continued)

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 2007 and 2006 follow:

	2006-07 Accrued Self- <u>Insurance Losses</u>	2005-06 Accrued Self- <u>Insurance Losses</u>
<u>Borough</u>		
July 1	\$919,004	\$848,009
Current year claims and changes in estimates	5,654,029	5,137,676
Claims payments	<u>(5,617,704)</u>	<u>(5,066,681)</u>
June 30	<u>\$955,328</u>	<u>\$919,004</u>
	2006-07 Accrued Self- <u>Insurance Losses</u>	2005-06 Accrued Self- <u>Insurance Losses</u>
<u>School District</u>		
July 1	\$3,669,781	\$4,309,771
Current year claims and changes in estimates	21,707,640	22,795,622
Claims payments	<u>(21,420,401)</u>	<u>(23,435,611)</u>
June 30	<u>\$3,957,021</u>	<u>\$3,669,781</u>

17. RETIREMENT PLANS

As of June 30, 2007, substantially all employees of the Borough and of the School District component unit are either members of the Alaska Public Employees' Retirement System (PERS) or the Alaska Teachers' Retirement System (TRS). Stand-alone financial statements for either plan can be obtained by writing to the Alaska Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska 99811-0203, or by calling (907) 465-4460. The financial statements are also available on the web at

## FAIRBANKS NORTH STAR BOROUGH

### Notes to Financial Statements (continued) June 30, 2007

#### 17. RETIREMENT PLANS (continued)

www.state.ak.us/drb. Effective July 1, 1993, the Borough and the School District participate in the PERS under separate agreements. Prior to that date, they participated under a joint agreement.

#### A. ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

##### Plan description

The Alaska Public Employees' Retirement System (PERS) was established and is administered by the State of Alaska (State) to provide pension, postemployment healthcare, death, and disability benefits to eligible employees. Tiers I, II and III are a defined benefit, agent, multiple-employer public employee retirement plan. Effective July 1, 2006, the State Legislature closed the defined benefit plan to new members and created PERS Tier IV as a defined contribution retirement plan with a component of defined benefit postemployment healthcare.

Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. Local government participation in PERS is optional. Employee participation in the PERS is mandatory for permanent employees scheduled to work at least 20 hours a week. There is no optional participation for other employees.

##### Funding policy

###### Defined Benefit Plan (Tiers I, II and III)

Employee contribution rates for the defined benefit plan are 6.75 percent of eligible compensation (firefighters contribute 7.50 percent). Employee contributions are deducted before federal income tax is withheld. The PERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the funds necessary to meet all expected future obligations to pay both pension and postemployment healthcare benefits to participants when due. However, State regulation limits the maximum change in the employer's contribution rate from one year to the next, whether an increase or a decrease, to no more than five percentage points. (This regulation was repealed July 20, 2006, after the fiscal year 2007 rates were set.)

The Borough's actuarially determined total rate for fiscal year 2007 was 22.24 percent (13.04 percent for pension, 9.20 percent for postemployment healthcare), an increase of 0.69 percentage points from fiscal year 2006. The Borough's mandatory rate, as limited, was 20.93 percent (12.57 percent for pension, 8.66 percent for postemployment healthcare). The School District's actuarially determined total rate for fiscal year 2007 was 25.74 percent (15.10 percent for pension, 10.64 percent for postemployment healthcare). The School District's mandatory rate for 2007, as limited, was 20.91 percent (12.26 percent for pension, 8.65 percent for postemployment healthcare.)

###### Defined Contribution Plan (Tier IV)

Employees first enrolling in PERS on or after July 1, 2006, are members of the defined contribution plan and are required to contribute 8.00 percent of their compensation, which is deducted before federal income tax is withheld. Employees may make additional contributions into the plan under an irrevocable election and subject to limitations.

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)  
June 30, 2007

17. RETIREMENT PLANS (continued)

A. ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

Funding policy (continued)

Fiscal year 2007 employer contribution rates, based on compensation, are as follows: 5.00 percent to each member's individual pension account, 1.75 percent into the retiree medical plan, and 0.30 percent for death and disability benefits (0.40 percent for firefighters). In addition, employers must contribute a flat dollar amount per employee, based on 3.00 percent of the employer's average annual employee compensation, into the employee's health reimbursement arrangement account (HRA). The flat dollar amount for fiscal year 2007 was \$60.35 per pay period for all full-time employees and \$1.01 per hour for all part-time employees. During the year ended June 30, 2007, Borough contributions to the plan were \$75,897 and employee contributions were \$53,802. School District contributions to the plan for the fiscal year 2007 were \$164,835 and \$104,911 were contributed by School District employees.

Annual pension cost and net pension obligation

Actuarial Valuation

Actuarial valuations are generally performed annually, as of June 30 of each year. The actuarial methods and significant actuarial assumptions used to determine annual required contributions (ARC) for pension and postemployment healthcare for fiscal year 2007 were those listed in the actuarial valuation as of June 30, 2004.

*Valuation of Liabilities* - The actuarial cost method used for computing liabilities and contributions is the projected unit credit method of funding. The initial unfunded accrued liability and future gains or losses are amortized over a 25-year fixed (closed) period, level percentage of pay. Significant actuarial assumptions are as follows:

Investment return	8.25%
Projected salary increases:	
Inflation	3.50%
Productivity and merit	2.00%
Total inflation rate	3.50%
Health cost trend - ultimate rate	5.00%

*Valuation of Assets* - Effective June 30, 2002, the asset valuation method was changed. All prior losses were immediately recognized and the corridor adjustments were eliminated. Investment gains and losses are now recognized 20 percent per year over five years, phased in through June 30, 2007. All assets are valued at market value. Valuation assets cannot be outside a range of 80 percent to 120 percent of the market value of assets.

**FAIRBANKS NORTH STAR BOROUGH**

**Notes to Financial Statements (continued)  
June 30, 2007**

**17. RETIREMENT PLANS (continued)**

**A. ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)**

**Annual pension cost and net pension obligation (continued)**

*Annual Pension Cost and Net Pension Obligation*

Through fiscal year 2004, both the Borough and the School District had net pension assets as a result of past years' contributions in excess of the annual required contributions. These excess contributions were made while, and immediately after, the two entities participated in the PERS under a joint agreement. As noted earlier, the Borough and the School District have participated in the PERS under separate agreements since July 1, 1993.

Beginning in fiscal year 2005 (actuarial valuation year 2002), the average employer contribution rate increased 18.14 percentage points due to: changing the asset valuation method (immediately recognizing deferred losses from 2001 and 2002, and eliminating the corridor adjustments), increasing the health cost trend assumptions, resetting the assumed medical premium to equal the actual fiscal year 2003 premium, and changing the actuarial cost (funding) method. As noted earlier, however, each employer's increase was capped at 5.00 percentage points, resulting in annual required contributions in excess of actual contributions made, and a net pension obligation.

The components of the Borough's and School District's annual pension cost and net pension obligation for the year ended June 30, 2007 were as follows:

	<u>Pension</u>	<u>Postemployment Healthcare</u>	<u>Total</u>
<u>Borough</u>			
Annual required contribution	\$2,551,308	\$1,798,998	\$4,350,306
Interest on net pension obligation	99,416	70,101	169,517
Adjustment to annual required contribution	<u>77,333</u>	<u>54,529</u>	<u>131,862</u>
Annual pension cost	2,728,057	1,923,628	4,651,685
Contributions made	<u>2,365,239</u>	<u>1,667,795</u>	<u>4,033,035</u>
Increase in net pension obligation	362,818	255,833	618,650
Net pension obligation, beginning of year	<u>1,132,108</u>	<u>922,655</u>	<u>2,054,762</u>
Net pension obligation, end of year	<u>\$1,494,925</u>	<u>\$1,178,487</u>	<u>\$2,673,413</u>
	<u>Pension</u>	<u>Postemployment Healthcare</u>	<u>Total</u>
<u>School District</u>			
Annual required contribution	\$3,905,077	\$2,753,544	\$6,658,621
Interest on net pension obligation	192,481	135,722	328,203
Adjustment to annual required contribution	<u>(149,704)</u>	<u>(105,558)</u>	<u>(255,262)</u>
Annual pension cost	3,947,854	2,783,708	6,731,562
Contributions made	<u>3,172,228</u>	<u>2,236,798</u>	<u>5,409,026</u>
Increase in net pension obligation	775,626	546,910	1,322,536
Net pension obligation, beginning of year	<u>2,328,435</u>	<u>1,649,786</u>	<u>3,978,221</u>
Net pension obligation, end of year	<u>\$3,104,061</u>	<u>\$2,196,696</u>	<u>\$5,300,757</u>

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)  
June 30, 2007

17. RETIREMENT PLANS (continued)

A. ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

Annual pension cost and net pension obligation (continued)

Three-Year Trend Information

Annual pension cost (APC), percentage of APC contributed, and net pension obligation information as of June 30, 2005, 2006, and 2007 were as follows:

	Fiscal Year Ended <u>June 30</u>	Annual Pension Cost (APC) <u>Cost (APC)</u>	Percentage of APC Contributed <u>Contributed</u>	Net Pension Obligation <u>Obligation</u>
<u>Borough</u>				
Pension benefits	2005	\$2,434,718	49%	\$ 418,795
	2006	2,426,146	71	1,132,108
	2007	2,728,057	87	1,494,925
Postemployment healthcare benefits	2005	\$1,479,300	49%	\$ 445,896
	2006	1,621,569	71	922,655
	2007	1,923,628	87	1,178,487
<u>School District</u>				
Pension benefits	2005	\$3,511,911	48%	\$1,127,148
	2006	3,730,311	68	2,328,435
	2007	3,947,854	80	3,104,061
Postemployment healthcare benefits	2005	\$2,133,756	48%	\$ 846,895
	2006	2,493,184	68	1,649,786
	2007	2,783,708	80	2,196,696

**Funding status**

A schedule of funding progress for the most recent actuarial valuations is included in this report as required supplementary information, which follows these notes to financial statements.

B. ALASKA TEACHERS' RETIREMENT SYSTEM

**Plan description**

The Alaska Teachers' Retirement System (TRS) was established and is administered by the State of Alaska (State) to provide pension, postemployment healthcare, death, and disability benefits to eligible employees. Tiers I and II are a defined benefit, cost-sharing, multiple-employer plan. Effective July 1, 2006, the State Legislature closed the defined benefit plan to new members and created TRS Tier III as a defined contribution retirement plan with a component of defined benefit postemployment healthcare.

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)  
June 30, 2007

17. RETIREMENT PLANS (continued)

B. ALASKA TEACHERS' RETIREMENT SYSTEM (continued)

Plan description (continued)

Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. Local government participation in TRS is optional. Employee participation in the TRS is compulsory for each certified employee scheduled to work at least 17.5 hours a week in positions that require teaching certificates as a condition of employment.

Funding policy

Defined Benefit Plan (Tiers I and II)

Employee contribution rates for the defined benefit plan are 8.65 percent of eligible compensation. Employee contributions are deducted before federal income tax is withheld. The TRS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the funds necessary to meet all expected future obligations to pay both pension and postemployment healthcare benefits to participants when due. As with the PERS, however, State regulation limits the maximum change in the contribution rate from one year to the next, whether an increase or a decrease, to no more than five percentage points. (As noted earlier, this regulation was repealed effective July 20, 2006, after the fiscal year 2007 rates were set.)

For fiscal year 2007, the actuarially determined employer contribution rate was 41.78 percent. The mandatory rate, as limited, was 26.00 percent. The amounts contributed to TRS by the School District during the years ended June 30, 2007, 2006, and 2005 were \$15,402,736, \$12,716,069 and \$9,331,781, respectively, equal to the mandatory employer contributions for each year.

Defined Contribution Plan (Tier III)

Employees first enrolling in TRS on or after July 1, 2006, are members of the defined contribution plan and are required to contribute 8.00 percent of their compensation, which is deducted before federal income tax is withheld. Employees may make additional contributions into the plan under an irrevocable election and subject to limitations.

Fiscal year 2007 employer contribution rates, based on compensation, are as follows: 7.00 percent to each member's individual pension account, 1.75 percent into the retiree medical plan, and 0.00 percent for death and disability benefits, as no funding source was provided for death and disability benefits. (This was rectified for fiscal year 2008.) In addition, employers must contribute a flat dollar amount per employee, based on 3.00 percent of the employer's average annual employee compensation, into the employee's health reimbursement arrangement account (HRA). During the year ended June 30, 2007, School District contributions to the plan were \$228,167 and employee contributions were \$150,536.

The funding ratio as of June 30, 2006 (the most recent actuarial valuation), for the TRS as a whole was 57.3 percent.

**FAIRBANKS NORTH STAR BOROUGH**

**Notes to Financial Statements (continued)  
June 30, 2007**

**18. CONTINGENCIES**

**A. LITIGATION**

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

Advance tax payments at June 30, 2007, for fiscal year 2008, include amounts which have been paid in protest by Alyeska Pipeline Service Company due to the assessed valuation of the Trans-Alaska Pipeline System (TAPS) and related properties. Fiscal year 2007 taxes were also paid under protest. The Alaska Department of Revenue is responsible for the valuation. The Department's valuation was appealed by the pipeline owners as being too high and by certain affected municipalities, including the Borough, as being too low. The State Assessment Review Board heard the appeals and sided with the municipalities when establishing the valuation. The owners have appealed the Board's decision to the courts, and certain municipalities, including the Borough, have cross-appealed.

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.

**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; but, in the Borough's opinion, any such disallowances would be immaterial.

## **REQUIRED SUPPLEMENTARY INFORMATION (RSI)**

Schedule of PERS Funding Progress

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**FAIRBANKS NORTH STAR BOROUGH**

**Required Supplementary Information  
Schedule of PERS Funding Progress  
Pension and Postemployment Healthcare Benefits  
June 30, 2007**

(In 000's)

	Actuarial Valuation year ended <u>June 30</u>	Actuarial Value of Plan <u>Assets</u>	Actuarial Accrued Liability (AAL) – Projected <u>Unit Credit</u>	Excess (Deficiency) of Plan Assets <u>over AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	Excess (Deficiency) as a Percentage of Covered <u>Payroll</u>
<u>Borough</u>							
Pension benefits	2004	\$51,039	\$64,406	(\$13,367)	79%	\$16,522	(81%)
	2005	49,435	65,124	(15,689)	76	17,972	(87)
	2006	73,477	78,934	(5,457)	93	19,097	(29)
Postemployment healthcare benefits	2004	\$35,989	\$45,414	(\$9,425)	79%	\$16,522	(57%)
	2005	46,659	61,466	(14,807)	76	17,972	(82)
	2006	31,450	68,035	(36,585)	46	19,097	(192)
Totals	2004	\$87,028	\$109,820	(\$22,792)	79%	\$16,522	(138%)
	2005	96,094	126,590	(30,496)	76	17,972	(170)
	2006	104,927	146,969	(42,042)	71	19,097	(220)
<u>School District</u>							
Pension benefits	2004	\$68,199	\$95,642	(\$27,443)	71%	\$24,096	(114%)
	2005	60,310	91,831	(31,521)	66	27,423	(115)
	2006	93,422	106,147	(12,725)	88	28,872	(44)
Postemployment healthcare benefits	2004	\$48,088	\$67,439	(\$19,351)	71%	\$24,096	(80%)
	2005	66,898	101,862	(34,964)	66	27,423	(128)
	2006	39,987	109,519	(69,532)	37	28,872	(241)
Totals	2004	\$116,287	\$163,081	(\$46,794)	71%	\$24,096	(194%)
	2005	127,208	193,693	(66,485)	66	27,423	(242)
	2006	133,409	215,666	(82,257)	62	28,872	(285)

June 30, 2006:

Subsequent to engaging the services of a new actuary and the completion of an actuarial experience study for the period July 1, 2001 to June 30, 2005, numerous changes were made to the actuarial methods and assumptions:

- the actuarial cost method was changed from Projected Unit Credit to Entry Age Actuarial Cost;
- the methodology for the valuation for medical benefits was greatly revised from the prior valuation; and
- actuarial assumptions for salary scale, payroll growth, preretirement mortality, turnover, disability, retirement, marital status and age difference, dependent children, contribution refunds, COLA, part-time status, and occupational death and disability were updated.

June 30, 2005:

- revaluation of plan liabilities as of June 30, 2004 was done by the new actuary;
- the new actuary made corrections to the calculation for valuing healthcare benefits and to include certain healthcare benefits of the plan not previously recognized; and
- in July 2005, a law was enacted that closed the PERS defined benefit plan effective June 30, 2006; no new entrants to the Tiers I, II, III defined benefit plan were projected on or after July 1, 2006.

June 30, 2002:

- the asset valuation method was changed; all prior losses were immediately recognized and the corridor adjustments were eliminated; future investment gains and losses are to be recognized 20% per year over five years, phased in over five years (through fiscal year 2007).

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## **GOVERNMENTAL FUNDS**

Combining Statements

General Fund

Special Revenue Funds

Debt Service Fund

Capital Projects Funds

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FAIRBANKS NORTH STAR BOROUGH

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2007

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>			
Equity in central treasury cash	\$21,022,883	\$832,278	\$21,855,161
Taxes receivable	131,059		131,059
Accounts receivable (net of allowance for uncollectibles - \$52,271)	472,448		472,448
Due from governmental agencies	434,543	5,325	439,868
Assets total	<u>\$22,060,934</u>	<u>\$837,602</u>	<u>\$22,898,536</u>
<b>Liabilities and Fund Balances (Deficit)</b>			
Liabilities			
Accounts payable	\$607,532	\$	\$607,532
Interfund payable	353,397	4,746	358,143
Due to School District	7,958	273	8,231
Deposits from others	9,513		9,513
Deferred revenues	164,586		164,586
Unearned revenues	1,442,308	1,260	1,443,567
Liabilities total	<u>2,585,293</u>	<u>6,278</u>	<u>2,591,572</u>
Fund balances (deficit)			
Reserved			
Reserved for encumbrances	1,504,189	21,914	1,526,104
Unreserved			
Designated for subsequent year's expenditures	377,860		377,860
Designated for capital replacement and repairs	1,397,790		1,397,790
Designated for library endowment	7,380,892		7,380,892
Undesignated	8,814,909	809,410	9,624,319
Fund balances (deficit) total	<u>19,475,640</u>	<u>831,324</u>	<u>20,306,965</u>
Liabilities and fund balances (deficit) total	<u>\$22,060,934</u>	<u>\$837,602</u>	<u>\$22,898,536</u>

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2007

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
	<hr/>	<hr/>	<hr/>
Revenues			
Taxes	\$6,183,183	\$	\$6,183,183
Intergovernmental revenues	3,648,217	966,229	4,614,447
Charges for services	1,510,123		1,510,123
Other revenues	1,797,430		1,797,430
Revenues total	<hr/> 13,138,953	<hr/> 966,229	<hr/> 14,105,182
Expenditures			
Current			
General government	3,585,204	6,770	3,591,974
Community planning	253,580		253,580
Public works	4,320,676	67,840	4,388,515
Parks and recreation	232,870	6,085	238,954
Library	166,596		166,596
Education	8,900	4,575	13,475
Emergency operations	3,305,593		3,305,593
Fire service areas	78		78
Capital outlay	483,406	398,734	882,140
Expenditures total	<hr/> 12,356,902	<hr/> 484,003	<hr/> 12,840,905
Excess (deficiency) of revenues over expenditures	782,051	482,226	1,264,277
Other financing sources (uses)			
Transfers in	3,644,659	20,000	3,664,659
Transfers out	(1,690,292)		(1,690,292)
Other financing sources (uses) total	<hr/> 1,954,367	<hr/> 20,000	<hr/> 1,974,367
Net change in fund balances	2,736,418	502,226	3,238,644
Fund balances (deficit), beginning	16,739,222	329,098	17,068,321
Fund balances (deficit), ending	<hr/> <hr/> \$19,475,640	<hr/> <hr/> \$831,324	<hr/> <hr/> \$20,306,965

**FAIRBANKS NORTH STAR BOROUGH**

**General Fund**

**Comparative Balance Sheet  
June 30, 2007 and 2006**

	2007	2006
<b>Assets</b>		
Equity in central treasury cash	\$29,892,638	\$20,209,282
Taxes receivable (net of allowance for uncollectibles 2007 - \$281,704; 2006 - \$143,389)	2,378,449	2,446,764
Accounts receivable (net of allowance for uncollectibles 2007 - \$25,638; 2006 - \$11,915)	65,563	49,507
Accrued interest receivable	269,838	399,510
Interfund receivable	852,600	2,297,550
Due from governmental agencies	116,638	508,274
Other assets	1,450,975	2,361,817
Assets total	\$35,026,702	\$28,272,703
<b>Liabilities and Fund Balance (Deficit)</b>		
Liabilities		
Accounts payable	\$613,005	\$590,932
Wages and payroll taxes	944,033	692,207
Accrued self-insurance losses	749,036	590,613
Due to School District	880	
Deposits from others	273,119	159,241
Deferred revenues	1,695,081	1,804,718
Advance tax payments	5,170,081	5,697,691
Liabilities total	9,445,235	9,535,402
Fund balance (deficit)		
Reserved		
Reserved for encumbrances	401,549	223,860
Reserved for deposit	1,345,000	2,221,672
Unreserved		
Designated for unrealized gains	281,029	
Designated for compensated absences	1,662,378	1,534,592
Designated for tax or retirement system relief	523,033	
Designated for pipeline assessment	392,000	
Designated for subsequent year's expenditures	2,413,373	1,000,000
Designated for self-insurance losses	1,500,000	1,500,000
Undesignated	17,063,104	12,257,177
Fund balance (deficit) total	25,581,467	18,737,301
Liabilities and fund balance (deficit) total	\$35,026,702	\$28,272,703

FAIRBANKS NORTH STAR BOROUGH

General Fund

Comparative Statement of Revenues, Expenditures  
and Changes in Fund Balance  
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues		
Taxes		
Property tax	\$74,411,835	\$69,344,073
Hotel-motel and sales taxes	1,691,757	1,552,897
Alcoholic beverage tax	1,319,505	1,222,016
Tobacco excise tax	993,304	1,016,190
Interest and penalties on taxes	703,157	611,746
Taxes total	<u>79,119,557</u>	<u>73,746,922</u>
Intergovernmental revenues		
State of Alaska		
Aid for school construction	10,413,595	12,076,610
Retirement system funding	690,509	601,036
Other shared revenue and assistance	2,609,557	332,412
Grants	50,000	55,270
Federal government		
Payment in lieu of taxes	606,732	610,901
Intergovernmental revenues total	<u>14,370,392</u>	<u>13,676,229</u>
Charges for services	<u>1,325,144</u>	<u>1,314,225</u>
Other revenues		
Investment income, including net unrealized investment gains/losses	5,061,281	3,460,812
Indirect charges to grants	240,659	357,020
Various	190,035	55,805
Other revenues total	<u>5,491,974</u>	<u>3,873,637</u>
Revenues total	<u>100,307,068</u>	<u>92,611,013</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund

Comparative Statement of Revenues, Expenditures  
and Changes in Fund Balance  
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Expenditures		
Current		
General government		
Non-departmental	\$151,562	\$238,673
Mayor	852,422	774,415
Assembly	1,327,791	1,205,972
Legal	610,101	545,101
Computer services	1,782,551	1,571,175
Financial services	1,898,095	1,755,489
Assessing	2,239,481	2,125,885
General services	898,102	895,460
Human resources	1,838,163	1,710,550
General government total	<u>11,598,270</u>	<u>10,822,721</u>
Community planning	<u>1,714,293</u>	<u>1,529,291</u>
Public works	<u>3,962,569</u>	<u>3,686,299</u>
Parks and recreation	<u>5,623,455</u>	<u>5,156,001</u>
Library	<u>4,207,605</u>	<u>3,733,846</u>
Education	<u>40,022,700</u>	<u>38,022,700</u>
Emergency operations	<u>1,706,389</u>	<u>1,524,988</u>
Capital outlay	<u>350,658</u>	<u>363,635</u>
Expenditures total	<u>69,185,940</u>	<u>64,839,481</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund

Comparative Statement of Revenues, Expenditures  
and Changes in Fund Balance  
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Excess (deficiency) of revenues over expenditures	\$31,121,128	\$27,771,532
Other financing sources (uses)		
Transfers in		
Special revenue funds	41,863	
Enterprise funds		150,000
Transfers out		
Special revenue funds	(1,883,947)	(2,592,119)
Debt service fund	(15,748,920)	(17,136,440)
Capital projects funds	(1,876,694)	(3,463,413)
Enterprise funds	<u>(4,809,266)</u>	<u>(4,116,204)</u>
Other financing sources (uses) total	(24,276,963)	(27,158,176)
Net change in fund balances	6,844,165	613,356
Fund balance, beginning	<u>18,737,301</u>	<u>18,123,945</u>
Fund balance, ending	<u><u>\$25,581,467</u></u>	<u><u>\$18,737,301</u></u>

## 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** - 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 Public Library from two trusts and one successor 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, 2007

	State Grants	Federal Pass-Through Grants	Federal Grants	Local Programs
<b>Assets</b>				
Equity in central treasury cash	\$1,234,756	\$19,272	\$1,472,940	\$6,413,469
Taxes receivable				
Accounts receivable (net of allowance for uncollectibles - \$52,271)				
Due from governmental agencies	33,871	379,305	21,367	
Assets total	<u>\$1,268,627</u>	<u>\$398,577</u>	<u>\$1,494,307</u>	<u>\$6,413,469</u>
<b>Liabilities and Fund Balances (Deficit)</b>				
Liabilities				
Accounts payable	\$28,382	\$65,040	\$53,966	\$35,805
Interfund payable	18,848	305,510	18,194	10,845
Due to School District		7,958		
Deposits from others				9,513
Deferred revenues				
Unearned revenues	780	19,381	1,422,147	
Liabilities total	<u>48,010</u>	<u>397,889</u>	<u>1,494,307</u>	<u>56,163</u>
Fund balances (deficit)				
Reserved				
Reserved for encumbrances	23,279	60,268	218,026	1,117,356
Unreserved				
Designated for subsequent year's expenditures				
Designated for capital replacements and repairs				
Designated for library endowment				
Undesignated	1,197,338	(59,580)	(218,026)	5,239,951
Fund balances (deficit) total	<u>1,220,617</u>	<u>688</u>	<u></u>	<u>6,357,307</u>
Liabilities and fund balances (deficit) total	<u>\$1,268,627</u>	<u>\$398,577</u>	<u>\$1,494,307</u>	<u>\$6,413,469</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>
\$1,568,434	\$694,419 34,258	\$2,068,643 96,801	\$7,550,950	\$21,022,883 131,059
183,341	289,108			472,448 434,543
<u>\$1,751,775</u>	<u>\$1,017,785</u>	<u>\$2,165,444</u>	<u>\$7,550,950</u>	<u>\$22,060,934</u>
\$167,900	\$27,859	\$228,580	\$	\$607,532 353,397 7,958 9,513
45,444	31,120	88,022		164,586 1,442,308
<u>213,344</u>	<u>58,979</u>	<u>316,602</u>		<u>2,585,293</u>
	85,261			1,504,189
115,640	118,010	144,210		377,860
1,397,790				1,397,790
25,000	755,536	1,704,632	7,380,892 170,058	7,380,892 8,814,909
<u>1,538,430</u>	<u>958,807</u>	<u>1,848,842</u>	<u>7,550,950</u>	<u>19,475,640</u>
<u>\$1,751,775</u>	<u>\$1,017,785</u>	<u>\$2,165,444</u>	<u>\$7,550,950</u>	<u>\$22,060,934</u>

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2007

	State Grants	Federal Pass-Through Grants	Federal Grants	Local Programs
Revenues				
Taxes	\$	\$	\$	\$
Intergovernmental revenues	1,641,765	1,388,666	612,257	
Charges for services				
Other revenues			(525)	386,212
Revenues total	<u>1,641,765</u>	<u>1,388,666</u>	<u>611,732</u>	<u>386,212</u>
Expenditures				
Current				
General government	544,594	569,655	134,071	2,240,920
Community planning		126,664	52,864	74,052
Public works				47,609
Parks and recreation	13,696			219,174
Library	10,706	136,274		19,615
Education				8,900
Emergency operations	38,790	505,011	313,235	2,961
Fire service areas				78
Capital outlay	7,584	52,080	125,189	298,553
Expenditures total	<u>615,370</u>	<u>1,389,684</u>	<u>625,358</u>	<u>2,911,862</u>
Excess (deficiency) of revenues over expenditures	1,026,394	(1,019)	(13,626)	(2,525,650)
Other financing sources (uses)				
Transfers in	187,862			3,370,672
Transfers out			(559)	(1,158,673)
Other financing sources (uses) total	<u>187,862</u>		<u>(559)</u>	<u>2,211,999</u>
Net change in fund balances	1,214,256	(1,019)	(14,185)	(313,651)
Fund balances (deficit), beginning	6,360	1,706	14,185	6,670,958
Fund balances (deficit), ending	<u>\$1,220,617</u>	<u>\$688</u>	<u>\$</u>	<u>\$6,357,307</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>
\$	\$1,567,416	\$4,615,767	\$	\$6,183,183
885	1,459	3,186		3,648,217
866,822	643,300			1,510,123
66,627			1,345,116	1,797,430
<u>934,334</u>	<u>2,212,175</u>	<u>4,618,953</u>	<u>1,345,116</u>	<u>13,138,953</u>
	95,964			3,585,204
		4,273,066		253,580
				4,320,676
				232,870
				166,596
				8,900
761,238	1,684,359			3,305,593
				78
				483,406
<u>761,238</u>	<u>1,780,324</u>	<u>4,273,066</u>		<u>12,356,902</u>
173,097	431,851	345,887	1,345,116	782,051
61,125	25,000			3,644,659
	(411,060)		(120,000)	(1,690,292)
<u>61,125</u>	<u>(386,060)</u>		<u>(120,000)</u>	<u>1,954,367</u>
234,222	45,791	345,887	1,225,116	2,736,418
1,304,208	913,015	1,502,955	6,325,834	16,739,222
<u>\$1,538,430</u>	<u>\$958,807</u>	<u>\$1,848,842</u>	<u>\$7,550,950</u>	<u>\$19,475,640</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, 2007

	Actual		Total	Program Budgets	Variance from Program Budgets
	2007	Prior Years			
Revenues					
Intergovernmental - state	\$1,641,765	\$2,094,714	\$3,736,479	\$5,702,316	(\$1,965,837)
Other revenues		10,245	10,245	21,750	(11,505)
Revenues total	<u>1,641,765</u>	<u>2,104,960</u>	<u>3,746,724</u>	<u>5,724,066</u>	<u>(1,977,341)</u>
Expenditures					
Current expenditures	607,786	2,311,302	2,919,088	6,102,462	3,183,374
Capital outlay	7,584	174,270	181,854	207,943	26,089
Expenditures total	<u>615,370</u>	<u>2,485,572</u>	<u>3,100,942</u>	<u>6,310,405</u>	<u>3,209,463</u>
Excess (deficiency) of revenues over expenditures	1,026,394	(380,612)	645,782	(586,340)	1,232,122
Other financing sources (uses)					
Transfers in	187,862	386,973	574,835	586,340	(11,505)
Net change in fund balances	<u>\$1,214,256</u>	<u>\$6,360</u>	<u>\$1,220,617</u>	<u>\$</u>	<u>\$1,220,617</u>

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, 2007

	Actual		Program Budgets	Variance from Program Budgets	
	2007	Prior Years			Total
Revenues					
Intergovernmental - state	\$1,388,666	\$4,101,908	\$5,490,574	\$6,240,553	(\$749,979)
Other revenues		32	32		32
Revenues total	1,388,666	4,101,940	5,490,606	6,240,553	(749,947)
Expenditures					
Current expenditures	1,337,604	3,403,677	4,741,282	5,357,410	616,129
Capital outlay	52,080	711,650	763,730	898,730	135,000
Expenditures total	1,389,684	4,115,327	5,505,011	6,256,140	751,129
Excess (deficiency) of revenues over expenditures	(1,019)	(13,387)	(14,406)	(15,587)	1,181
Other financing sources (uses)					
Transfers in		15,587	15,587	15,587	
Transfers out		(494)	(494)		(494)
Other financing sources (uses) total		15,093	15,093	15,587	(494)
Net change in fund balances	(\$1,019)	\$1,706	\$688	\$	\$688

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, 2007

	Actual			Program Budgets	Variance from Program Budgets
	2007	Prior Years	Total		
Revenues					
Intergovernmental - federal	\$612,257	\$1,235,503	\$1,847,760	\$3,691,593	(\$1,843,833)
Other revenues	(525)	525			
Revenues total	611,732	1,236,028	1,847,760	3,691,593	(1,843,833)
Expenditures					
Current expenditures	500,169	499,590	999,759	2,752,577	1,752,818
Capital outlay	125,189	749,516	874,705	965,720	91,015
Expenditures total	625,358	1,249,106	1,874,464	3,718,297	1,843,833
Excess (deficiency) of revenues over expenditures	(13,626)	(13,078)	(26,704)	(26,704)	
Other financing sources (uses)					
Transfers in		27,263	27,263	27,263	
Transfers out	(559)		(559)	(559)	
Other financing sources (uses) total	(559)	27,263	26,704	26,704	
Net change in fund balances	(\$14,185)	\$14,185	\$	\$	\$

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, 2007

	Actual		Program Budgets	Variance from Program Budgets	
	2007	Prior Years			Total
Revenues					
Other revenues	\$386,212	\$3,795,293	\$4,181,504	\$3,862,739	\$318,765
Expenditures					
Current expenditures	2,613,309	4,476,712	7,090,020	12,696,018	5,605,998
Capital outlay	298,553	830,486	1,129,039	2,104,802	975,763
Expenditures total	2,911,862	5,307,198	8,219,060	14,800,820	6,581,760
Excess (deficiency) of revenues over expenditures	(2,525,650)	(1,511,905)	(4,037,555)	(10,938,081)	6,900,526
Other financing sources (uses)					
Transfers in	3,370,672	10,787,363	14,158,036	14,535,683	(377,648)
Transfers out	(1,158,673)	(2,604,500)	(3,763,173)	(3,721,869)	(41,304)
Long-term debt proceeds				150,000	(150,000)
Other financing sources (uses) total	2,211,999	8,182,863	10,394,862	10,963,814	568,952
Net change in fund balances	(\$313,651)	\$6,670,958	\$6,357,307	\$25,733	\$6,331,574

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Enhanced 911

Comparative Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Years Ended June 30, 2007 and 2006

	2007	2006
Revenues		
Intergovernmental - state	\$885	\$772
Charges for services	866,822	809,279
Other revenues	66,627	38,935
	<hr/>	<hr/>
Revenues total	934,334	848,986
	<hr/>	<hr/>
Expenditures		
Current		
Emergency operations	761,238	311,716
	<hr/>	<hr/>
Expenditures total	761,238	311,716
	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	173,097	537,271
Other financing sources (uses)		
Transfers in	61,125	
	<hr/>	<hr/>
Net change in fund balance	234,222	537,271
Fund balance, beginning	1,304,208	766,938
	<hr/>	<hr/>
Fund balance, ending	\$1,538,430	\$1,304,208
	<hr/> <hr/>	<hr/> <hr/>

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, 2007

	<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					
Intergovernmental - state	\$	\$885	\$	\$885	\$885
Charges for services	787,500	866,822		866,822	79,322
Other revenues	20,330	66,627		66,627	46,297
Revenues total	<u>807,830</u>	<u>934,334</u>		<u>934,334</u>	<u>126,504</u>
Expenditures					
Current					
Emergency operations	886,519	761,238		761,238	125,281
Expenditures total	<u>886,519</u>	<u>761,238</u>		<u>761,238</u>	<u>125,281</u>
Excess (deficiency) of revenues over expenditures	(78,689)	173,097		173,097	251,786
Other financing sources (uses)					
Transfers in		61,125		61,125	61,125
Net change in fund balance	<u>(\$78,689)</u>	234,222	\$	<u>\$234,222</u>	<u>\$312,911</u>
Fund balance, beginning		<u>1,304,208</u>			
Fund balance, ending		<u>\$1,538,430</u>			

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Non-Areawide

Comparative Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Years Ended June 30, 2007 and 2006

	2007	2006
Revenues		
Taxes	\$1,567,416	\$1,447,265
Intergovernmental - state	1,459	1,274
Charges for services	643,300	537,579
Revenues total	<u>2,212,175</u>	<u>1,986,118</u>
Expenditures		
Current		
General government		
Mayor	95,964	301,408
Emergency operations	1,684,359	1,447,596
Expenditures total	<u>1,780,324</u>	<u>1,749,004</u>
Excess (deficiency) of revenues over expenditures	431,851	237,114
Other financing sources (uses)		
Transfers in	25,000	
Transfers out	(411,060)	(57,771)
Net change in fund balance	45,791	179,343
Fund balance, beginning	913,015	733,672
Fund balance, ending	<u>\$958,807</u>	<u>\$913,015</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, 2007

	<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	\$1,555,980	\$1,567,416	\$	\$1,567,416	\$11,436
Intergovernmental - state		1,459		1,459	1,459
Charges for services	753,340	643,300		643,300	(110,040)
	<u>2,309,320</u>	<u>2,212,175</u>		<u>2,212,175</u>	<u>(97,145)</u>
Revenues total					
Expenditures					
Current					
General government					
Mayor	218,050	95,964	82,761	178,725	39,325
Emergency operations	1,729,530	1,684,359		1,684,359	45,171
	<u>1,947,580</u>	<u>1,780,324</u>	<u>82,761</u>	<u>1,863,084</u>	<u>84,496</u>
Expenditures total					
Excess (deficiency) of revenues over expenditures	361,740	431,851	(82,761)	349,091	(12,649)
Other financing sources (uses)					
Transfers in		25,000		25,000	25,000
Transfers out	(411,060)	(411,060)		(411,060)	
Net change in fund balance	<u>(\$49,320)</u>	45,791	<u>(\$82,761)</u>	<u>(\$36,969)</u>	<u>\$12,351</u>
Fund balance, beginning		<u>913,015</u>			
Fund balance, ending		<u>\$958,807</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, 2007 and 2006

	2007	2006
Revenues		
Taxes	\$4,615,767	\$4,263,341
Intergovernmental - state	3,186	2,938
	<hr/>	<hr/>
Revenues total	4,618,953	4,266,280
	<hr/>	<hr/>
Expenditures		
Current		
Public works	4,273,066	3,908,335
	<hr/>	<hr/>
Expenditures total	4,273,066	3,908,335
	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	345,887	357,945
Fund balance, beginning	1,502,955	1,145,010
	<hr/>	<hr/>
Fund balance, ending	\$1,848,842	\$1,502,955
	<hr/> <hr/>	<hr/> <hr/>

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, 2007

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance from Budget- Positive (Negative)
Revenues					
Taxes	\$4,574,710	\$4,615,767	\$	\$4,615,767	\$41,057
Intergovernmental - state		3,186		3,186	3,186
Revenues total	4,574,710	4,618,953		4,618,953	44,243
Expenditures					
Current					
Public works	4,540,270	4,273,066	(1,636)	4,271,430	268,840
Expenditures total	4,540,270	4,273,066	(1,636)	4,271,430	268,840
Excess (deficiency) of revenues over expenditures	\$34,440	345,887	\$1,636	\$347,523	\$313,083
Fund balance, beginning		1,502,955			
Fund balance, ending		\$1,848,842			

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Library

Comparative Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Years Ended June 30, 2007 and 2006

	2007	2006
	<hr/>	<hr/>
Revenues		
Investment income	\$340,116	\$250,710
Donations	1,005,000	1,875,000
	<hr/>	<hr/>
Revenues total	1,345,116	2,125,710
	<hr/>	<hr/>
Expenditures		
Excess (deficiency) of revenues over expenditures	1,345,116	2,125,710
Other financing sources (uses)		
Transfers out	(120,000)	(425,762)
	<hr/>	<hr/>
Net change in fund balance	1,225,116	1,699,947
	<hr/>	<hr/>
Fund balance, beginning	6,325,834	4,625,886
	<hr/>	<hr/>
Fund balance, ending	<u>\$7,550,950</u>	<u>\$6,325,834</u>

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FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2007

With Comparative Totals for June 30, 2006

	Air Park	Airway	Arctic Fox	Aztec
<b>Assets</b>				
Equity in central treasury cash	\$11,162	\$30,339	\$21,534	\$95,755
Taxes receivable			386	1,005
Assets total	<u>\$11,162</u>	<u>\$30,339</u>	<u>\$21,920</u>	<u>\$96,760</u>
<b>Liabilities and Fund Balances (Deficits)</b>				
Liabilities				
Accounts payable	\$	\$7,572	\$	\$
Interfund payable				
Deferred revenues			127	740
Liabilities total		<u>7,572</u>	<u>127</u>	<u>740</u>
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures	2,500			40,000
Undesignated	8,662	22,767	21,792	56,019
Fund balances (deficits) total	<u>11,162</u>	<u>22,767</u>	<u>21,792</u>	<u>96,019</u>
Liabilities and fund balances (deficits) total	<u>\$11,162</u>	<u>\$30,339</u>	<u>\$21,920</u>	<u>\$96,760</u>

Ballaine Lake Sewer & Water	Bear's Den Road	Becker Ridge	Birch Hill	Bluebird Road
\$25,243	\$2,391	\$112,263 1,358	\$79,518 853	\$14,802
<u>\$25,243</u>	<u>\$2,391</u>	<u>\$113,621</u>	<u>\$80,371</u>	<u>\$14,802</u>
\$	\$	\$	\$3,589	\$
10,360 440		927	1,117	166
<u>10,799</u>		<u>927</u>	<u>4,706</u>	<u>166</u>
14,444	1,500 891	112,694	75,665	14,636
<u>14,444</u>	<u>2,391</u>	<u>112,694</u>	<u>75,665</u>	<u>14,636</u>
<u>\$25,243</u>	<u>\$2,391</u>	<u>\$113,621</u>	<u>\$80,371</u>	<u>\$14,802</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2007

With Comparative Totals for June 30, 2006

	Borda Road	Brookside	Chena Goldstream Volunteer Fire	Chena Hills Road
<b>Assets</b>				
Equity in central treasury cash	\$66,981	\$22,029	\$507,796	\$72,760
Taxes receivable	343	34	11,240	532
Assets total	<u>\$67,324</u>	<u>\$22,063</u>	<u>\$519,036</u>	<u>\$73,293</u>
<b>Liabilities and Fund Balances (Deficits)</b>				
Liabilities				
Accounts payable	\$	\$	\$	\$
Interfund payable				
Deferred revenues	243	34	10,475	532
Liabilities total	<u>243</u>	<u>34</u>	<u>10,475</u>	<u>532</u>
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	67,081	22,029	508,560	72,760
Fund balances (deficits) total	<u>67,081</u>	<u>22,029</u>	<u>508,560</u>	<u>72,760</u>
Liabilities and fund balances (deficits) total	<u>\$67,324</u>	<u>\$22,063</u>	<u>\$519,036</u>	<u>\$73,293</u>

Chena Hot Springs II	Chena Marina	Chena Point Road	Chena Spur	Cleary Summit
\$8	\$31,162 533	\$70,831 408	\$62,860 817	\$ 47
<u>\$8</u>	<u>\$31,695</u>	<u>\$71,239</u>	<u>\$63,677</u>	<u>\$47</u>
\$	\$1,020	\$1,124 157,899	\$	\$ 9
	503	408	817	47
	<u>1,522</u>	<u>159,430</u>	<u>817</u>	<u>55</u>
8	30,172	(88,191)	62,860	(9)
<u>8</u>	<u>30,172</u>	<u>(88,191)</u>	<u>62,860</u>	<u>(9)</u>
<u>\$8</u>	<u>\$31,695</u>	<u>\$71,239</u>	<u>\$63,677</u>	<u>\$47</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2007

With Comparative Totals for June 30, 2006

	College	College Hills	Cooper Estates	Cordes Drive
<b>Assets</b>				
Equity in central treasury cash	\$1,615,665	\$11,323	\$71,459	\$23,001
Taxes receivable	5,834	219	501	
Assets total	<u>\$1,621,499</u>	<u>\$11,542</u>	<u>\$71,961</u>	<u>\$23,001</u>
<b>Liabilities and Fund Balances (Deficits)</b>				
Liabilities				
Accounts payable	\$	\$	\$790	\$
Interfund payable				
Deferred revenues	5,473	209	501	
Liabilities total	<u>5,473</u>	<u>209</u>	<u>1,292</u>	
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	1,616,026	11,333	70,669	23,001
Fund balances (deficits) total	<u>1,616,026</u>	<u>11,333</u>	<u>70,669</u>	<u>23,001</u>
Liabilities and fund balances (deficits) total	<u>\$1,621,499</u>	<u>\$11,542</u>	<u>\$71,961</u>	<u>\$23,001</u>

Cripple Creek	Deep Forest	Diane Subdivision	Drake Estates	Edanella Heights Road
\$116,507 1,416	\$20,394	\$48,550	\$8,287	\$61,983 65
<u>\$117,923</u>	<u>\$20,394</u>	<u>\$48,550</u>	<u>\$8,287</u>	<u>\$62,048</u>
\$	\$13,223	\$639	\$361	\$31,785
1,222				65
<u>1,222</u>	<u>13,223</u>	<u>639</u>	<u>361</u>	<u>31,850</u>
116,701	7,171	10,000 37,912	7,926	30,198
116,701	7,171	47,912	7,926	30,198
<u>\$117,923</u>	<u>\$20,394</u>	<u>\$48,550</u>	<u>\$8,287</u>	<u>\$62,048</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2007

With Comparative Totals for June 30, 2006

	Ester Lump Road	Ester Volunteer Fire	Fairfields	Fairhill
<b>Assets</b>				
Equity in central treasury cash	\$77,077	\$196,742	\$46,501	\$16,808
Taxes receivable		3,678	49	14
Assets total	<u>\$77,077</u>	<u>\$200,420</u>	<u>\$46,550</u>	<u>\$16,822</u>
<b>Liabilities and Fund Balances (Deficits)</b>				
Liabilities				
Accounts payable	\$	\$	\$	\$
Interfund payable				
Deferred revenues		3,278	49	14
Liabilities total		<u>3,278</u>	<u>49</u>	<u>14</u>
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	<u>77,077</u>	<u>197,141</u>	<u>46,501</u>	<u>16,808</u>
Fund balances (deficits) total	<u>77,077</u>	<u>197,141</u>	<u>46,501</u>	<u>16,808</u>
Liabilities and fund balances (deficits) total	<u>\$77,077</u>	<u>\$200,420</u>	<u>\$46,550</u>	<u>\$16,822</u>

Fairwest	Garden	Golden Valley Road	Goldstream Alaska	Goldstream Moose Creek
\$162,791	\$53,857 34	\$9,718	\$29,725 609	\$62,377 92
<u>\$162,791</u>	<u>\$53,892</u>	<u>\$9,718</u>	<u>\$30,334</u>	<u>\$62,469</u>
\$	\$1,159 34	\$	\$ 134	\$ 92
	<u>1,193</u>		<u>134</u>	<u>92</u>
162,791	52,699	9,718	30,200	62,377
162,791	52,699	9,718	30,200	62,377
<u>\$162,791</u>	<u>\$53,892</u>	<u>\$9,718</u>	<u>\$30,334</u>	<u>\$62,469</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2007

With Comparative Totals for June 30, 2006

	Gordon	Granola Estates	Grieme Road	Haystack
<b>Assets</b>				
Equity in central treasury cash	\$207,845	\$40,283	\$40,256	\$25,496
Taxes receivable	749	69	395	1,064
Assets total	<u>\$208,594</u>	<u>\$40,352</u>	<u>\$40,651</u>	<u>\$26,560</u>
<b>Liabilities and Fund Balances (Deficits)</b>				
Liabilities				
Accounts payable	\$4,750	\$	\$	\$
Interfund payable				
Deferred revenues	749	69	395	1,063
Liabilities total	<u>5,499</u>	<u>69</u>	<u>395</u>	<u>1,063</u>
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures		1,500		
Undesignated	203,095	38,783	40,256	25,497
Fund balances (deficits) total	<u>203,095</u>	<u>40,283</u>	<u>40,256</u>	<u>25,497</u>
Liabilities and fund balances (deficits) total	<u>\$208,594</u>	<u>\$40,352</u>	<u>\$40,651</u>	<u>\$26,560</u>

Herning Hills	Hopeless	Horseshoe Downs	Jennifer Drive	Jones Road
\$31,010	\$30,097	\$7,792	\$8,265	\$54,093
177	180	1,257		961
<u>\$31,187</u>	<u>\$30,278</u>	<u>\$9,049</u>	<u>\$8,265</u>	<u>\$55,054</u>
\$9,968	\$	\$	\$4,853	\$
177	104	1,257		961
<u>10,145</u>	<u>104</u>	<u>1,257</u>	<u>4,853</u>	<u>961</u>
21,042	30,174	7,792	3,412	54,093
<u>21,042</u>	<u>30,174</u>	<u>7,792</u>	<u>3,412</u>	<u>54,093</u>
<u>\$31,187</u>	<u>\$30,278</u>	<u>\$9,049</u>	<u>\$8,265</u>	<u>\$55,054</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2007

With Comparative Totals for June 30, 2006

	Joy Road	Keeney Road	Kendall	Keystone
<b>Assets</b>				
Equity in central treasury cash	\$18,878	\$5,141	\$43,821	\$45,869
Taxes receivable	991	177	298	1,501
Assets total	<u>\$19,869</u>	<u>\$5,317</u>	<u>\$44,119</u>	<u>\$47,371</u>
<b>Liabilities and Fund Balances (Deficits)</b>				
Liabilities				
Accounts payable	\$	\$	\$	\$
Interfund payable				
Deferred revenues	412	177	115	1,416
Liabilities total	<u>412</u>	<u>177</u>	<u>115</u>	<u>1,416</u>
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures		1,000		
Undesignated	19,457	4,141	44,003	45,955
Fund balances (deficits) total	<u>19,457</u>	<u>5,141</u>	<u>44,003</u>	<u>45,955</u>
Liabilities and fund balances (deficits) total	<u>\$19,869</u>	<u>\$5,317</u>	<u>\$44,119</u>	<u>\$47,371</u>

Kris Kringle	Lakloey Hill	Lee Lane	Loose Moose	Martin
<u>\$52,087</u>	<u>\$118,216</u>	<u>\$18,888</u>	<u>\$9,096</u>	<u>\$23,525</u>
	137	287	46	1,038
<u>\$52,087</u>	<u>\$118,353</u>	<u>\$19,175</u>	<u>\$9,142</u>	<u>\$24,563</u>
\$	\$6,341	\$	\$	\$
	137	287	46	937
	<u>6,478</u>	<u>287</u>	<u>46</u>	<u>937</u>
<u>52,087</u>	<u>111,875</u>	<u>18,888</u>	<u>9,096</u>	<u>23,626</u>
<u>52,087</u>	<u>111,875</u>	<u>18,888</u>	<u>9,096</u>	<u>23,626</u>
<u>\$52,087</u>	<u>\$118,353</u>	<u>\$19,175</u>	<u>\$9,142</u>	<u>\$24,563</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2007

With Comparative Totals for June 30, 2006

	McCloud	McGrath Estates	McKinley View	Mellow Woods Road
<b>Assets</b>				
Equity in central treasury cash	\$62,153	\$124,909	\$17,714	\$35,300
Taxes receivable	1,458	182		
Assets total	<u>\$63,611</u>	<u>\$125,091</u>	<u>\$17,714</u>	<u>\$35,300</u>
<b>Liabilities and Fund Balances (Deficits)</b>				
Liabilities				
Accounts payable	\$	\$	\$	\$5,418
Interfund payable				
Deferred revenues	696	182		687
Liabilities total	<u>696</u>	<u>182</u>		<u>6,106</u>
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	62,915	124,909	17,714	29,194
Fund balances (deficits) total	<u>62,915</u>	<u>124,909</u>	<u>17,714</u>	<u>29,194</u>
Liabilities and fund balances (deficits) total	<u>\$63,611</u>	<u>\$125,091</u>	<u>\$17,714</u>	<u>\$35,300</u>

Miller Hill Extension	Moose Creek	Moose Meadows	Mt. View	Murphy
\$26,367	\$60,572	\$117,822	\$75,365	\$26,073
2,329	625	1,785		177
<u>\$28,696</u>	<u>\$61,197</u>	<u>\$119,607</u>	<u>\$75,365</u>	<u>\$26,251</u>
\$	\$	\$750	\$2,863	\$
1,036	594	1,529		177
<u>1,036</u>	<u>594</u>	<u>2,279</u>	<u>2,863</u>	<u>177</u>
27,661	20,000 40,603	117,327	72,502	26,073
<u>27,661</u>	<u>60,603</u>	<u>117,327</u>	<u>72,502</u>	<u>26,073</u>
<u>\$28,696</u>	<u>\$61,197</u>	<u>\$119,607</u>	<u>\$75,365</u>	<u>\$26,251</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2007

With Comparative Totals for June 30, 2006

	Musk Ox	Newby Park	North Ridge	North Star Volunteer Fire
	_____	_____	_____	_____
<b>Assets</b>				
Equity in central treasury cash	\$76,421	\$20,468	\$11,273	\$618,205
Taxes receivable		45		32,417
Assets total	<u>\$76,421</u>	<u>\$20,513</u>	<u>\$11,273</u>	<u>\$650,621</u>
<b>Liabilities and Fund Balances (Deficits)</b>				
Liabilities				
Accounts payable	\$	\$	\$145	\$
Interfund payable				
Deferred revenues		45		27,618
Liabilities total	_____	_____	_____	_____
		45	145	27,618
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				50,300
Undesignated	76,421	20,468	11,127	572,703
Fund balances (deficits) total	<u>76,421</u>	<u>20,468</u>	<u>11,127</u>	<u>623,003</u>
Liabilities and fund balances (deficits) total	<u>\$76,421</u>	<u>\$20,513</u>	<u>\$11,273</u>	<u>\$650,621</u>

O'Connor Creek	Old Wood Road	Our	Parkridge	Peede Country Estates
\$35,803 1,228	\$16,472	\$8,975 26	\$38,097	\$11,213 338
<u>\$37,031</u>	<u>\$16,472</u>	<u>\$9,001</u>	<u>\$38,097</u>	<u>\$11,551</u>
\$	\$	\$	\$	\$
727				338
<u>727</u>				<u>338</u>
36,303	16,472	9,001	38,097	11,213
<u>36,303</u>	<u>16,472</u>	<u>9,001</u>	<u>38,097</u>	<u>11,213</u>
<u>\$37,031</u>	<u>\$16,472</u>	<u>\$9,001</u>	<u>\$38,097</u>	<u>\$11,551</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2007

With Comparative Totals for June 30, 2006

	Pine Stream	Pleasureland	Polar Heights	Potlatch
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Assets</b>				
Equity in central treasury cash	\$67,849	\$50,330	\$40,401	\$9,968
Taxes receivable		853	285	255
Assets total	<hr/> <u>\$67,849</u>	<hr/> <u>\$51,183</u>	<hr/> <u>\$40,686</u>	<hr/> <u>\$10,224</u>
<b>Liabilities and Fund Balances (Deficits)</b>				
Liabilities				
Accounts payable	\$	\$	\$11,537	\$
Interfund payable				
Deferred revenues		770	197	255
Liabilities total	<hr/> <u></u>	<hr/> <u>770</u>	<hr/> <u>11,734</u>	<hr/> <u>255</u>
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	<hr/> <u>67,849</u>	<hr/> <u>50,413</u>	<hr/> <u>28,952</u>	<hr/> <u>9,969</u>
Fund balances (deficits) total	<hr/> <u>67,849</u>	<hr/> <u>50,413</u>	<hr/> <u>28,952</u>	<hr/> <u>9,969</u>
Liabilities and fund balances (deficits) total	<hr/> <u>\$67,849</u>	<hr/> <u>\$51,183</u>	<hr/> <u>\$40,686</u>	<hr/> <u>\$10,224</u>

Prospect Park	Reed Acres Road	Ridgecrest	Salchaket Heights	Scenic Heights
<u>\$14,117</u>	<u>\$58,225</u>	<u>\$2,999</u>	<u>\$9,038</u>	<u>\$76,921</u>
<u>\$14,117</u>	<u>\$58,225</u>	<u>\$2,999</u>	<u>\$9,094</u>	<u>\$77,170</u>
\$	\$	\$	\$	\$
			56	249
			56	249
<u>14,117</u>	<u>58,225</u>	<u>2,999</u>	<u>9,038</u>	<u>76,921</u>
<u>14,117</u>	<u>58,225</u>	<u>2,999</u>	<u>9,038</u>	<u>76,921</u>
<u>\$14,117</u>	<u>\$58,225</u>	<u>\$2,999</u>	<u>\$9,094</u>	<u>\$77,170</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2007

With Comparative Totals for June 30, 2006

	Seavy	Secluded Acres	Serendipity Hill	Six Mile Village Road
<b>Assets</b>				
Equity in central treasury cash	\$40,254	\$27,173	\$30,225	\$21,664
Taxes receivable	53			709
Assets total	<u>\$40,308</u>	<u>\$27,173</u>	<u>\$30,225</u>	<u>\$22,373</u>
<b>Liabilities and Fund Balances (Deficits)</b>				
Liabilities				
Accounts payable	\$1,988	\$1,655	\$	\$
Interfund payable				
Deferred revenues	49			683
Liabilities total	<u>2,036</u>	<u>1,655</u>		<u>683</u>
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	38,271	25,519	30,225	21,689
Fund balances (deficits) total	<u>38,271</u>	<u>25,519</u>	<u>30,225</u>	<u>21,689</u>
Liabilities and fund balances (deficits) total	<u>\$40,308</u>	<u>\$27,173</u>	<u>\$30,225</u>	<u>\$22,373</u>

Smallwood Trail Road	Smith Ranch	Spring Glade	Spruce Acres	Steamboat Landing
\$25,052	\$42,787	\$88,522 96	\$30,332 131	\$33,266 972
<u>\$25,052</u>	<u>\$42,787</u>	<u>\$88,618</u>	<u>\$30,463</u>	<u>\$34,237</u>
\$	\$	\$	\$	\$1,227
		74	131	972
		<u>74</u>	<u>131</u>	<u>2,199</u>
25,052	3,000 39,787	88,544	30,332	32,039
<u>25,052</u>	<u>42,787</u>	<u>88,544</u>	<u>30,332</u>	<u>32,039</u>
<u>\$25,052</u>	<u>\$42,787</u>	<u>\$88,618</u>	<u>\$30,463</u>	<u>\$34,237</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2007

With Comparative Totals for June 30, 2006

	Steese Volunteer Fire	Straight Creek	Summerwood	Summit Drive
	_____	_____	_____	_____
<b>Assets</b>				
Equity in central treasury cash	\$230,110	\$9,031	\$68,849	\$271,693
Taxes receivable	14,764		1,280	22
Assets total	<u>\$244,874</u>	<u>\$9,031</u>	<u>\$70,129</u>	<u>\$271,715</u>
<b>Liabilities and Fund Balances (Deficits)</b>				
Liabilities				
Accounts payable	\$	\$3,100	\$	\$119
Interfund payable				
Deferred revenues	12,742		742	22
Liabilities total	<u>12,742</u>	<u>3,100</u>	<u>742</u>	<u>141</u>
Fund balances (deficit)				
Reserved for encumbrances	695,000			
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	(462,867)	5,931	69,387	271,574
Fund balances (deficits) total	<u>232,132</u>	<u>5,931</u>	<u>69,387</u>	<u>271,574</u>
Liabilities and fund balances (deficits) total	<u>\$244,874</u>	<u>\$9,031</u>	<u>\$70,129</u>	<u>\$271,715</u>

Sunny Hills Terrace	Sunrise	Tan Terra	Thomas	Timberlane Road
\$99,320	\$57,008 418	\$16,528 334	\$9,714 73	\$63,118 35
<u>\$99,320</u>	<u>\$57,426</u>	<u>\$16,862</u>	<u>\$9,787</u>	<u>\$63,153</u>
\$	\$	\$145	\$1,930	\$3,983
	418	334	73	35
	<u>418</u>	<u>479</u>	<u>2,003</u>	<u>4,018</u>
99,320	3,500 53,508	16,383	7,784	59,135
<u>99,320</u>	<u>57,008</u>	<u>16,383</u>	<u>7,784</u>	<u>59,135</u>
<u>\$99,320</u>	<u>\$57,426</u>	<u>\$16,862</u>	<u>\$9,787</u>	<u>\$63,153</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2007

With Comparative Totals for June 30, 2006

	Tungsten	Twenty Three Mile Slough	Ullrhaven	University Fire
	_____	_____	_____	_____
<b>Assets</b>				
Equity in central treasury cash	\$23,101	\$128,767	\$23,191	\$1,343,825
Taxes receivable		1,361		32,512
	_____	_____	_____	_____
Assets total	\$23,101	\$130,128	\$23,191	\$1,376,337
	=====	=====	=====	=====
<b>Liabilities and Fund Balances (Deficits)</b>				
Liabilities				
Accounts payable	\$4,766	\$	\$	\$
Interfund payable				
Deferred revenues		1,361		31,683
	_____	_____	_____	_____
Liabilities total	4,766	1,361		31,683
	_____	_____	_____	_____
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	18,335	128,767	23,191	1,344,654
	_____	_____	_____	_____
Fund balances (deficits) total	18,335	128,767	23,191	1,344,654
	_____	_____	_____	_____
Liabilities and fund balances (deficits) total	\$23,101	\$130,128	\$23,191	\$1,376,337
	=====	=====	=====	=====

University Heights	University West Street Light	Vienna Wood	Viewpointe	Violet Drive
\$113,093 194	\$198,988 166	\$43,067	\$99,971	\$63,515 329
<u>\$113,287</u>	<u>\$199,155</u>	<u>\$43,067</u>	<u>\$99,971</u>	<u>\$63,844</u>
\$	\$8,990	\$4,449	\$5,881	\$13,194
194	166			329
<u>194</u>	<u>9,157</u>	<u>4,449</u>	<u>5,881</u>	<u>13,523</u>
113,093	189,998	38,618	94,090	50,321
113,093	189,998	38,618	94,090	50,321
<u>\$113,287</u>	<u>\$199,155</u>	<u>\$43,067</u>	<u>\$99,971</u>	<u>\$63,844</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2007

With Comparative Totals for June 30, 2006

	Vista Gold Road	Vue Crest	Whitman	Wildview
<b>Assets</b>				
Equity in central treasury cash	\$30,837	\$115,273	\$16,984	\$356,462
Taxes receivable	1,030	122		840
Assets total	<u>\$31,867</u>	<u>\$115,395</u>	<u>\$16,984</u>	<u>\$357,302</u>
<b>Liabilities and Fund Balances (Deficits)</b>				
Liabilities				
Accounts payable	\$	\$	\$	\$
Interfund payable				
Deferred revenues	782	122		591
Liabilities total	<u>782</u>	<u>122</u>		<u>591</u>
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				50,000
Undesignated	31,085	115,273	16,984	306,711
Fund balances (deficits) total	<u>31,085</u>	<u>115,273</u>	<u>16,984</u>	<u>356,711</u>
Liabilities and fund balances (deficits) total	<u>\$31,867</u>	<u>\$115,395</u>	<u>\$16,984</u>	<u>\$357,302</u>

Woodland	Yak Road	Totals	
		2007	2006
<u>\$2,961</u>	<u>\$207,856</u>	<u>\$10,286,447</u>	<u>\$8,863,064</u>
		137,141	125,700
<u>\$2,961</u>	<u>\$207,856</u>	<u>\$10,423,588</u>	<u>\$8,988,764</u>
\$80	\$41,046	\$200,438	\$221,921
		168,267	190,531
		122,609	118,436
<u>80</u>	<u>41,046</u>	<u>491,314</u>	<u>530,887</u>
		695,000	695,000
		183,300	180,970
<u>2,881</u>	<u>166,811</u>	<u>9,053,973</u>	<u>7,581,907</u>
<u>2,881</u>	<u>166,811</u>	<u>9,932,273</u>	<u>8,457,877</u>
<u>\$2,961</u>	<u>\$207,856</u>	<u>\$10,423,588</u>	<u>\$8,988,764</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2007  
With Comparative Totals for June 30, 2006

	Air Park	Airway	Arctic Fox	Aztec
	_____	_____	_____	_____
Revenues				
Taxes	\$	\$10,251	\$4,654	\$14,882
Intergovernmental - state				
Other revenues	537	1,365	998	4,538
Revenues total	537	11,616	5,651	19,419
	_____	_____	_____	_____
Expenditures				
Current				
Road and other service areas	1,080	9,589	1,530	8,715
Fire service areas				
Capital outlay				
Expenditures total	1,080	9,589	1,530	8,715
	_____	_____	_____	_____
Excess (deficiency) of revenues over expenditures	(543)	2,027	4,121	10,704
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
	_____	_____	_____	_____
Net change in fund balances	(543)	2,027	4,121	10,704
Fund balances (deficit), beginning	11,706	20,740	17,671	85,315
Fund balances (deficit), ending	\$11,162	\$22,767	\$21,792	\$96,019
	=====	=====	=====	=====

Ballaine Lake Sewer & Water	Bear's Den Road	Becker Ridge	Birch Hill	Bluebird Road
\$21,359	\$	\$83,824	\$83,697	\$4,763
999	117	6,066	3,301	668
22,359	117	89,890	86,998	5,431
8,840	770	56,781	37,235	1,010
8,840	770	56,781	37,235	1,010
13,518	(653)	33,109	49,763	4,421
13,518	(653)	33,109	49,763	4,421
925	3,044	79,585	25,902	10,215
\$14,444	\$2,391	\$112,694	\$75,665	\$14,636

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2007  
With Comparative Totals for June 30, 2006

	Borda Road	Brookside	Chena Goldstream Volunteer Fire	Chena Hills Road
Revenues				
Taxes	\$23,217	\$7,102	\$738,142	\$67,756
Intergovernmental - state				
Other revenues	3,357	1,026	47,839	3,878
Revenues total	26,575	8,128	785,981	71,634
Expenditures				
Current				
Road and other service areas	21,322	3,868		29,615
Fire service areas			670,761	
Capital outlay				
Expenditures total	21,322	3,868	670,761	29,615
Excess (deficiency) of revenues over expenditures	5,252	4,260	115,220	42,019
Other financing sources (uses)				
Transfers in				
Transfers out			(36,240)	
Other financing sources (uses) total			(36,240)	
Net change in fund balances	5,252	4,260	78,980	42,019
Fund balances (deficit), beginning	61,829	17,769	429,580	30,741
Fund balances (deficit), ending	\$67,081	\$22,029	\$508,560	\$72,760

Chena Hot Springs II	Chena Marina	Chena Point Road	Chena Spur	Cleary Summit
\$500	\$17,040	\$59,482	\$32,775	\$
	1,364	3,461	2,849	2
500	18,404	62,943	35,624	2
500	4,816	11,581	6,828	670
500	4,816	11,581	6,828	670
	13,588	51,362	28,796	(668)
	13,588	51,362	28,796	(668)
8	16,584	(139,553)	34,063	659
\$8	\$30,172	(\$88,191)	\$62,860	(\$9)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2007  
With Comparative Totals for June 30, 2006

	College	College Hills	Cooper Estates	Cordes Drive
Revenues				
Taxes	\$410,291	\$20,357	\$18,519	\$18,493
Intergovernmental - state				
Other revenues	85,613	567	3,262	1,085
Revenues total	495,904	20,924	21,781	19,578
Expenditures				
Current				
Road and other service areas	528,378	30,529	3,949	18,034
Fire service areas				
Capital outlay				
Expenditures total	528,378	30,529	3,949	18,034
Excess (deficiency) of revenues over expenditures	(32,474)	(9,604)	17,832	1,544
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	(32,474)	(9,604)	17,832	1,544
Fund balances (deficit), beginning	1,648,500	20,937	52,837	21,458
Fund balances (deficit), ending	\$1,616,026	\$11,333	\$70,669	\$23,001

Cripple Creek	Deep Forest	Diane Subdivision	Drake Estates	Edanella Heights Road
\$44,471	\$15,313	\$3,122	\$14,755	\$24,593
5,477	1,055	2,287	346	2,873
49,948	16,368	5,409	15,101	27,466
25,115	27,527	1,649	20,834	42,528
25,115	27,527	1,649	20,834	42,528
24,833	(11,159)	3,760	(5,732)	(15,062)
24,833	(11,159)	3,760	(5,732)	(15,062)
91,868	18,330	44,151	13,658	45,260
\$116,701	\$7,171	\$47,912	\$7,926	\$30,198

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2007  
With Comparative Totals for June 30, 2006

	Ester Lump Road	Ester Volunteer Fire	Fairfields	Fairhill
Revenues				
Taxes	\$13,931	\$260,839	\$13,713	\$10,358
Intergovernmental - state				
Other revenues	4,025	30,068	2,107	790
Revenues total	17,955	290,907	15,820	11,148
Expenditures				
Current				
Road and other service areas	13,646		3,480	5,477
Fire service areas		248,579		
Capital outlay				
Expenditures total	13,646	248,579	3,480	5,477
Excess (deficiency) of revenues over expenditures	4,310	42,328	12,340	5,670
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	4,310	42,328	12,340	5,670
Fund balances (deficit), beginning	72,768	154,813	34,161	11,138
Fund balances (deficit), ending	\$77,077	\$197,141	\$46,501	\$16,808

Fairwest	Garden	Golden Valley Road	Goldstream Alaska	Goldstream Moose Creek
\$18,921	\$24,356	\$6,627	\$20,598	\$38,798
7,646	2,363	467	1,269	3,277
26,567	26,719	7,094	21,867	42,075
5,062	3,373	5,815	4,540	11,122
5,062	3,373	5,815	4,540	11,122
21,505	23,346	1,279	17,327	30,953
21,505	23,346	1,279	17,327	30,953
141,286	29,352	8,438	12,873	31,424
\$162,791	\$52,699	\$9,718	\$30,200	\$62,377

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2007  
With Comparative Totals for June 30, 2006

	Gordon	Granola Estates	Grieme Road	Haystack
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues				
Taxes	\$35,992	\$4,049	\$12,985	\$20,928
Intergovernmental - state				
Other revenues	9,721	1,915	1,886	1,132
Revenues total	<hr/> 45,713	<hr/> 5,964	<hr/> 14,870	<hr/> 22,060
Expenditures				
Current				
Road and other service areas	16,205	2,916	11,965	8,445
Fire service areas				
Capital outlay				
Expenditures total	<hr/> 16,205	<hr/> 2,916	<hr/> 11,965	<hr/> 8,445
Excess (deficiency) of revenues over expenditures	29,508	3,048	2,905	13,615
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	29,508	3,048	2,905	13,615
Fund balances (deficit), beginning	<hr/> 173,587	<hr/> 37,235	<hr/> 37,351	<hr/> 11,882
Fund balances (deficit), ending	<hr/> <hr/> \$203,095	<hr/> <hr/> \$40,283	<hr/> <hr/> \$40,256	<hr/> <hr/> \$25,497

Herning Hills	Hopeless	Horseshoe Downs	Jennifer Drive	Jones Road
\$20,686	\$17,638	\$9,421	\$4,184	\$47,726
1,392	1,280	488	366	2,526
22,078	18,919	9,909	4,550	50,252
28,871	3,404	6,076	5,523	26,684
28,871	3,404	6,076	5,523	26,684
(6,793)	15,514	3,833	(973)	23,568
(6,793)	15,514	3,833	(973)	23,568
27,835	14,659	3,959	4,386	30,525
\$21,042	\$30,174	\$7,792	\$3,412	\$54,093

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2007  
With Comparative Totals for June 30, 2006

	Joy Road	Keeney Road	Kendall	Keystone
Revenues				
Taxes	\$6,137	\$1,604	\$8,450	\$9,369
Intergovernmental - state				
Other revenues	851	235	2,021	2,119
Revenues total	6,988	1,839	10,471	11,488
Expenditures				
Current				
Road and other service areas	1,595	880	1,742	1,973
Fire service areas				
Capital outlay				
Expenditures total	1,595	880	1,742	1,973
Excess (deficiency) of revenues over expenditures	5,393	959	8,729	9,515
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	5,393	959	8,729	9,515
Fund balances (deficit), beginning	14,064	4,182	35,274	36,440
Fund balances (deficit), ending	\$19,457	\$5,141	\$44,003	\$45,955

Kris Kringle	Lakloey Hill	Lee Lane	Loose Moose	Martin
\$10,864	\$28,539	\$4,200	\$4,906	\$15,105
2,395	5,485	1,317	417	1,021
13,259	34,024	5,517	5,324	16,126
3,933	14,206	11,418	5,403	3,520
3,933	14,206	11,418	5,403	3,520
9,326	19,818	(5,901)	(79)	12,606
9,326	19,818	(5,901)	(79)	12,606
42,761	92,058	24,789	9,175	11,020
\$52,087	\$111,875	\$18,888	\$9,096	\$23,626

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2007  
With Comparative Totals for June 30, 2006

	McCloud	McGrath Estates	McKinley View	Mellow Woods Road
Revenues				
Taxes	\$24,303	\$56,473	\$3,624	\$12,431
Intergovernmental - state				
Other revenues	2,791	5,706	825	1,585
Revenues total	27,094	62,180	4,449	14,016
Expenditures				
Current				
Road and other service areas	5,215	18,191	820	7,913
Fire service areas				
Capital outlay				
Expenditures total	5,215	18,191	820	7,913
Excess (deficiency) of revenues over expenditures	21,879	43,989	3,629	6,103
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	21,879	43,989	3,629	6,103
Fund balances (deficit), beginning	41,036	80,920	14,085	23,091
Fund balances (deficit), ending	\$62,915	\$124,909	\$17,714	\$29,194

Miller Hill Extension	Moose Creek	Moose Meadows	Mt. View	Murphy
\$41,731	\$12,699	\$52,845	\$22,112	\$9,377
1,817	2,812	5,267	3,566	1,188
43,548	15,512	58,113	25,679	10,565
43,081	3,620	17,389	12,455	3,487
43,081	3,620	17,389	12,455	3,487
467	11,892	40,724	13,224	7,078
467	11,892	40,724	13,224	7,078
27,194	48,711	76,604	59,279	18,995
\$27,661	\$60,603	\$117,327	\$72,502	\$26,073

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2007  
With Comparative Totals for June 30, 2006

	Musk Ox	Newby Park	North Ridge	North Star Volunteer Fire
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues				
Taxes	\$19,754	\$13,735	\$6,634	\$1,168,829
Intergovernmental - state				11,648
Other revenues	3,578	932	491	41,727
Revenues total	<hr/> 23,332	<hr/> 14,666	<hr/> 7,125	<hr/> 1,222,203
Expenditures				
Current				
Road and other service areas	8,795	5,785	1,025	
Fire service areas				1,093,063
Capital outlay				
Expenditures total	<hr/> 8,795	<hr/> 5,785	<hr/> 1,025	<hr/> 1,093,063
Excess (deficiency) of revenues over expenditures	14,537	8,882	6,100	129,140
Other financing sources (uses)				
Transfers in				212
Transfers out				
Other financing sources (uses) total	<hr/>	<hr/>	<hr/>	<hr/> 212
Net change in fund balances	14,537	8,882	6,100	129,352
Fund balances (deficit), beginning	<hr/> 61,884	<hr/> 11,586	<hr/> 5,027	<hr/> 493,651
Fund balances (deficit), ending	<hr/> <hr/> \$76,421	<hr/> <hr/> \$20,468	<hr/> <hr/> \$11,127	<hr/> <hr/> \$623,003

O'Connor Creek	Old Wood Road	Our	Parksville	Peede Country Estates
\$93,692	\$7,944	\$2,606	\$7,387	\$3,909
2,705	774	411	1,757	561
96,397	8,719	3,017	9,144	4,470
149,018	3,474	960	1,370	8,298
149,018	3,474	960	1,370	8,298
(52,621)	5,245	2,057	7,774	(3,828)
(52,621)	5,245	2,057	7,774	(3,828)
88,925	11,227	6,944	30,324	15,040
\$36,303	\$16,472	\$9,001	\$38,097	\$11,213

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2007  
With Comparative Totals for June 30, 2006

	Pine Stream	Pleasureland	Polar Heights	Potlatch
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues				
Taxes	\$17,256	\$6,378	\$15,823	\$8,885
Intergovernmental - state				
Other revenues	3,138	2,354	1,909	570
Revenues total	<hr/> 20,394	<hr/> 8,733	<hr/> 17,732	<hr/> 9,455
Expenditures				
Current				
Road and other service areas	6,321	1,843	20,291	13,548
Fire service areas				
Capital outlay				
Expenditures total	<hr/> 6,321	<hr/> 1,843	<hr/> 20,291	<hr/> 13,548
Excess (deficiency) of revenues over expenditures	14,073	6,889	(2,559)	(4,093)
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	14,073	6,889	(2,559)	(4,093)
Fund balances (deficit), beginning	<hr/> 53,775	<hr/> 43,524	<hr/> 31,511	<hr/> 14,062
Fund balances (deficit), ending	<hr/> <hr/> \$67,849	<hr/> <hr/> \$50,413	<hr/> <hr/> \$28,952	<hr/> <hr/> \$9,969

Prospect Park	Reed Acres Road	Ridgecrest	Salchaket Heights	Scenic Heights
\$6,140	\$6,810	\$1,797	\$1,870	\$15,106
734	2,727	133	423	3,661
6,874	9,537	1,931	2,293	18,767
5,909	1,809	900	730	6,300
5,909	1,809	900	730	6,300
965	7,727	1,031	1,563	12,467
965	7,727	1,031	1,563	12,467
13,152	50,497	1,968	7,475	64,454
\$14,117	\$58,225	\$2,999	\$9,038	\$76,921

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2007  
With Comparative Totals for June 30, 2006

	Seavy	Secluded Acres	Serendipity Hill	Six Mile Village Road
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues				
Taxes	\$8,183	\$6,828	\$5,490	\$6,743
Intergovernmental - state				
Other revenues	1,891	1,245	1,392	979
Revenues total	<hr/> 10,074	<hr/> 8,073	<hr/> 6,882	<hr/> 7,722
Expenditures				
Current				
Road and other service areas	5,183	3,029	930	2,414
Fire service areas				
Capital outlay				
Expenditures total	<hr/> 5,183	<hr/> 3,029	<hr/> 930	<hr/> 2,414
Excess (deficiency) of revenues over expenditures	4,891	5,044	5,952	5,308
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	4,891	5,044	5,952	5,308
Fund balances (deficit), beginning	<hr/> 33,380	<hr/> 20,475	<hr/> 24,273	<hr/> 16,381
Fund balances (deficit), ending	<hr/> <hr/> \$38,271	<hr/> <hr/> \$25,519	<hr/> <hr/> \$30,225	<hr/> <hr/> \$21,689

Smallwood Trail Road	Smith Ranch	Spring Glade	Spruce Acres	Steamboat Landing
\$4,414	\$	\$23,222	\$4,965	\$12,072
1,160	2,061	4,151	1,422	1,507
5,574	2,061	27,373	6,387	13,579
890	3,200	8,249	2,045	14,539
890	3,200	8,249	2,045	14,539
4,684	(1,139)	19,123	4,342	(960)
4,684	(1,139)	19,123	4,342	(960)
20,368	43,926	69,421	25,990	32,999
\$25,052	\$42,787	\$88,544	\$30,332	\$32,039

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2007  
With Comparative Totals for June 30, 2006

	Steese Volunteer Fire	Straight Creek	Summerwood	Summit Drive
Revenues				
Taxes	\$947,977	\$8,891	\$29,369	\$82,542
Intergovernmental - state				
Other revenues	53,850	515	3,059	12,640
Revenues total	1,001,827	9,406	32,428	95,181
Expenditures				
Current				
Road and other service areas		10,200	9,670	26,583
Fire service areas	699,038			
Capital outlay	3,631			
Expenditures total	702,668	10,200	9,670	26,583
Excess (deficiency) of revenues over expenditures	299,158	(794)	22,758	68,598
Other financing sources (uses)				
Transfers in	23,567			
Transfers out	(295,000)			
Other financing sources (uses) total	(271,433)			
Net change in fund balances	27,725	(794)	22,758	68,598
Fund balances (deficit), beginning	204,407	6,725	46,629	202,976
Fund balances (deficit), ending	\$232,132	\$5,931	\$69,387	\$271,574

Sunny Hills Terrace	Sunrise	Tan Terra	Thomas	Timberlane Road
\$23,753	\$9,307	\$15,918	\$9,397	\$6,605
4,561	2,709	795	391	3,054
28,314	12,016	16,713	9,788	9,660
4,924	10,482	16,290	5,748	11,460
4,924	10,482	16,290	5,748	11,460
23,390	1,534	423	4,040	(1,800)
23,390	1,534	423	4,040	(1,800)
75,930	55,474	15,961	3,744	60,935
\$99,320	\$57,008	\$16,383	\$7,784	\$59,135

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2007  
With Comparative Totals for June 30, 2006

	Tungsten	Twenty Three Mile Slough	Ullrhaven	University Fire
	_____	_____	_____	_____
Revenues				
Taxes	\$25,691	\$22,294	\$3,153	\$1,723,832
Intergovernmental - state				
Other revenues	946	5,907	1,095	92,972
Revenues total	26,637	28,201	4,248	1,816,804
	_____	_____	_____	_____
Expenditures				
Current				
Road and other service areas	15,996	1,640	1,104	
Fire service areas				1,464,654
Capital outlay				
Expenditures total	15,996	1,640	1,104	1,464,654
	_____	_____	_____	_____
Excess (deficiency) of revenues over expenditures	10,641	26,561	3,144	352,150
Other financing sources (uses)				
Transfers in				42,308
Transfers out				(185,000)
Other financing sources (uses) total				(142,692)
	_____	_____	_____	_____
Net change in fund balances	10,641	26,561	3,144	209,458
Fund balances (deficit), beginning	7,695	102,206	20,048	1,135,197
	_____	_____	_____	_____
Fund balances (deficit), ending	\$18,335	\$128,767	\$23,191	\$1,344,654
	=====	=====	=====	=====

University Heights	University West Street Light	Vienna Wood	Viewpointe	Violet Drive
\$44,938	\$51,723	\$18,566	\$14,622	\$46,210
5,234	9,720	2,068	4,772	3,048
50,172	61,444	20,634	19,394	49,258
21,048	40,720	16,131	13,498	34,929
21,048	40,720	16,131	13,498	34,929
29,124	20,723	4,503	5,896	14,329
				(2,500)
				(2,500)
29,124	20,723	4,503	5,896	11,829
83,969	169,275	34,115	88,195	38,492
<u>\$113,093</u>	<u>\$189,998</u>	<u>\$38,618</u>	<u>\$94,090</u>	<u>\$50,321</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2007  
With Comparative Totals for June 30, 2006

	Vista Gold Road	Vue Crest	Whitman	Wildview
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues				
Taxes	\$30,398	\$23,156	\$3,121	\$139,467
Intergovernmental - state				
Other revenues	1,429	5,770	789	20,457
Revenues total	<hr/> 31,827	<hr/> 28,926	<hr/> 3,910	<hr/> 159,924
Expenditures				
Current				
Road and other service areas	18,921	15,592	1,081	176,816
Fire service areas				
Capital outlay				
Expenditures total	<hr/> 18,921	<hr/> 15,592	<hr/> 1,081	<hr/> 176,816
Excess (deficiency) of revenues over expenditures	12,906	13,334	2,829	(16,892)
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	12,906	13,334	2,829	(16,892)
Fund balances (deficit), beginning	<hr/> 18,179	<hr/> 101,939	<hr/> 14,155	<hr/> 373,603
Fund balances (deficit), ending	<hr/> <hr/> \$31,085	<hr/> <hr/> \$115,273	<hr/> <hr/> \$16,984	<hr/> <hr/> \$356,711

Woodland	Yak Road	Totals	
		2007	2006
\$2,023	\$63,853	\$7,469,159	\$6,803,407
		11,648	9,327
127	9,356	628,720	777,870
2,150	73,209	8,109,527	7,590,603
1,170	49,155	2,002,752	1,920,314
		4,176,095	4,008,295
		3,631	257,755
1,170	49,155	6,182,477	6,186,364
980	24,054	1,927,049	1,404,240
		66,087	1,959
		(518,740)	(1,706,981)
		(452,653)	(1,705,022)
980	24,054	1,474,396	(300,782)
1,901	142,757	8,457,877	8,758,659
\$2,881	\$166,811	\$9,932,273	\$8,457,877

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FAIRBANKS NORTH STAR BOROUGH

Debt Service Fund

Comparative Balance Sheet  
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>Assets</b>		
Equity in central treasury cash	\$288,099	\$13,600
Assets total	<u>\$288,099</u>	<u>\$13,600</u>
<b>Liabilities and Fund Balance (Deficit)</b>		
Liabilities		
Fund balance (deficit)		
Unreserved		
Undesignated	\$288,099	\$13,600
Fund balance (deficit) total	<u>288,099</u>	<u>13,600</u>
Liabilities and fund balance (deficit) total	<u>\$288,099</u>	<u>\$13,600</u>

FAIRBANKS NORTH STAR BOROUGH

Debt Service Fund

Comparative Statement of Revenues, Expenditures  
and Changes in Fund Balance  
June 30, 2007 and 2006

	2007	2006
Revenues	\$	\$
Expenditures		
Debt service		
Areawide		
Principal retirement of bonds	9,315,000	10,645,000
Interest on bonds	6,168,659	6,587,115
Fiscal agent fees and other costs	433,108	4,854
Expenditures total	15,916,766	17,236,969
Excess (deficiency) of revenues over expenditures	(15,916,766)	(17,236,969)
Other financing sources (uses)		
Transfers in	15,995,715	17,136,440
Bond proceeds	10,460,000	
Premium on bond debt	110,550	
Payment to refunded bond escrow agent	(10,375,000)	
Other financing sources (uses) total	16,191,265	17,136,440
Net change in fund balance	274,499	(100,529)
Fund balance, beginning	13,600	114,129
Fund balance, ending	\$288,099	\$13,600

FAIRBANKS NORTH STAR BOROUGH

Debt Service Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
Year Ended June 30, 2007

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance from Budget- Positive (Negative)
Revenues	\$	\$	\$	\$	\$
Expenditures					
Debt service					
Areawide					
Principal retirement of bonds	9,315,000	9,315,000		9,315,000	
Interest on bonds	6,168,661	6,168,659		6,168,659	2
Fiscal agent fees and other costs	265,259	433,108		433,108	(167,849)
Expenditures total	15,748,920	15,916,766		15,916,766	(167,847)
Excess (deficiency) of revenues over expenditures	(15,748,920)	(15,916,766)		(15,916,766)	(167,847)
Other financing sources (uses)					
Transfers in	15,995,715	15,995,715		15,995,715	
Bond issuance		10,460,000		10,460,000	10,460,000
Premium on bond debt		110,550		110,550	110,550
Payment to refunded bond escrow agent		(10,375,000)		(10,375,000)	(10,375,000)
Other financing sources (uses) total	15,995,715	16,191,265		16,191,265	195,551
Net change in fund balance	\$246,795	274,499	\$	\$274,499	\$27,704
Fund balance, beginning		13,600			
Fund balance, ending		\$288,099			

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## 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.

## 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.

\* \* \* \* \*

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

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Capital Projects Funds

Combining Balance Sheet  
June 30, 2007

	Federal Pass-Through Grants	Federal Grants	Total Nonmajor Capital Projects Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>			
Equity in central treasury cash	\$15,691	\$816,587	\$832,278
Due from governmental agencies		5,325	5,325
Assets total	<u>\$15,691</u>	<u>\$821,912</u>	<u>\$837,602</u>
<b>Liabilities and Fund Balances (Deficit)</b>			
Liabilities			
Interfund payable	\$ 273	\$4,746	\$4,746
Due to School District	1,260		273
Unearned revenues	<u>1,260</u>		<u>1,260</u>
Liabilities total	<u>1,533</u>	<u>4,746</u>	<u>6,278</u>
Fund balances (deficit)			
Reserved for encumbrances	1,092	20,822	21,914
Unreserved - undesignated	13,066	796,344	809,410
Fund balances (deficit) total	<u>14,158</u>	<u>817,166</u>	<u>831,324</u>
Liabilities and fund balances (deficit) total	<u>\$15,691</u>	<u>\$821,912</u>	<u>\$837,602</u>

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2007

	Federal Pass-Through Grants	Federal Grants	Total Nonmajor Capital Project Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues			
Intergovernmental revenues	\$282,169	\$684,060	\$966,229
Revenues total	<u>282,169</u>	<u>684,060</u>	<u>966,229</u>
Expenditures			
Current			
General government		6,770	6,770
Public works		67,840	67,840
Parks and recreation	6,085		6,085
Education	4,575		4,575
Capital outlay	<u>278,286</u>	<u>120,448</u>	<u>398,734</u>
Expenditures total	<u>288,946</u>	<u>195,058</u>	<u>484,003</u>
Excess (deficiency) of revenues over expenditures	(6,776)	489,002	482,226
Other financing sources (uses)			
Transfers in	<u>20,000</u>		<u>20,000</u>
Net change in fund balances	13,224	489,002	502,226
Fund balances (deficit), beginning	<u>934</u>	<u>328,164</u>	<u>329,098</u>
Fund balances (deficit), ending	<u>\$14,158</u>	<u>\$817,166</u>	<u>\$831,324</u>

FAIRBANKS NORTH STAR BOROUGH

Capital Projects Funds

Project-length Schedule of Revenues and Expenditures  
Budget and Actual  
Beginning of Projects to June 30, 2007

	<u>Nonmajor Capital Projects Funds</u>	
	<u>Federal Pass-Through Grants</u>	<u>Federal Grants</u>
Total project budget	<u>\$1,464,248</u>	<u>\$5,802,292</u>
Revenues and other financing sources		
Intergovernmental		
State	\$789,161	\$
Federal		3,915,952
Local	529,243	
Transfers in and prior years' operating transfers in	20,000	1,265,000
Bond issuance and premium on bond debt		
	<u>                    </u>	<u>                    </u>
Revenues and other financing sources total	<u>\$1,338,404</u>	<u>\$5,180,952</u>
Expenditures and other financing uses	<u>\$1,324,246</u>	<u>\$4,363,786</u>

Major Capital Projects Funds

State Grants	Bond Projects	Local Projects	2007 Project-to-Date Totals
<u>\$17,608,261</u>	<u>\$109,912,683</u>	<u>\$64,680,107</u>	<u>\$199,467,590</u>
\$5,218,179	\$	\$2,000,000	\$8,007,341
	2,895,102	9,976,733	3,915,952
694,475		35,568,033	13,401,077
<u>          </u>	<u>96,134,377</u>	<u>          </u>	<u>37,547,508</u>
<u>\$5,912,654</u>	<u>\$99,029,479</u>	<u>\$47,544,766</u>	<u>\$159,006,254</u>
<u>\$4,811,561</u>	<u>\$77,742,741</u>	<u>\$40,715,386</u>	<u>\$128,957,719</u>

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## MAJOR ENTERPRISE FUNDS

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

\* \* \* \* \*

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

\* \* \* \* \*

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

\* \* \* \* \*

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

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Net Assets  
June 30, 2007 and 2006

<b>Assets</b>	<u>2007</u>	<u>2006</u>
Current assets		
Equity in central treasury cash	\$2,370,406	\$1,785,067
Restricted equity in central treasury cash	21,478	25,639
Restricted due from governmental agencies	231,544	634,763
Restricted prepaid	1,000	
Inventories	163,361	150,567
Current assets total	<u>2,787,789</u>	<u>2,596,036</u>
Noncurrent assets		
Capital assets - non-depreciable		
Land and land improvements	595,234	595,234
Capital assets - depreciable		
Buildings	4,006,768	3,941,791
Improvements other than buildings	266,665	261,774
Equipment	2,639,370	2,577,065
Intangible assets - software	204,769	170,171
Accumulated depreciation	(3,186,013)	(2,865,094)
Noncurrent assets (net) total	<u>4,526,793</u>	<u>4,680,941</u>
Assets total	<u>\$7,314,582</u>	<u>\$7,276,977</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Net Assets  
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$59,415	\$55,761
Wages and payroll taxes	91,194	83,963
Accrued compensated absences	185,356	151,024
Accrued self-insurance losses	26,536	22,324
Deposits from others	3,402	3,280
Payable from restricted assets		
Accounts payable	28,271	49,170
Interfund payable	201,002	585,819
Unearned revenues	10,093	13,136
Current liabilities total	<u>605,268</u>	<u>964,476</u>
Long-term liabilities		
Accrued compensated absences	29,443	63,564
Accrued self-insurance losses	34,512	31,988
Net pension obligation	323,436	251,369
Long-term liabilities total	<u>387,392</u>	<u>346,922</u>
Liabilities total	<u>992,660</u>	<u>1,311,397</u>
Net assets		
Invested in capital assets	4,526,793	4,680,941
Restricted for:		
Grants	14,657	12,277
Unrestricted	1,780,472	1,272,362
Net assets total	<u>6,321,922</u>	<u>5,965,580</u>
Liabilities and net assets total	<u>\$7,314,582</u>	<u>\$7,276,977</u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Revenues, Expenses  
and Changes in Net Assets  
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues		
Fares	\$244,815	\$183,657
Advertising	9,549	2,681
Charges for services	1,117,102	1,019,763
Retirement system funding	99,964	59,911
Operating revenues total	<u>1,471,430</u>	<u>1,266,012</u>
Operating expenses		
Wages and benefits	3,778,398	3,460,500
Fuels, lubricants, and parts	539,838	460,952
Other commodities	22,739	2,444
Contractual services	359,862	546,406
Utilities	105,680	91,972
Professional services	141,284	258,914
Depreciation	320,919	253,644
Training, dues and professional expenses	53,049	20,943
Repairs and maintenance	80,278	68,425
Supplies	48,161	37,613
Intragovernmental charges	796,750	597,316
Operating expenses total	<u>6,246,959</u>	<u>5,799,129</u>
Operating income (loss)	<u>(4,775,529)</u>	<u>(4,533,116)</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Revenues, Expenses  
and Changes in Net Assets  
Years Ended June 30, 2007 and 2006

	2007	2006
	<u>                    </u>	<u>                    </u>
Non-operating revenues (expenses)		
Grants revenue	\$1,293,800	\$3,552,717
Fares from grants		223,677
Investment income	91,296	47,521
Gain (loss) on sales of capital assets		(253,732)
Miscellaneous revenue (expense)	261	329
	<u>                    </u>	<u>                    </u>
Non-operating revenues (expenses) total	1,385,357	3,570,512
	<u>                    </u>	<u>                    </u>
Income (loss) before contributions and transfers	(3,390,172)	(962,604)
Transfers in	3,746,515	2,653,250
Transfers out		(125,947)
	<u>                    </u>	<u>                    </u>
Change in net assets	356,342	1,564,699
Net assets, beginning	5,965,580	4,400,881
	<u>                    </u>	<u>                    </u>
Net assets, ending	<u><u>\$6,321,922</u></u>	<u><u>\$5,965,580</u></u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Land

Comparative Statement of Net Assets  
June 30, 2007 and 2006

	2007	2006
<b>Assets</b>		
Current assets		
Equity in central treasury cash	\$4,588,602	\$4,835,858
Restricted equity in central treasury cash	710,939	
Taxes receivable - foreclosure reimbursement	213,298	153,342
Accounts receivable	31,598	60,032
Accrued interest receivable	13,166	12,410
Restricted accrued interest receivable	3,193	
Land contracts receivable, current portion	211,640	260,244
Restricted due from governmental agencies	113,617	860
Inventories	662,799	53
Current assets total	6,548,852	5,322,799
Noncurrent assets		
Land inventory - long-term	11,236,617	8,225,938
Land contracts receivable	1,050,600	1,688,310
Capital assets - non-depreciable		
Retained land	703,796	296,148
Capital assets - depreciable		
Buildings	314,927	314,927
Intangible assets - software	18,864	18,864
Accumulated depreciation	(269,406)	(262,165)
Noncurrent assets (net) total	13,055,397	10,282,023
Assets total	\$19,604,250	\$15,604,823

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Land

Comparative Statement of Net Assets  
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$58,224	\$707
Wages and payroll taxes	19,243	18,143
Accrued compensated absences	29,942	35,335
Deposits from others	1,400	15,279
Payable from restricted assets		
Accounts payable	17,492	
Interfund payable	113,617	860
Unearned grant revenues	696,641	
Unrealized gain on land contracts, current portion	85,273	96,966
Current liabilities total	<u>1,021,831</u>	<u>167,290</u>
Long-term liabilities		
Accrued compensated absences	10,279	4,260
Unrealized gain on land contracts	450,265	661,512
Net pension obligation	68,044	53,426
Long-term liabilities total	<u>528,588</u>	<u>719,197</u>
Liabilities total	<u>1,550,419</u>	<u>886,488</u>
Net assets		
Invested in capital assets	768,180	367,774
Unrestricted	17,285,650	14,350,561
Net assets total	<u>18,053,830</u>	<u>14,718,335</u>
Liabilities and net assets total	<u>\$19,604,250</u>	<u>\$15,604,823</u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Land

Comparative Statement of Revenues, Expenses  
and Changes in Net Assets  
Years Ended June 30, 2007 and 2006

	2007	2006
	<hr/>	<hr/>
Operating revenues		
Land sales, net of cost	\$215,123	\$392,721
Land leases	3,635	37,829
Interest on land contracts receivable	144,244	147,339
Charges for services	265,205	275,082
Retirement system funding	23,040	20,292
Other revenues	3,410,183	1
Operating revenues total	<hr/> 4,061,430	<hr/> 873,265
Operating expenses		
Wages and benefits	764,092	731,788
Fuels, lubricants, and parts		34
Contractual services	81,197	76,443
Professional services	22,738	61,198
Depreciation	7,242	7,242
Training, dues and professional expenses	9,389	10,333
Repairs and maintenance	700	750
Supplies	7,253	9,891
Intragovernmental charges	268,870	121,353
Operating expenses total	<hr/> 1,161,480	<hr/> 1,019,030
Operating income (loss)	<hr/> 2,899,951	<hr/> (145,766)

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Land

Comparative Statement of Revenues, Expenses  
and Changes in Net Assets  
Years Ended June 30, 2007 and 2006

	2007	2006
Non-operating revenues (expenses)		
Grants revenue	\$268,485	\$20,915
Investment income	231,976	179,707
Miscellaneous revenue (expense)	5	
Increase (decline) in market value of land inventory		50,910
	<hr/>	<hr/>
Non-operating revenues (expenses) total	500,466	251,531
	<hr/>	<hr/>
Income (loss) before contributions and transfers	3,400,417	105,766
Transfers in	49,871	101,573
Transfers out	(471,324)	(30,851)
Capital contributions	356,532	
	<hr/>	<hr/>
Change in net assets	3,335,495	176,488
Net assets, beginning	14,718,335	14,541,847
	<hr/>	<hr/>
Net assets, ending	<u>\$18,053,830</u>	<u>\$14,718,335</u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Net Assets  
June 30, 2007 and 2006

<b>Assets</b>	2007	2006
Current assets		
Equity in central treasury cash	\$350,817	\$314,800
Restricted equity in central treasury cash	281,930	462,610
Accounts receivable		26,323
Restricted accounts receivable	2,909	6,860
Restricted due from governmental agencies	4,293	73,998
Current assets total	639,949	884,591
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	10,153	140,377
Capital assets - depreciable		
Buildings	14,815,299	14,815,299
Improvements other than buildings	1,608,028	1,608,028
Equipment	1,510,543	230,845
Accumulated depreciation	(5,424,697)	(5,046,805)
Noncurrent assets (net) total	13,149,148	12,377,567
Assets total	\$13,789,096	\$13,262,158

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Net Assets  
June 30, 2007 and 2006

	2007	2006
	<hr/>	<hr/>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Wages and payroll taxes	\$1,157	\$1,465
Accrued compensated absences	3,178	2,453
Payable from restricted assets		
Accounts payable		35,167
Interfund payable	4,293	72,511
Unearned revenues	39,847	141,180
Current liabilities total	<hr/> 48,476	<hr/> 252,777
Long-term liabilities		
Accrued compensated absences	132	2,089
Net pension obligation	3,014	1,802
Long-term liabilities total	<hr/> 3,147	<hr/> 3,892
Liabilities total	<hr/> 51,622	<hr/> 256,668
Net assets		
Invested in capital assets	13,149,148	12,377,567
Restricted for:		
Asset replacement	244,992	294,610
Unrestricted	343,335	333,313
Net assets total	<hr/> 13,737,474	<hr/> 13,005,490
Liabilities and net assets total	<hr/> <hr/> \$13,789,096	<hr/> <hr/> \$13,262,158

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Revenues, Expenses  
and Changes in Net Assets  
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues		
Charges for services	\$99,378	\$87,932
State retirement funding	2,065	936
Operating revenues total	<u>101,442</u>	<u>88,868</u>
Operating expenses		
Wages and benefits	35,781	34,997
Other commodities	2,200	47,222
Contractual services	391,971	435,330
Professional services		1,232
Depreciation	383,503	339,507
Repairs and maintenance	4,500	5,000
Supplies	9,071	135,909
Management contractor fee	156,642	146,998
Intragovernmental charges	378,046	424,587
Operating expenses total	<u>1,361,714</u>	<u>1,570,783</u>
Operating income (loss)	<u>(1,260,272)</u>	<u>(1,481,916)</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Revenues, Expenses  
and Changes in Net Assets  
Years Ended June 30, 2007 and 2006

	2007	2006
Non-operating revenues (expenses)		
Grants revenue	\$896,511	\$140,477
Investment income	21,205	21,058
Gain (loss) of sales of capital assets	180	
Miscellaneous revenue (expense)	1,957	34
Non-operating revenues (expenses) total	<u>919,853</u>	<u>161,569</u>
Income (loss) before contributions and transfers	(340,419)	(1,320,347)
Transfers in	1,072,403	1,316,381
Transfers out		(150,000)
Capital contributions		16,515
Change in net assets	<u>731,984</u>	<u>(137,450)</u>
Net assets, beginning	<u>13,005,490</u>	<u>13,142,940</u>
Net assets, ending	<u><u>\$13,737,474</u></u>	<u><u>\$13,005,490</u></u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Net Assets  
June 30, 2007 and 2006

	2007	2006
<b>Assets</b>		
Current assets		
Equity in central treasury cash	\$16,197,500	\$14,642,375
Accounts receivable (net of allowance for uncollectibles 2007 - \$32,852; 2006 - \$28,528)	563,588	338,888
Interfund receivable	157,899	175,000
Restricted due from governmental agencies		20,226
Current assets total	16,918,986	15,176,489
Noncurrent assets		
Capital assets - non-depreciable		
Land and land improvements	746,003	836,876
Construction work in progress	328,713	135,737
Capital assets - depreciable		
Land	346,044	255,171
Buildings	4,542,614	4,542,614
Improvements other than buildings	16,985,303	16,918,998
Equipment	2,525,656	2,495,606
Accumulated depreciation	(12,437,472)	(11,898,691)
Noncurrent assets (net) total	13,036,861	13,286,310
Assets total	\$29,955,847	\$28,462,799

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Net Assets

June 30, 2007 and 2006

	2007	2006
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$176,384	\$187,987
Wages and payroll taxes	43,515	39,682
Accrued interest payable		284,602
Accrued compensated absences	37,242	25,401
Accrued self-insurance losses	61,437	116,313
Payable from restricted assets:		
Interfund payable		20,226
Capital lease payable		16,261
Loans payable	1,197,754	
Current liabilities total	<u>1,516,332</u>	<u>690,473</u>
Long-term liabilities		
Accrued compensated absences	3,683	8,924
Accrued self-insurance losses	83,808	157,766
Loans payable	4,974,449	5,865,425
Landfill closure and postclosure care	15,642,347	13,997,470
Net pension obligation	120,423	92,968
Long-term liabilities total	<u>20,824,710</u>	<u>20,122,554</u>
Liabilities total	<u>22,341,042</u>	<u>20,813,027</u>
Net assets		
Invested in capital assets, net of related debt	6,864,658	7,404,624
Unrestricted	750,147	245,149
Net assets total	<u>7,614,805</u>	<u>7,649,773</u>
Liabilities and net assets total	<u>\$29,955,847</u>	<u>\$28,462,799</u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Revenues, Expenses  
and Changes in Net Assets  
Years Ended June 30, 2007 and 2006

	2007	2006
	<hr/>	<hr/>
Operating revenues		
Charges for services	\$5,615,004	\$5,331,961
Retirement system funding	39,708	33,370
Operating revenues total	<hr/> 5,654,712 <hr/>	<hr/> 5,365,332 <hr/>
Operating expenses		
Wages and benefits	1,522,508	1,369,248
Fuels, lubricants, and parts	159,486	162,797
Other commodities	3,610	27,078
Contractual services	1,110,464	1,286,967
Utilities	100,768	90,557
Professional services	115,964	294,499
Depreciation	727,631	361,529
Training, dues and professional expenses	16,899	14,379
Repairs and maintenance	257,619	324,493
Supplies	117,953	146,164
Landfill closure and postclosure care costs	1,644,877	1,274,625
Intragovernmental charges	674,610	676,519
Operating expenses total	<hr/> 6,452,390 <hr/>	<hr/> 6,028,855 <hr/>
Operating income (loss)	<hr/> (797,677) <hr/>	<hr/> (663,523) <hr/>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Revenues, Expenses  
and Changes in Net Assets  
Years Ended June 30, 2007 and 2006

	2007	2006
	<u>                    </u>	<u>                    </u>
Non-operating revenues (expenses)		
Interest expense	(\$22,322)	(\$51,826)
Grants revenue		404,520
Investment income	763,653	604,698
Gain (loss) on sales of capital assets	(15,020)	(6,685)
Miscellaneous revenue (expense)	3	799
	<u>                    </u>	<u>                    </u>
Non-operating revenues (expenses) total	726,313	951,506
	<u>                    </u>	<u>                    </u>
Income (loss) before contributions and transfers	(71,364)	287,983
	<u>                    </u>	<u>                    </u>
Transfers in	53,340	
Transfers out	(16,943)	(144,046)
	<u>                    </u>	<u>                    </u>
Change in net assets	(34,967)	143,937
	<u>                    </u>	<u>                    </u>
Net assets, beginning	7,649,773	7,505,836
	<u>                    </u>	<u>                    </u>
Net assets, ending	<u>\$7,614,805</u>	<u>\$7,649,773</u>

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FAIRBANKS NORTH STAR BOROUGH

Internal Service Fund - Vehicle and Equipment Fleet

Comparative Statement of Net Assets  
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>Assets</b>		
Current assets		
Equity in central treasury cash	\$550,811	\$487,877
Restricted equity in central treasury cash	24,363	24,363
Current assets total	<u>575,175</u>	<u>512,240</u>
Noncurrent assets		
Capital assets - depreciable		
Equipment	6,396,030	6,371,084
Accumulated depreciation	(3,256,347)	(2,882,968)
Noncurrent assets (net) total	<u>3,139,683</u>	<u>3,488,116</u>
Assets total	<u><u>\$3,714,858</u></u>	<u><u>\$4,000,356</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$3,495	\$
Deposits from others	10,575	13,100
Payable from restricted assets		
Unearned revenues	18,200	18,200
Capital leases payable	385,555	411,428
Current liabilities total	<u>417,825</u>	<u>442,728</u>
Long-term liabilities		
Capital leases payable	783,095	1,066,712
Long-term liabilities total	<u>783,095</u>	<u>1,066,712</u>
Liabilities total	<u>1,200,920</u>	<u>1,509,440</u>
Net assets		
Invested in capital assets, net of related debt	1,971,034	2,009,976
Restricted for:		
Grants	6,163	6,163
Unrestricted	536,741	474,777
Net assets total	<u>2,513,939</u>	<u>2,490,917</u>
Liabilities and net assets total	<u><u>\$3,714,858</u></u>	<u><u>\$4,000,356</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, 2007 and 2006**

	2007	2006
Operating revenues		
Charges for services	\$539,440	\$511,220
Operating revenues total	539,440	511,220
Operating expenses		
Other commodities	14,070	
Depreciation	464,381	481,692
Repairs and maintenance	25	7,949
Interest expense - capital leases	56,875	7,585
Intragovernmental charges	27,190	24,730
Operating expenses total	562,540	521,956
Operating income (loss)	(23,100)	(10,736)
Non-operating revenues (expenses)		
Gain (loss) on sales of capital assets	23,782	26,726
Miscellaneous revenue (expense)	5,397	540
Non-operating revenues (expenses) total	29,179	27,266
Income (loss) before contributions and transfers	6,079	16,530
Capital contributions	16,943	201,792
Change in net assets	23,022	218,322
Net assets, beginning	2,490,917	2,272,595
Net assets, ending	\$2,513,939	\$2,490,917

## **FIDUCIARY FUND**

Agency Fund

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FAIRBANKS NORTH STAR BOROUGH

Agency Fund - Taxes

Statement of Changes in Assets and Liabilities  
Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
<b>Assets</b>				
Equity in central treasury cash	\$26,596	\$12,592,511	\$12,587,345	\$31,762
Property tax liens receivable	289,007	12,588,570	12,565,985	311,592
Sales tax receivable	44,445			44,445
Assets total	<u>\$360,048</u>	<u>\$25,181,081</u>	<u>\$25,153,330</u>	<u>\$387,799</u>
<b>Liabilities</b>				
Due to other governmental agencies for collected taxes	\$6,484	\$12,568,100	\$12,567,233	\$7,351
Due to other governmental agencies for uncollected taxes	333,451	12,588,570	12,565,985	356,037
Advance tax payments	20,113	24,411	20,113	24,411
Liabilities total	<u>\$360,048</u>	<u>\$25,181,081</u>	<u>\$25,153,330</u>	<u>\$387,799</u>

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FAIRBANKS NORTH STAR BOROUGH

Schedule 1

Cash and Investment Balances Classified by Depository  
 All Funds and School District  
 June 30, 2007  
 With Comparative Totals for June 30, 2006

	Fair Value of Cash Invested (a)	Checking and Cash on Hand	Totals	
			2007	2006
Change and petty cash funds	\$	\$39,697	\$39,697	\$39,360
Hamilton Money Fund (b)	84,329		84,329	89,732
Fidelity Treasury Money Market Fund	31,994,666		31,994,666	26,888,071
U.S. securities and agencies	19,989,063		19,989,063	4,958,574
Commercial paper	49,272,165		49,272,165	45,567,987
Wells Fargo Bank Alaska	4,204,882	(5,581,550)	(1,376,668)	3,202,635
Alaska Municipal League Investment Pool	52,795,870		52,795,870	40,013,793
Cash and temporary investments	158,340,975	(5,541,853)	152,799,122	120,760,152
Less: Fiduciary Fund - Borough	(31,762)		(31,762)	(26,596)
Less: Fiduciary Fund - School District	(1,940,279)		(1,940,279)	(1,873,145)
Cash and temporary investments total	<u>\$156,368,934</u>	<u>(\$5,541,853)</u>	<u>\$150,827,081</u>	<u>\$118,860,411</u>

(a) Excludes investment in deferred compensation plan.  
 Investments are presented at fair value.

(b) These funds are invested by the Borough's custodial bank, Bank of New York, BNY Western Trust.

**Enterprise Funds  
Cash Balances  
June 30, 2007**

<u>Enterprise Fund</u>	<u>Operating</u>	<u>Project Appropriations</u>	<u>Total</u>
Transit	\$2,040,941	\$350,943	\$2,391,884
Land	3,144,282	2,155,259	5,299,541
Carlson Center	200,644	432,103	632,747
Solid waste disposal	<u>6,187,551</u>	<u>10,009,949</u>	<u>16,197,500</u>
Enterprise funds total	<u>\$11,573,418</u>	<u>\$12,948,254</u>	<u>\$24,521,672</u>

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

## FAIRBANKS NORTH STAR BOROUGH

## Schedule 3

**Combined Schedule of Investments  
All Funds and School District  
June 30, 2007**

	Maturity Dates	Interest (Coupon/ Discount)	Principal	Fair Value
<u>Overnight Investment</u>				
Wells Fargo Bank Alaska N.A.	Open	3.875%	\$2,748,557	\$2,748,557
Wells Fargo Bank Alaska N.A.	Open		1,456,325	1,456,325
Overnight investment total			<u>4,204,882</u>	<u>4,204,882</u>
<u>Government Securities Money Market Funds</u>				
Fidelity Institutional Money Market Treasury Portfolio Class I		4.870	31,994,666	31,994,666
BNY Hamilton Money Fund		4.950	84,329	84,329
Government securities money market funds total			<u>32,078,995</u>	<u>32,078,995</u>
<u>External Investment Pool</u>				
Alaska Municipal League Investment Pool		5.200	52,795,871	52,795,871
<u>U.S. Securities and Agencies</u>				
Federal Home Loan Bank	5/07/08	5.300	5,000,000	4,995,313
Federal Home Loan Bank	12/11/08	5.400	5,000,000	4,996,875
Federal Home Loan Bank	12/11/08	5.400	5,000,000	4,996,875
Federal Home Loan Bank	6/11/09	5.500	5,000,000	5,000,000
U.S. securities and agencies total			<u>20,000,000</u>	<u>19,989,063</u>
<u>Commercial Paper</u>				
Lockhart Funding, LLC discount	07/27/07	5.200	4,909,000	4,980,500
Lockhart Funding, LLC discount	08/24/07	5.160	4,889,633	4,960,583
General Electric Capital Corporation discount	07/20/07	5.140	4,915,047	4,985,722
American International Group Funding	09/19/07	5.060	4,873,500	4,943,075
Rheingold Securitisation Commercial Paper	09/28/07	5.140	4,890,061	4,935,750
Merrill Lynch & Co	10/29/07	5.110	4,868,701	4,914,124
General Electric Capital Corporation discount	02/29/08	5.100	4,810,875	4,827,167
Lockhart Funding, LLC discount	10/26/07	5.220	4,897,775	4,914,450
Lockhart Funding, LLC discount	10/26/07	5.260	4,907,950	4,913,794
General Electric Capital Corporation discount	11/21/07	5.150	4,891,278	4,897,000
Commercial paper total			<u>48,853,821</u>	<u>49,272,165</u>
Investments total			<u>\$157,933,568</u>	<u>\$158,340,975</u>

Combined Schedule of Delinquent Taxes Receivable  
By Fund Type  
June 30, 2007

<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				
2003 and prior	\$216,274	\$171,645	\$20,495	\$24,133
2004	100,654	75,867	11,211	13,576
2005	<u>521,513</u>	<u>389,748</u>	<u>69,095</u>	<u>62,670</u>
Delinquent taxes total	<u><u>\$838,441</u></u>	<u><u>\$637,260</u></u>	<u><u>\$100,802</u></u>	<u><u>\$100,379</u></u>

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FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt  
June 30, 2007 and 2006

	<u>Remaining Interest Rates</u>	<u>Payment Dates</u>	<u>Bond Date</u>	<u>Final Maturity Date</u>
General Obligation Bonds Payable:				
1993 Refunding Series S	5.500%	09-01/03-01	06-01-93	03-01-08
1996 Series U - school facilities		05-01/11-01	11-01-96	02-27-07
1997 Series A - school facilities - library	5.000 - 6.500%	05-01/11-01	11-01-97	11-01-17
1999 Series B - school facilities	4.250 - 5.250%	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, 2007 Outstanding	June 30, 2006 Outstanding
\$ 3,035,000 (08)	\$ 42,615,000	\$ 42,615,000	\$ 39,580,000	\$ 3,035,000	\$ 5,865,000
700,000 (05)	16,320,000	16,320,000	16,320,000		11,125,000
1,700,000 (07)	34,000,000	34,000,000	10,368,794	23,631,206	25,174,468
1,800,000 (08)	1,250,000	1,250,000	381,206	868,794	925,532
1,900,000 (09)					
2,000,000 (10)					
2,100,000 (11)					
2,200,000 (12)					
2,350,000 (13)					
2,450,000 (14)					
2,500,000 (15)					
2,700,000 (16)					
2,800,000 (17)					
1,190,000 (08)	26,210,129	26,210,000	7,600,000	18,610,000	19,750,000
1,245,000 (09)					
1,300,000 (10)					
1,360,000 (11)					
1,425,000 (12)					
1,490,000 (13)					
1,565,000 (14)					
1,640,000 (15)					
1,715,000 (16)					
1,800,000 (17)					
1,890,000 (18)					
1,990,000 (19)					
375,000 (07)	9,000,000	9,000,000	1,685,000	7,315,000	7,670,000
390,000 (08)					
410,000 (09)					
430,000 (10)					
450,000 (11)					
475,000 (12)					
495,000 (13)					
525,000 (14)					
550,000 (15)					
580,000 (16)					
610,000 (17)					
640,000 (18)					
675,000 (19)					
710,000 (20)					

FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt  
June 30, 2007 and 2006

	<u>Remaining Interest Rates</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	04-15-03	10-01-22

Remaining Annual Serial Payments	Authorized	Issued	Retired	June 30, 2007 Outstanding	June 30, 2006 Outstanding
(a)					
\$ 370,000 (08)	\$ 9,050,000	\$ 9,050,000	\$ 1,885,000	\$ 7,165,000	\$ 7,520,000
385,000 (09)					
405,000 (10)					
425,000 (11)					
445,000 (12)					
465,000 (13)					
485,000 (14)					
510,000 (15)					
540,000 (16)					
565,000 (17)					
595,000 (18)					
625,000 (19)					
655,000 (20)					
695,000 (21)					
520,000 (07)	14,000,000	14,000,000	1,835,000	12,165,000	12,665,000
545,000 (08)					
565,000 (09)					
595,000 (10)					
620,000 (11)					
650,000 (12)					
680,000 (13)					
715,000 (14)					
755,000 (15)					
790,000 (16)					
835,000 (17)					
880,000 (18)					
925,000 (19)					
975,000 (20)					
1,030,000 (21)					
1,085,000 (22)					
515,000 (07)	13,500,000	13,500,000	1,445,000	12,055,000	12,555,000
540,000 (08)					
565,000 (09)					
590,000 (10)					
615,000 (11)					
645,000 (12)					
675,000 (13)					
710,000 (14)					
745,000 (15)					
785,000 (16)					
825,000 (17)					
870,000 (18)					
915,000 (19)					
965,000 (20)					
1,020,000 (21)					
1,075,000 (22)					

FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt  
June 30, 2007 and 2006

	<u>Remaining Interest Rates</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, 2007 Outstanding	June 30, 2006 Outstanding
(a)					
\$ 560,000 (07)	\$ 14,164,000	\$ 14,164,000	\$ 1,619,000	\$ 12,545,000	\$ 13,095,000
570,000 (08)					
585,000 (09)					
600,000 (10)					
620,000 (11)					
640,000 (12)					
660,000 (13)					
685,000 (14)					
710,000 (15)					
740,000 (16)					
770,000 (17)					
805,000 (18)					
840,000 (19)					
880,000 (20)					
915,000 (21)					
960,000 (22)					
1,005,000 (23)					
530,000 (07)	13,750,000	13,750,000	930,000	12,820,000	13,335,000
540,000 (08)					
555,000 (09)					
570,000 (10)					
585,000 (11)					
605,000 (12)					
625,000 (13)					
650,000 (14)					
675,000 (15)					
700,000 (16)					
730,000 (17)					
755,000 (18)					
790,000 (19)					
825,000 (20)					
860,000 (21)					
900,000 (22)					
940,000 (23)					
985,000 (24)					

FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt  
June 30, 2007 and 2006

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

Remaining Annual Serial Payments	Authorized	Issued	Retired	June 30, 2007 Outstanding	June 30, 2006 Outstanding
(a)					
\$ 335,000 (07)	\$ 9,750,000	\$ 9,750,000	\$ 220,000	\$ 9,530,000	\$ 9,750,000
350,000 (08)					
365,000 (09)					
375,000 (10)					
390,000 (11)					
405,000 (12)					
425,000 (13)					
440,000 (14)					
460,000 (15)					
480,000 (16)					
505,000 (17)					
525,000 (18)					
550,000 (19)					
580,000 (20)					
605,000 (21)					
635,000 (22)					
670,000 (23)					
700,000 (24)					
735,000 (25)					
290,000 (07)	12,000,000	12,000,000		12,000,000	
415,000 (08)					
430,000 (09)					
450,000 (10)					
465,000 (11)					
485,000 (12)					
510,000 (13)					
530,000 (14)					
550,000 (15)					
570,000 (16)					
600,000 (17)					
625,000 (18)					
650,000 (19)					
680,000 (20)					
710,000 (21)					
740,000 (22)					
775,000 (23)					
805,000 (24)					
840,000 (25)					
880,000 (26)					

**FAIRBANKS NORTH STAR BOROUGH**

**Combined Schedule of Long-Term Debt  
June 30, 2007 and 2006**

	<u>Remaining Interest Rates</u>	<u>Payment Dates</u>	<u>Bond Date</u>	<u>Final Maturity Date</u>
2007 Refunding Series K	4.000%	11-01/05-01	02-16-07	11-01-16
General obligation bonds payable total				
Proprietary Long-Term Debt:				
Solid Waste Disposal loan payable Cell 2 - substantial completion at 9/30/06	1.500%	Annual	09-24-97	10-01-11
Capital leases payable	3.420-5.130%	Various	Various	Various
Proprietary long-term debt total				
Long-term debt total				

(a) Years shown are calendar years.

<u>Remaining Payments</u>	<u>Authorized</u>	<u>Issued</u>	<u>Retired</u>	<u>June 30, 2007 Outstanding</u>	<u>June 30, 2006 Outstanding</u>
(a)					
\$ 745,000 (07)	\$ 10,460,000	\$ 10,460,000	\$	\$ 10,460,000	\$
875,000 (08)					
915,000 (09)					
960,000 (10)					
1,025,000 (11)					
1,065,000 (12)					
1,130,000 (13)					
1,170,000 (14)					
1,255,000 (15)					
16,320,000 (16)					
	226,069,129	226,069,000	83,869,000	142,200,000	139,430,000
1,197,754 (07)	6,172,203	6,172,203		6,172,203	5,865,425
1,215,978 (08)					
1,234,218 (09)					
1,252,731 (10)					
1,271,522 (11)					
Various		2,457,355	1,288,706	1,168,649	1,494,401
	6,172,203	8,629,558	1,288,706	7,340,852	7,359,826
	\$ 232,241,332	\$ 234,698,558	\$ 85,157,706	\$ 149,540,852	\$ 146,789,826

**Balances in Major Reserve Accounts  
June 30, 2007 and 2006**

<u>Reserve Account</u>	<u>2007</u>	<u>2006</u>
Facilities Maintenance	\$4,151,481	\$3,684,175
Asset Replacement (a)	631,200	608,155
Carlson Center (b)	175,569	120,303
Landfill Closure and Postclosure Care	6,398,377	5,596,805
Hotel-Motel Room Tax (c)	<u>35,733</u>	<u>33,850</u>
Reserves total	<u>\$11,392,360</u>	<u>\$10,043,288</u>

(a) Balance includes upcoming appropriations and approvals from the account.

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

(c) Used mostly for tourism marketing.

**Library Special Revenue Fund  
Selected Financial Information  
As of and for the Fiscal Years Ended June 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
Unreserved fund balance designated for library endowment	\$7,380,892	\$6,205,834
Unreserved, undesignated fund balance	170,058	
Donations	1,005,000	1,875,000
Interest revenue	340,116	250,710

The library fund was established April 30, 1990 to account for the donations received from a trust, of which the Fairbanks North Star Borough Public Library is a 15 percent beneficiary. 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 2004-2005 to plan for a remodel/addition of the Noel Wien Library, \$75,000 for a library materials security system; \$424,979 in 2005-2006 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, 2007 and 2006

	<u>2006-07</u>	<u>2005-06</u>
Operating revenues:		
Vending and concession, net of cost	\$601,391	\$500,273
Arena rental	335,192	299,136
Self-promoted events	203,013	175,384
Signage	161,730	116,913
Equipment rental and service	78,169	58,732
Other	132,203	166,446
	<u>1,511,698</u>	<u>1,316,884</u>
Operating expenses:		
Concession supplies and fees	86,562	102,688
Conferences and meetings	18,923	17,943
Contractual services	35,157	45,116
Insurance	38,117	38,352
Contractor management fee	73,080	72,000
Contractor incentive fees	83,562	74,998
Office and operating supplies	46,338	45,428
Professional services	12,323	11,460
Repairs and maintenance	78,985	74,134
Self-promoted events	76,101	40,229
Utilities	418,677	392,571
Wages and benefits - event labor	188,474	239,566
Wages and benefits - operations	774,864	647,113
	<u>1,931,163</u>	<u>1,801,598</u>
Operating loss	<u>(419,465)</u>	<u>(484,714)</u>
Non-operating revenues (expenses):		
Provision for asset replacement	<u>(99,048)</u>	<u>(87,932)</u>
Net loss	<u><u>(\$518,513)</u></u>	<u><u>(\$572,646)</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, 2007**

	Self-Insured Retention/ Deductible	Upper Coverage Limit of Excess Insurance Policies
	\$ (a)	\$ (a)
Employee/dependent medical		
Auto and general liability:		
Road and fire service areas	0	15,500,000
All other	250,000	15,000,000
Workers' compensation:		
Fire service areas	0	(b)
All other	500,000	(b)
Errors and omissions / public officials / employment practices (c)	20,000	15,250,000
Property:		
Flood	100,000	25,000,000
All other	50,000	500,000,000
Employee Dishonesty & Faithful Performance Bond	10,000	1,000,000

(a) The specific stop loss amount per covered individual is \$125,000 and \$250,000 per year for the Borough and School District, respectively. The annual aggregate stop loss is computed by formula at the end of the fiscal year. The maximum claim liability per employee per month for fiscal year 2006-2007 is \$1,169 and \$989 for the Borough and School District, respectively. Medical coverage offered to employees is limited to a lifetime maximum of \$1,000,000, less the deductible, per individual covered.

(b) Covered to statutory limits.

(c) Employment practices are covered up to \$5,000,000.

Miscellaneous Additional Data  
June 30, 2007

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

Elections Information

Number of registered voters:	
2006 State general election	65,846
2005 Borough municipal election	65,740
Number of votes cast in:	
2006 State general election	13,185
2005 Borough municipal election	10,171
Percentage of registered voters in:	
2006 State general election	20.0%
2005 Borough municipal election	15.5%

**Note:** Last State general election was in November 2006.  
Last Borough municipal election was in October 2006.

Annual Salaries of Principal Officials of the Borough Government

Borough Mayor	\$92,500
Borough Clerk	96,835
Chief of Staff	103,488
Borough Attorney	106,326

Annual Salaries of Principal Officials of the School District

Superintendent of Schools	\$145,000
Assistant Superintendent, Secondary Education	125,099
Assistant Superintendent, Elementary Education	125,099
Chief Financial Officer	125,099

Miscellaneous Additional Data  
June 30, 2007Schools**School District Information**

Number of School District administrative personnel	4
Principals and assistant principals	43
Teachers (includes librarians and counselors)	902
Support staff	587
Professional and technical	68
Number of schools	34

	<b>Enrollment*</b>
Elementary Schools – District	
Anderson	348
Anne Wien	467
Arctic Light	508
Badger Road	577
Barnette	370
Crawford	378
Denali	398
Hunter	317
Joy	372
Ladd	333
Nordale	378
North Pole	516
Pearl Creek	420
Salcha	100
Ticasuk Brown	525
Two Rivers	91
University Park	533
Weller	474
Woodriver	470
Secondary Schools – District	
Alternative Learning System	76
Ben Eielson Junior/Senior High	597
Effie Kokrine Charter	99
Hutchison Senior High	348
Lathrop Senior High	1,278
North Pole Middle	442
North Pole Senior High	885
Randy Smith Middle	392
Ryan Middle	374
Tanana Middle	505
West Valley Senior High	1,221
Guided Independent Study	296
Chinook Charter	155
Star of the North Charter	195
Fairbanks Youth Facility	<u>28</u>
Total School Enrollment	<u>14,466</u>

\* 2005 20-Day ADM Official Enrollment as reported to the Department of Education and Early Development.

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## 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 Five Fiscal Years  
(accrual basis of accounting)**

	2002-03	2003-04	Fiscal 2004-05
Governmental activities			
Invested in capital assets, net of related debt	\$421,012,489	\$429,254,442	\$471,997,696
Restricted	23,426,412	22,423,938	23,064,355
Unrestricted	8,790,866	12,304,937	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	\$450,069,203	\$491,754,304
Restricted	24,181,199	23,095,224	23,513,069
Unrestricted	33,729,480	34,565,939	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>

Note: Due to changes in the Borough's account structure initiated when GASB Statement 34 was implemented, the net assets by component information is only available beginning in fiscal year 2003.

Table I

Year	
2005-06	2006-07
\$472,363,319	\$472,797,399
29,113,034	36,751,048
8,305,423	9,762,506
<u>\$509,781,777</u>	<u>\$519,310,953</u>
\$24,830,906	\$25,308,779
306,887	259,648
16,153,220	20,119,274
<u>\$41,291,013</u>	<u>\$45,687,701</u>
\$497,194,225	\$498,106,178
29,419,921	37,010,696
24,458,643	29,881,780
<u>\$551,072,789</u>	<u>\$564,998,654</u>
\$4,235,371	\$4,080,319
16,687,930	16,576,939
<u>\$20,923,301</u>	<u>\$20,657,258</u>

**FAIRBANKS NORTH STAR BOROUGH**

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

	2002-03	2003-04	Fiscal 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>\$104,570,256</u>	<u>\$104,660,422</u>	<u>\$118,765,354</u>
Component units:			
School district expenses	<u>\$142,947,476</u>	<u>\$143,307,386</u>	<u>\$154,861,311</u>
Program Revenues			
Governmental Activities:			
Charges for Services			
General government	\$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 Management	1,023,703	1,079,834	653,142
Carlson Activity 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>\$22,660,978</u>	<u>\$26,545,384</u>	<u>\$59,192,514</u>

**Table II**  
**Sheet 1 of 2**

Year		
	<u>2005-06</u>	<u>2006-07</u>
	\$15,583,246	\$16,144,958
	1,879,673	2,011,929
	8,842,658	8,567,422
	7,478,378	9,090,178
	4,776,959	5,125,795
	2,011,343	2,656,458
	53,694,197	56,771,562
	4,796,649	5,235,955
	4,854,626	4,968,182
	6,437,366	6,128,977
	<u>110,355,095</u>	<u>116,701,416</u>
	6,052,940	6,245,393
	2,009,504	1,166,463
	1,570,809	1,360,931
	6,087,732	6,484,640
	<u>15,720,985</u>	<u>15,257,426</u>
	<u>\$126,076,080</u>	<u>\$131,958,842</u>
	<u>\$169,311,838</u>	<u>\$172,687,184</u>
	\$640,713	\$773,783
	119,708	123,915
	1,003,199	1,005,680
	28,995	44,579
	973,475	1,041,582
	6,041,259	5,086,603
	5,687,000	5,609,364
	<u>14,494,348</u>	<u>\$13,685,507</u>
	1,206,101	1,370,952
	1,894,329	633,582
	5,331,961	5,605,897
	2,206,461	1,191,719
	2,223,778	1,366,454
	<u>12,862,631</u>	<u>10,168,604</u>
	<u>\$27,356,978</u>	<u>\$23,854,111</u>

**FAIRBANKS NORTH STAR BOROUGH**

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

	2002-03	2003-04	Fiscal 2004-05 (a)
Component unit: School District			
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>

Note: Due to changes in the Borough's account structure initiated when GASB Statement 34 was implemented, the net assets by component information is only available beginning in fiscal year 2003.

(a) Beginning in fiscal year 2005, the Direct Services function was dissolved and moved to the Public Works function and the Emergency Operations function, respectively.

**Table II**  
**Sheet 2 of 2**

Year	
2005-06	2006-07
\$1,894,564	\$1,947,887
27,354,672	24,519,953
1,544,726	676,148
<u>\$30,793,962</u>	<u>\$27,143,988</u>
(\$95,860,748)	(\$103,015,910)
(2,858,354)	(5,088,821)
<u>(\$98,719,102)</u>	<u>(\$108,104,732)</u>
<u>(\$138,517,876)</u>	<u>(\$145,543,196)</u>
\$82,605,092	\$88,584,284
1,551,623	1,696,639
1,233,545	1,329,319
1,013,728	994,039
13,775,527	18,660,580
3,968,731	5,897,632
401,295	172,986
(3,636,875)	(4,790,392)
<u>\$100,912,665</u>	<u>\$112,545,086</u>
\$114,509	\$3,574,961
852,984	1,108,130
1,161	12,026
3,636,875	4,790,392
<u>\$4,605,530</u>	<u>\$9,485,509</u>
\$80,045,140	\$90,029,160
12,257,249	11,405,933
38,022,700	40,022,700
2,771,155	3,819,360
<u>\$133,096,244</u>	<u>\$145,277,153</u>
\$5,051,918	\$9,529,176
1,747,176	4,396,688
<u>\$6,799,093</u>	<u>\$13,925,864</u>
<u>(\$5,421,632)</u>	<u>(\$266,043)</u>

**FAIRBANKS NORTH STAR BOROUGH**

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

	1997-98	1998-99	1999-00	2000-01	Fiscal 2001-02
	(a)		(b)		
General Fund					
Reserved	\$322,649	\$252,059	\$370,787	\$286,112	\$231,960
Unreserved, designated	1,935,450	1,550,000	2,000,000	2,306,315	3,526,749
Unreserved, undesignated	9,431,505	11,104,409	12,720,564	13,650,339	14,103,801
Total general fund	<u>\$11,689,604</u>	<u>\$12,906,468</u>	<u>\$15,091,351</u>	<u>\$16,242,766</u>	<u>\$17,862,510</u>
All Other Governmental Funds					
Reserved	\$43,124,133	\$20,264,384	\$4,851,246	\$4,937,126	\$11,978,468
Unreserved, reported in:					
Annual special revenue funds	8,647,665	10,386,484	12,156,081	9,474,801	9,446,099
Other special revenue funds	1,825,355	2,550,636	3,618,628	1,175,990	1,914,255
Debt service funds	818,148	113,054	(256,614)	100,133	23,009
Capital projects funds	<u>(11,570,227)</u>	<u>3,717,302</u>	<u>12,970,892</u>	<u>22,476,005</u>	<u>13,675,541</u>
Total all other governmental funds	<u>\$42,845,074</u>	<u>\$37,031,860</u>	<u>\$33,340,233</u>	<u>\$38,164,055</u>	<u>\$37,037,372</u>

Note: Information above is for the governmental funds including general fund, enhanced 911, non-areawide, solid waste collection district, solid waste disposal through fiscal year 2000, service areas special revenue funds, debt service fund, and the child care portion of the federal pass-through grants special revenue fund.

- (a) The increase in fiscal year 1998 governmental funds reserved balance was caused by encumbrances in capital projects funds. The Borough had commitments for major renovations and additions to several schools and the public library.
- (b) The \$256,614 deficit resulted from the timing of state legislation that discontinued the sharing of state tobacco tax revenue with local governments.
- (c) Beginning in fiscal year 2003, the library trust is reported with special revenue funds.
- (d) 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.

Table III

Year				
2002-03	2003-04	2004-05	2005-06	2006-07
(c)				(d)
\$316,869	\$1,345,345	\$1,308,728	\$2,445,532	\$1,746,549
3,760,820	2,904,310	3,820,591	4,034,592	6,771,813
13,711,517	12,714,117	13,395,095	12,257,177	17,063,104
<u>\$17,789,206</u>	<u>\$16,963,772</u>	<u>\$18,524,414</u>	<u>\$18,737,301</u>	<u>\$25,581,466</u>
\$25,707,427	\$27,481,832	\$4,920,774	\$10,232,691	\$6,632,400
13,032,304	14,675,852	15,820,582	18,014,755	21,049,041
2,929,846	3,175,386	4,388,926	5,155,174	6,159,683
8,606	112,317	114,129	13,600	288,099
15,591,940	9,260,685	17,482,996	18,170,915	26,615,326
<u>\$57,270,123</u>	<u>\$54,706,072</u>	<u>\$42,727,407</u>	<u>\$51,587,135</u>	<u>\$60,744,549</u>

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FAIRBANKS NORTH STAR BOROUGH

Table IV

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

	Fiscal Year				
	2002-03	2003-04	2004-05	2005-06	2006-07
Revenues					
Taxes	\$69,311,055	\$73,888,994	\$81,125,145	\$86,260,935	\$92,771,899
Intergovernmental revenues	19,745,905	15,338,100	15,504,905	19,767,388	23,571,652
Charges for services	1,966,643	2,069,176	2,580,450	2,661,083	2,835,267
Other revenues	4,601,887	12,383,871	4,647,584	7,783,449	8,771,600
Revenues total	<u>95,625,490</u>	<u>103,680,141</u>	<u>103,858,084</u>	<u>116,472,855</u>	<u>127,950,418</u>
Expenditures					
Current					
General government	13,640,156	11,328,660	12,459,675	14,688,581	15,824,328
Community planning	1,495,477	1,453,595	1,503,538	1,812,730	1,967,873
Public works	6,453,081	6,508,813	7,074,498	8,750,017	8,487,852
Parks and recreation	5,609,152	5,981,705	5,066,744	5,814,749	7,526,894
Library	3,408,590	3,613,451	3,575,982	4,044,681	4,431,108
Direct Services	1,677,568	1,679,730			
Road and other service areas	2,017,469	2,068,273	2,140,423	2,019,189	2,656,562
Education	36,372,671	36,495,627	40,394,679	43,386,995	45,984,740
Emergency operations	1,750,861	1,954,598	3,818,549	4,542,640	5,013,710
Fire service areas	3,171,411	3,589,662	4,014,101	4,314,473	4,183,744
Capital outlay	14,091,370	29,274,457	28,747,744	6,472,046	7,507,952
Debt service					
Principal retirement	7,390,000	8,290,000	9,639,000	10,645,000	9,315,000
Interest and fiscal agent fees	5,740,463	6,512,649	6,482,728	6,591,969	6,601,766
Expenditures total	<u>102,818,269</u>	<u>118,751,220</u>	<u>124,917,661</u>	<u>113,083,071</u>	<u>119,501,528</u>
Excess (deficiency) of revenues over expenditures	(7,192,779)	(15,071,079)	(21,059,577)	3,389,784	8,448,890
Other financing sources (uses)					
Transfers in	18,225,240	19,831,265	22,473,615	32,020,697	24,684,907
Transfers out	(21,270,250)	(23,061,662)	(25,568,541)	(35,797,855)	(29,424,785)
Bond issuance	27,812,638	14,164,000	13,750,000	9,750,000	22,460,000
Premium on bond debt		158,149	175,853	110,458	207,567
Payment to refunded bond escrow agent					(10,375,000)
Other financing sources (uses) total	<u>24,767,628</u>	<u>11,091,752</u>	<u>10,830,927</u>	<u>6,083,300</u>	<u>7,552,689</u>
Net change in fund balances	17,574,849	(3,979,327)	(10,228,650)	9,473,084	16,001,579
Fund balances (deficit), beginning	<u>57,484,479</u>	<u>75,059,328</u>	<u>\$71,080,001</u>	<u>60,851,352</u>	<u>70,324,436</u>
Fund balances (deficit), ending	<u>\$75,059,328</u>	<u>\$71,080,001</u>	<u>60,851,352</u>	<u>\$70,324,436</u>	<u>\$86,326,015</u>
Debt service as a percentage of noncapital expenditures	17.37%	19.82%	20.14%	19.29%	16.57%

Note: 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.

**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</u>
1997	\$2,056,375,121	\$ 370,022,264	\$ 558,528,406	\$ 300,004,500
1998	2,204,283,283	426,460,821	587,341,821	286,560,750
1999	2,361,729,135	488,193,989	617,550,101	303,577,810
2000	2,511,729,194	539,178,081	625,087,790	258,225,360
2001	2,587,074,209	589,404,786	632,107,765	277,581,520
2002	2,751,675,089	617,545,662	658,750,150	263,366,140
2003	2,963,148,571	653,082,170	685,991,689	270,805,700
2004	3,265,296,769	686,178,389	703,988,463	271,188,340
2005	3,690,431,430	757,571,240	699,161,448	275,302,600
2006	4,118,775,754	875,014,529	733,298,427	377,817,080

Source: Borough Assessing Department.

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

(a) Includes tax-exempt property.

Table V

<u>Vacant Land</u>	<u>Less: Tax Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value (a)</u>
\$ 253,395,116	\$276,913,787	\$3,261,411,620	13.390	\$ 3,429,265,162	95.105%
258,224,970	291,291,298	3,471,580,347	13.775	3,556,634,978	97.609
255,285,201	308,363,625	3,717,972,611	14.480	3,856,205,349	96.415
259,596,172	331,043,832	3,862,772,765	13.662	3,991,843,960	96.767
254,297,594	349,634,461	3,990,831,413	13.860	4,164,987,187	95.819
277,175,320	375,715,896	4,192,796,465	13.693	4,317,501,674	97.112
281,742,922	402,570,639	4,452,200,413	13.693	4,588,376,599	97.032
312,728,247	438,116,409	4,801,263,799	13.606	5,020,392,059	95.635
317,147,285	479,593,358	5,260,020,645	13.219	5,522,981,852	95.239
312,650,776	652,965,644	5,764,590,922	12.923	6,102,033,479	94.470

FAIRBANKS NORTH STAR BOROUGH

Direct and Underlying Property Tax Rates  
Last Ten Calendar Years

	Tax Rates - Millage									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
This Borough:										
Areawide	13.390	13.775	14.480	13.662	13.860	13.693	13.693	13.606	12.923	12.209
Non-areawide	0.552	0.511	0.516	0.522	0.521	0.525	0.523	0.435	0.418	0.409
Solid Waste Collection District	1.159	1.166	1.188	1.159	1.162	1.187	1.187	1.183	1.150	1.126
Airway Service Area	1.234	1.177	1.201	1.175	1.259	1.251	1.214	1.210	1.120	1.089
Arctic Fox S.A.	0.862	0.865	1.184	2.158	2.283	2.325	2.167	2.272	1.944	1.864
Aztec S.A.	1.621	1.623	1.647	1.622	1.674	1.580	1.555	1.576	1.431	1.339
Ballaine Lake S & W S.A.	7.813	8.134	8.085	8.411	8.797	11.744	11.543	11.758	13.775	12.828
Becker Ridge S.A.	1.521	1.495	1.517	1.490	1.542	1.527	1.490	1.500	1.359	1.346
Birch Hill S.A.	2.146	2.130	2.146	2.080	2.085	2.083	2.025	1.986	1.861	1.832
Bluebird		1.977	1.967	2.195	2.253	2.326	2.329	2.408	2.187	2.004
Borda Road S.A.	1.192	1.216	1.240	1.177	1.192	1.195	1.166	1.152	1.131	1.067
Brookside S.A.	0.469	0.462	0.493	0.484	0.488	0.487	0.495	0.482	0.457	0.435
Chena-Goldstream Vol Fire S.A.	1.700	1.672	1.678	1.632	1.674	1.639	1.627	1.615	1.483	1.434
Chena Hills Road S.A.	1.057	1.038	1.059	1.046	1.097	1.051	1.067	1.068	1.001	0.987
Chena Hot Springs II (a)									0.681	0.888
Chena Marina S.A.						0.493	0.471	0.893	0.825	0.792
Chena Point		1.863	1.974	1.997	2.002	1.708	1.710	1.705	3.176	3.154
Chena Spur		0.943	0.934	0.930	0.945	0.893	0.893	0.897	2.354	2.407
Cleary Summit S.A. (b)										0.189
College S.A.	1.537	1.508	1.502	1.469	1.476	1.480	1.418	1.391	1.292	1.249
College Hills S.A.	0.956	0.935	0.941	0.917	0.919	0.927	0.923	0.922	0.789	0.754
Cooper Estates S.A.	2.108	2.094	2.089	3.233	3.291	3.149	2.927	3.045	2.709	2.717
Cordes Drive S.A.	1.305	1.264	1.230	1.306	1.338	1.338	1.403	1.337	1.150	1.060
Cripple Creek S.A.	1.931	1.974	1.923	1.835	1.875	1.868	1.835	1.754	1.679	1.477
Deep Forest S.A. (c)						0.865	0.944	6.229	0.759	0.714
Diane Subdivision S.A.	0.387	0.384	0.377	0.362	0.359	0.359	0.362	0.351	0.322	0.303
Drake Estates S.A. (d)							1.931	2.120	1.783	0.688
Edanella Heights Road S.A.	1.064	1.035	1.033	1.013	1.027	0.984	0.945	0.977	1.281	1.273
Ester Lump Road S.A.	2.083	2.027	2.031	2.000	2.016	2.000	2.053	2.021	1.881	1.710
Ester Volunteer Fire S.A.	2.633	2.611	2.577	2.545	2.580	2.634	2.657	2.590	2.501	2.270
Fairfields S.A.	0.892	0.871	0.894	0.870	0.887	0.861	0.824	0.812	0.707	0.683
Fairhill S.A.	1.347	1.311	1.328	1.305	1.296	1.332	1.295	1.211	1.170	1.163
Fairwest S.A.	2.095	2.029	2.015	2.030	2.007	2.024	1.999	1.971	1.878	1.850
Garden S.A.		1.255	1.250	1.203	1.225	1.205	1.116	1.158	1.103	1.074
Golden Valley Road S.A.	3.612	3.553	3.541	3.362	3.427	3.224	2.728	2.618	2.695	2.665
Goldstream Alaska S.A.	1.657	1.612	1.609	1.524	1.567	1.536	1.498	1.512	2.294	2.109
Goldstream Moose Creek S.A. (e)			2.022	1.971	2.057	2.064	1.988	1.873	1.723	1.586
Gordon S.A.	1.331	1.314	1.312	1.267	1.303	1.289	1.281	1.245	1.167	1.112
Granola Estates S.A.	1.233	1.230	1.173	1.164	1.207	1.253	1.216	1.210	1.323	1.117
Grieme Road S.A.	2.657	2.892	3.016	2.855	3.617	3.542	3.137	3.144	3.486	3.418
Haystack S.A.	1.651	1.670	1.675	1.672	1.664	3.175	3.309	3.285	3.106	2.875
Herning Hills S.A.	1.414	1.397	1.480	1.465	1.495	1.469	1.511	1.482	1.382	1.318
Hopeless S.A. (a)									0.869	0.833
Horseshoe Downs S.A.	1.379	1.384	1.459	1.447	1.486	1.577	2.633	2.591	2.384	2.278

See notes on Sheet 3 of 3

Table VI  
Sheet 1 of 3

Tax Levies (in 000's)									
1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
\$45,813	\$50,177	\$56,487	\$55,566	\$58,314	\$60,682	\$64,568	\$69,324	\$74,094	\$79,537
1,213	1,189	1,290	1,356	1,412	1,496	1,588	1,424	1,543	1,672
2,743	2,932	3,260	3,295	3,436	3,683	3,916	4,194	4,536	4,912
7	8	8	8	8	9	9	10	10	11
1	1	2	4	4	4	4	5	5	5
11	11	12	13	13	13	14	16	17	19
11	11	12	13	13	18	18	19	22	25
46	48	50	52	55	59	64	70	82	90
38	45	50	53	55	59	63	68	75	87
	4	4	4	5	5	5	6	6	6
8	11	13	14	14	16	19	21	23	25
5	5	6	6	6	6	7	7	7	8
349	384	414	449	479	521	572	637	710	779
17	19	24	30	35	39	45	54	63	71
								1	1
					7	7	15	17	19
	2	5	9	11	15	18	24	48	60
	8	8	9	9	9	10	10	23	35
300	312	322	330	341	356	370	390	419	447
16	17	17	18	19	20	21	22	21	22
6	7	7	12	12	12	13	16	18	20
4	4	5	12	13	13	15	17	18	20
16	18	21	24	27	29	32	37	41	46
					11	15	46	46	17
2	3	3	3	3	3	3	3	3	3
						10	12	13	15
13	13	14	14	15	16	16	17	26	27
10	11	12	12	12	13	14	14	15	15
134	144	155	166	182	195	207	228	255	277
12	12	12	12	13	13	14	14	14	14
8	8	8	8	9	10	10	10	11	11
14	15	15	16	16	17	17	18	19	21
	8	8	9	9	10	10	12	20	26
3	3	3	3	3	4	4	5	6	7
6	6	7	7	8	9	9	11	11	22
		10	11	12	12	30	33	36	40
18	21	22	22	24	25	26	29	35	39
3	3	3	3	3	3	3	4	4	4
2	2	3	5	5	6	7	9	11	13
5	6	7	7	7	15	16	18	19	21
13	13	15	16	16	17	19	20	21	23
									19
3	4	4	4	4	5	9	10	10	11

FAIRBANKS NORTH STAR BOROUGH

Direct and Underlying Property Tax Rates  
Last Ten Calendar Years

	Tax Rates - Millage									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Jennifer Drive S.A.	0.595	0.568	0.567	0.563	0.578	0.575	0.571	0.5	1.695	1.533
Jones Road S.A.	1.104	1.075	1.078	1.825	1.798	1.820	1.762	1.697	1.570	1.447
Joy Road S.A.	1.465	1.439	1.440	1.389	1.517	1.508	1.424	1.401	1.274	1.186
Keeney Road S.A.	0.664	0.673	0.683	0.668	0.681	0.706	0.670	0.646	0.549	0.552
Kendall S.A.	0.508	0.494	0.975	0.960	1.001	0.993	0.941	0.958	0.939	0.874
Keystone S.A.	3.786	4.105	3.268	3.247	3.283	3.373	3.166	2.976	3.125	3.065
Kris Kringle S.A.	1.903	1.923	1.924	1.883	1.916	3.719	3.942	2.077	1.938	1.871
Lakloey Hill S.A.	1.191	1.173	1.160	1.144	1.176	1.173	1.172	1.130	1.030	0.992
Lee Lane S.A.	1.663	1.646	1.696	1.655	1.678	1.701	1.650	1.649	1.598	1.615
Loose Moose S.A.	1.084	1.073	1.049	1.015	1.004	0.981	0.926	0.918	0.875	0.786
Martin S.A.	8.627	8.520	6.283	5.813	5.946	6.094	6.267	5.934	7.714	8.034
McCloud S.A.	11.204	11.163	9.301	9.190	8.992	9.164	8.620	8.237	14.746	14.787
McGrath Estates S.A.	1.305	1.300	1.315	1.308	1.336	1.322	1.440	1.431	1.207	1.176
McKinley View S.A.	1.536	1.523	1.725	2.842	2.532	2.510	2.191	2.055	1.808	1.644
Mellow Woods Road S.A.	0.879	0.869	0.897	1.236	1.297	1.275	1.360	1.330	1.253	1.161
Miller Hill Extension S.A.	2.669	2.560	2.641	2.507	2.569	2.493	2.516	5.597	4.607	4.354
Moose Creek Road S.A.	0.357	0.361	0.372	0.390	0.390	0.394	0.559	0.572	0.421	0.434
Moose Meadows S.A.								0.886	0.818	0.784
Mt. View S.A.	1.279	1.243	1.269	1.272	1.276	1.278	1.262	1.247	1.143	1.083
Murphy S.A.	1.969	1.833	1.773	1.708	1.744	1.761	1.647	1.593	1.571	1.456
Musk Ox S.A.	1.315	1.300	1.305	1.288	1.357	1.369	1.344	1.320	1.174	1.133
Newby Park S.A.	0.462	0.456	0.456	0.453	0.459	0.459	0.495	0.477	0.722	0.656
North Ridge S.A.					4.075	4.446	3.858	3.921	4.534	4.500
North Star Volunteer Fire S.A.	1.369	1.362	1.377	1.359	1.382	1.374	1.488	1.462	1.257	1.205
O'Connor Creek S.A.	12.814	13.550	14.005	15.006	14.670	15.176	15.693	16.029	12.475	13.939
Old Wood Road S.A.	1.615	1.621	1.638	1.603	1.794	1.813	2.045	1.988	1.672	1.619
Our S.A	1.028	1.004	1.012	0.975	0.983	0.970	1.015	0.986	0.929	0.860
Parkstridge S.A.	1.508	1.494	1.507	1.479	1.579	1.600	1.600	1.584	1.558	1.428
Peede Country Estates S.A.	1.639	1.587	1.683	1.558	1.585	1.554	1.499	1.475	1.402	1.345
Pinestream S.A.	1.022	1.009	1.064	1.041	1.039	1.028	0.989	0.975	0.902	0.911
Pleasureland S.A.	1.152	1.119	1.152	1.112	1.096	1.090	1.047	0.998	0.976	0.916
Polar Heights S.A.	1.052	1.064	1.088	1.091	1.095	1.081	1.172	1.166	1.027	1.014
Potlatch S.A.	2.706	2.655	2.594	2.551	2.595	2.496	2.430	3.514	2.374	2.277
Prospect Park S.A.	0.838	0.836	0.858	0.850	0.892	0.891	0.961	0.891	1.142	1.083
Reed Acres Road S.A.	1.376	1.373	1.374	1.381	1.411	1.371	1.380	1.359	1.259	1.145
Ridgecrest S.A.			1.044	1.015	1.028	0.938	0.928	0.887	0.899	0.890
Salchaket Heights S.A.	4.429	4.393	4.475	4.465	4.589	4.543	4.668	4.292	4.590	4.806
Scenic Heights S.A.	1.687	1.652	1.664	1.698	1.701	1.573	1.584	1.527	1.377	1.370
Seavy S.A.	0.438	0.433	0.444	0.447	0.448	0.446	0.444	0.418	0.349	0.335
Secluded Acres				1.739	1.583	1.585	1.431	1.442	1.451	1.416
Serendipity Hill S.A.	2.624	2.590	2.605	2.661	2.674	3.377	3.287	3.153	3.029	2.716
Six Mile Village Road S.A.	1.408	1.387	1.400	1.525	1.526	1.378	1.408	1.354	1.226	1.223
Smallwood Trail Road S.A.	0.697	0.685	0.694	0.674	0.688	0.680	0.787	0.743	0.613	0.600
Spring Glade S.A.	1.059	1.024	1.024	1.011	1.056	1.041	1.008	0.893	0.826	0.779

See notes on Sheet 3 of 3

Tax Levies (in 000's)									
1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$4	\$4
17	18	19	33	35	36	37	37	44	49
3	3	4	4	4	5	5	5	6	6
1	1	1	2	2	2	2	2	2	2
3	3	7	7	7	7	7	9	10	10
5	6	7	7	7	8	8	8	10	11
5	6	6	7	7	16	17	10	11	11
20	20	21	22	22	23	25	26	28	31
3	3	3	3	4	4	4	4	5	5
4	4	5	5	5	5	5	5	5	6
5	5	6	6	7	7	7	9	11	16
5	7	7	8	9	9	9	11	23	24
34	38	40	42	44	46	53	58	55	58
2	2	2	4	4	4	4	4	5	5
6	7	7	11	12	12	14	15	15	16
11	12	13	14	15	16	16	37	41	44
9	8	9	10	10	10	13	14	13	13
							48	53	59
18	19	19	20	20	21	22	23	24	26
3	4	4	5	5	5	6	7	9	10
15	15	16	17	18	19	20	21	22	23
6	6	6	6	6	7	8	9	9	15
				3	4	4	5	8	8
624	666	709	770	815	867	1,019	1,110	1,135	1,269
72	73	78	79	81	83	85	87	90	95
5	5	6	6	7	7	9	9	8	8
1	2	2	2	2	2	2	2	3	3
3	4	4	4	4	5	5	5	7	8
3	3	3	3	3	4	4	4	4	5
10	10	12	13	14	14	14	15	18	19
3	4	4	4	5	5	5	6	6	7
11	12	12	13	13	13	14	15	16	17
6	7	7	8	9	9	9	7	11	9
3	3	3	3	4	4	5	5	4	7
4	4	4	5	5	5	6	6	6	7
		1	1	1	1	2	2	2	2
1	1	1	2	2	2	2	2	2	2
12	13	14	14	14	14	15	16	16	17
5	6	6	6	7	7	8	9	8	9
			5	5	5	6	6	7	7
2	2	2	3	4	5	6	6	6	6
3	3	3	4	4	4	5	5	8	8
3	3	3	3	3	3	4	5	5	5
12	13	15	15	16	18	20	20	22	24

**FAIRBANKS NORTH STAR BOROUGH**

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

	Tax Rates - Millage									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Spruce Acres S.A.	1.934	1.855	1.725	1.613	1.712	1.665	1.647	1.698	1.568	1.515
Steamboat Landing S.A.	1.334	1.318	1.356	1.334	1.315	1.260	1.251	1.317	1.171	1.176
Steese Volunteer Fire S.A.	1.482	1.465	1.469	1.466	1.494	1.937	1.861	1.809	1.693	1.628
Straight Creek S.A.				3.472	3.376	3.373	3.444	3.315	3.393	2.963
Summerwood S.A.	1.736	1.719	1.735	1.657	4.683	2.716	2.658	2.506	2.340	2.185
Summit Drive S.A.	1.102	1.069	1.074	1.065	1.079	1.085	1.060	1.037	1.45	1.375
Sunny Hills Terrace S.A.	0.905	2.278	2.317	2.422	2.484	2.378	2.377	2.432	2.355	2.249
Sunrise S.A.	2.607	2.478	2.543	2.430	2.501	2.467	2.357	2.349	2.078	1.865
Tan Terra S.A.	1.071	1.041	1.079	1.023	1.027	0.970	0.977	0.926	1.624	1.559
Thomas S.A.	1.557	1.537	1.455	1.381	1.272	1.284	1.297	1.209	2.442	2.485
Timberlane Road S.A.	1.666	1.626	1.639	1.577	1.589	1.556	1.470	1.485	1.347	1.251
Tungsten S.A.	2.438	2.471	2.560	2.606	2.797	2.752	2.778	2.737	2.687	2.682
Twenty Three Mile Slough S.A.		2.925	3.120	2.912	2.847	2.455	2.445	2.489	3.887	3.698
Ullrhaven S.A.	2.266	2.062	1.958	1.897	1.928	1.926	1.916	1.835	1.91	1.787
University Fire S.A.	2.365	2.339	2.305	2.310	2.319	2.326	2.300	2.285	2.163	2.108
University Heights S.A.	1.694	1.704	1.706	1.700	1.684	1.697	1.652	1.600	1.533	1.475
University West Steet Light S.A.	0.551	0.545	0.541	0.529	0.527	0.528	0.500	0.485	0.443	0.418
Vienna Woods S.A.				1.151	1.179	1.148	0.960	0.904	0.856	0.815
Viewpointe S.A.	1.091	1.061	1.058	1.072	1.055	1.076	1.069	1.021	0.971	0.956
Violet Drive S.A.	2.344	2.315	2.356	2.244	2.264	2.203	2.191	2.118	2.711	2.667
Vista Gold Road S.A.	3.271	3.075	3.005	2.912	2.943	2.959	2.883	2.733	2.459	2.298
Vue Crest S.A.	1.497	1.472	1.521	1.532	1.550	1.510	1.467	1.463	1.389	1.310
Whitman S.A.	4.078	4.057	1.897	1.863	1.742	1.625	1.616	1.623	1.485	1.424
Wildview S.A.	3.129	3.099	3.136	3.090	3.142	3.021	3.078	2.896	2.79	2.579
Woodland S.A.	1.571	1.420	1.332	1.233	1.246	1.222	1.204	1.189	0.999	0.980
Woodridge/Mark Acres Road S.A.(f)	3.066	3.016	3.016	2.802						
Yak Road S.A.	0.951	0.945	0.973	0.963	0.983	0.956	0.965	0.934	0.888	0.889
City of Fairbanks	5.966	5.999	6.000	6.442	6.426	6.511	6.516	7.171	6.804	6.700
City of North Pole	2.300	2.300	2.300	2.400	2.400	3.000	3.000	3.000	3.000	3.000

Source: Borough Treasury and Budget division.

Note: 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 and Hopeless Road S.A. tax mill rate beginning in 2005.

(b) Cleary Summit Road S.A. tax mill rate beginning in 2006.

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

Table VI  
Sheet 3 of 3

Tax Levies (in 000's)									
1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
\$4	\$4	\$4	\$4	\$4	\$4	\$5	\$5	\$5	\$6
7	7	7	8	8	8	9	10	12	13
401	430	460	490	516	736	800	862	935	1,018
			7	8	8	8	9	9	10
4	4	4	5	13	21	23	26	28	30
32	33	35	37	38	42	45	48	79	89
7	18	19	19	20	20	21	23	25	27
7	7	7	8	8	8	9	9	10	11
6	7	7	7	7	8	8	9	9	19
3	3	3	4	4	4	4	4	10	10
5	6	6	6	6	6	6	7	7	7
4	4	5	7	10	13	17	22	25	26
	4	5	7	8	9	10	12	19	23
2	2	2	2	2	3	3	3	3	3
1,055	1,116	1,172	1,266	1,355	1,432	1,519	1,609	1,727	1,866
29	33	33	36	38	40	42	44	46	49
38	40	41	41	43	44	46	49	52	57
			8	10	11	12	14	16	19
12	12	12	13	13	14	14	15	15	16
20	21	22	23	24	26	27	29	44	48
16	17	18	20	21	23	26	28	29	31
17	18	18	19	19	20	21	22	23	25
6	6	3	3	3	2	3	3	3	3
60	67	73	80	89	97	109	120	131	145
2	2	1	2	2	2	2	2	2	2
6	7	7	7						
13	15	31	35	37	43	48	56	62	66
6,285	6,628	6,883	7,861	8,033	8,648	9,227	11,113	11,688	12,619
389	431	562	589	591	759	789	813	770	815

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

(e) Goldstream Moose Creek Road S.A. formerly Spinach Creek Road S.A.

(f) 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/Taxpayer	Type of Business	2006			1997		
		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	\$377,817,080	1	5.89%	\$300,004,500	1	8.48%
Fairbanks Gold Mining, Inc. (c)	gold mining	222,276,672	2	3.46	263,600,656	2	7.45
Flint Hills Resources, LLC (d)	oil refining	142,680,325	3	2.22	102,902,739	3	2.91
Alaska Communications Systems	communications	40,954,247	4	0.64			
HEBL Housing (Eielson)	military housing	34,123,129	5	0.53			
Westmark Hotel	hotel	32,182,638	6	0.50			
Alaska Hotel Properties, Inc. (e)	hotel	26,715,432	7	0.42	15,494,434	7	0.44
Wal-Mart ( f )	shopping center	24,889,144	8	0.39	13,572,898	8	0.38
Fred Meyer Stores, Inc. (East)	shopping center	23,866,203	9	0.37			
Fred Meyer Stores, Inc. (West)	shopping center	22,976,989	10	0.36	17,416,496	5	0.49
North Star Alaska Housing Corp	military housing				32,541,120	4	0.92
Polar Star Alaska Housing Corp	military housing				16,046,729	6	0.45
Dura Corporation	military housing				13,426,752	9	0.38
Jillian Square	apartment complex				12,259,888	10	0.35
		<u>\$948,481,859</u>		<u>14.78%</u>	<u>\$787,266,212</u>		<u>22.25%</u>

Source: Borough Treasury and Budget Division and Assessing Department.

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

(a) \$6,417,556,566

(b) \$3,538,325,407

(c) Fort Knox

(d) Mapco Petroleum, Inc. in 1997

(e) Princess

(f) Sam's Club in 1997

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
1997-98	\$ 45,812,934	\$ 43,678,619	\$ 43,006,607	98.46%	\$ 518,782	\$43,525,389	99.65%
1998-99	50,176,823	47,727,454	47,030,281	98.54	484,539	47,514,820	99.55
1999-2000	56,487,428	53,750,770	52,965,407	98.54	679,378	53,644,785	99.80
2000-01	55,566,051	52,711,220	51,710,487	98.10	742,605	52,453,092	99.51
2001-02	58,313,709	55,223,773	54,516,342	98.72	618,571	55,134,913	99.84
2002-03	60,682,005	57,377,304	56,643,449	98.72	656,492	57,299,941	99.87
2003-04	64,568,352	60,900,931	60,228,158	98.90	592,160	60,820,318	99.87
2004-05	69,324,447	65,291,295	64,576,590	98.91	599,847	65,176,437	99.82
2005-06	74,094,284	69,496,812	68,689,017	98.84	400,540	69,089,557	99.41
2006-07	79,536,709	74,585,658	73,722,859	98.84		73,722,859	98.84

Source: Borough Treasury and Budget Division, and 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.

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			
1997-98	\$94,215,000	\$	\$	\$	\$94,215,000	4.69%	\$1,142
1998-99	113,335,000				113,335,000	5.40	1,361
1999-2000	104,985,000	499,039			105,484,039	4.58	1,265
2000-01	117,005,000	1,034,577	6,717,278		124,756,855	4.95	1,508
2001-02	110,230,000	1,073,885	5,260,185	160,543	116,724,613	4.25	1,393
2002-03	130,340,000	989,038	5,930,095	126,399	137,385,532	5.45	1,622
2003-04	136,214,000	861,029	6,249,509	91,002	143,415,540	5.22	1,684
2004-05	140,325,000	1,270,358	7,585,945	54,305	149,235,608	5.44	1,720
2005-06	139,430,000	1,478,140	5,865,425	16,261	146,789,826	4.99	1,677
2006-07	142,200,000	1,168,650	6,172,203		149,540,853		

Note: 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 2006 is not available until April 2008.

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FAIRBANKS NORTH STAR BOROUGH

Ratio of Net Bonded Debt  
To Assessed Value and Net General Bonded Debt Per Capita  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Assessment January 1</u>	<u>Assessed Value</u>	<u>Population Calendar Year</u> (a)
1997-98	1997	\$3,538,325,407	82,483
1998-99	1998	3,762,871,645	83,299
1999-2000	1999	4,026,336,236	83,390
2000-01	2000	4,193,816,597	82,727
2001-02	2001	4,340,465,874	83,795
2002-03	2002	4,568,512,361	84,722
2003-04	2003	4,854,771,052	85,172
2004-05	2004	5,239,380,208	86,769
2005-06	2005	5,739,614,003	87,555
2006-07	2006	6,417,556,566	

Source: Borough Assessing Department.

(a) See Table XI. Population statistics may vary on an annual basis as adjusted by the State of Alaska. Data for calendar year 2006 is not available until April 2008.

(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)
\$94,215,000	\$818,148	\$93,396,852	2.64%	\$1,132
113,335,000	115,924	113,219,076	3.01	1,359
104,985,000		104,985,000	2.61	1,259
117,005,000	100,133	116,904,867	2.79	1,413
110,230,000	23,009	110,206,991	2.54	1,315
130,340,000	8,606	130,331,394	2.85	1,538
136,214,000	112,317	136,101,683	2.80	1,598
140,325,000	114,129	140,210,871	2.68	1,616
139,430,000	13,600	139,416,400	2.43	1,592
142,200,000	288,099	141,911,901	2.21	

**Demographic and Economic Statistics  
Last Ten Calendar Years**

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<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)
1996	82,880	\$1,923,210	\$23,205	7.6%
1997	82,483	2,008,671	24,353	7.6
1998	83,299	2,097,376	25,179	5.6
1999	83,390	2,158,843	25,889	5.9
2000	82,727	2,303,272	27,842	6.0
2001	83,795	2,408,390	28,741	5.8
2002	84,722	2,521,539	29,763	6.5
2003	85,172	2,584,043	30,339	7.0
2004	86,769	2,745,498	31,641	6.4
2005	87,555	2,939,012	33,568	5.8

Source: (a) U.S. Department of Commerce: Bureau of Economic Analysis  
(b) State of Alaska Department of Labor and Workforce Development:  
Research and Analysis Section

Note: 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 2006 is not available until April 2008.

FAIRBANKS NORTH STAR BOROUGH

Table XII

Principal Employers  
Current Year and Nine Years Ago

Employer	2006			1997		
	Employees	Rank	Percentage of Total Borough Employment (a)	Employees	Rank	Percentage of Total Borough Employment (b)
Federal government (c)	3,380	1	7.99%	3,348	1	8.32%
University of Alaska Fairbanks (d)	2,526	2	5.97	2,362	2	5.87
Fairbanks North Star Borough School District	2,130	3	5.04	1,706	3	4.24
State Government (e)	1,798	4	4.25	1,561	4	3.88
Banner Health (f)	1,268	5	3.00	1,028	5	2.55
ASRC Energy Services (Houston/NANA)	751	6	1.78			
Tanana Chiefs Conference				527	6	1.31
Fred Meyer	633	7	1.50	513	7	1.27
Sam's Club/Wal-Mart	501	8	1.18			
Fairbanks North Star Borough	445	9	1.05	393	9	0.98
Fairbanks Gold Mining, Inc. (Ft. Knox)	378	10	0.89	250	10	0.62
Local Government (g)				406	8	1.01
	<u>13,810</u>		<u>32.65%</u>	<u>12,094</u>		<u>30.04%</u>

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

Note: Data based on calendar year.

(a) 42,303.

(b) 40,258.

(c) Excludes military uniformed personnel. Includes civilian employees at Fort Wainwright Army Base 1,445 and civilian employees at Eielson Air Force Base 819.

(d) Student employment not included: 2006 - 891, 1997 - not available.

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

(f) Fairbanks Memorial Hospital (Lutheran Health Services in 1997).

(g) Local government is total local government excluding FNSB School District, FNSB, and the City of North Pole.

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

	Full-time Equivalent Employees as of June 30				
	2003	2004	2005	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 (a)	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 (a)	3.00	3.00	18.01	18.01	21.00
Fire service areas	5.00	5.00	5.00	5.00	4.00
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
<b>Total</b>	<u>350.15</u>	<u>347.66</u>	<u>358.01</u>	<u>361.44</u>	<u>369.90</u>

Source: Borough Treasury and Budget Division.

Note: Employee by function data is available beginning with fiscal year 2003 when the Borough implemented GASB Statement 34.

(a) In fiscal year 2005 the Direct services function was merged into Public works and Emergency operations.

FAIRBANKS NORTH STAR BOROUGH

Table XIV

Operating Indicators by Function/Program  
Last Five Fiscal Years

Function/Program	Fiscal Year				
	2002-03	2003-04	2004-05	2005-06	2006-07
General government					
Annual operating budget	\$101,787,690	\$106,437,380	\$112,772,767	\$121,996,319	\$124,835,720
Community planning					
Platting applications processed	230	357	338	338	341
Zoning and related permits issued	273	247	333	349	334
Public works					
Average annual dollar value of projects completed	\$21 million	\$11 million	\$23 million	\$33 million	\$35 million
Facilities maintenance work orders	2,650	2,940	3,108	3,230	3,360
Parks and recreation					
Aquatic facility attendance	243,900	212,126	222,675	225,350	225,000
Chena Lakes annual visitors	66,099	108,117	76,131	80,294	82,698
Ice arena average daily attendance	423	430	443	358	526
Pioneer Park annual visitors	257,581	252,920	237,829	259,985	265,000
Library					
Items borrowed and used by patrons	518,293	556,747	577,424	566,640	566,640
Number of library visits by patrons	301,866	355,483	347,297	363,653	363,028
Road and other service areas					
Number of volunteer commissioners	240	259	273	278	266
Education					
Local support to school district	\$33,545,700	\$34,545,700	\$36,545,700	\$38,022,700	\$40,022,700
Emergency operations					
Ambulance responses	1,589	1,610	1,625	1,632	2,229
Animal control call responses	4,415	4,033	4,327	4,458	4,930
E-911 calls received	44,966	47,628	46,300	45,900	46,500
Fire service areas					
Call outs (calendar year)	829	874	943	1164	(a)
Transit					
Total ridership	375,201	382,000	399,215	392,024	280,000
Paratransit van rides provided	26,196	31,360	20,175	21,014	23,000
Vehicle emission tests performed	39,525	39,525	35,940	33,389	28,550
Land					
Number of acres sold	440	444	80	568	2
Gross sales	\$484,935	\$649,720	\$150,500	\$1,764,690	\$7,000
Carlson Center					
Event tickets sold	57,290	61,873	62,000	102,064	104,105
Solid waste disposal					
Number of tons into the landfill	102,789	106,625	111,602	109,780	120,709
Tons of waste paper recycled	1,700	1,179	(a)	1,081	1,500

Source: Various Borough departments, State of Alaska Department of Public Safety.

Note: This table provides function and program detail that became available when the Borough implemented GASB Statement 34 in fiscal year 2003.

(a) Data not available until January 2008.

**Capital Asset Statistics by Function  
Last Five Fiscal Years**

Function / Program	Fiscal Year				
	2002-03	2003-04	2004-05	2005-06	2006-07
General government					
Administration square footage	21,216	21,216	21,127	21,216	21,127
Public works					
Re-use areas	5	5	5	5	5
Transfer sites	14	14	14	14	14
Parks and recreation					
Ball fields	45	45	45	45	43
Campgrounds	5	5	5	5	5
Ice Rinks	8	8	8	8	8
Parks	128	130	131	133	133
Picnic facilities	28	28	28	28	30
Pools	3	3	3	3	3
Soccer fields	8	8	8	8	8
Square feet of playground equipment	43,240	44,000	44,000	44,000	48,000
Basketball, tennis and volleyball courts	27	27	27	27	27
Library					
Items in collection	297,571	311,626	319,692	337,639	437,291
Public computers and printers	119	68	70	63	63
Road and other service areas					
Miles of road	445	447	460	466	470
Education					
Primary schools	19	19	19	19	19
Secondary schools	10	10	10	10	10
Emergency operations					
Animal control vehicles	6	6	6	6	6
Emergency response vehicles	6	4	6	6	6
Fire service areas					
Emergency response vehicles	53	54	51	51	62
Fire stations	13	13	13	13	14
Transit					
Buses	10	10	9	9	9
Paratransit vans	7	7	6	18	12
Carbon monoxide analyzers	3	3	3	4	4
Carlson Center					
Community activity center	1	1	1	1	1
Solid waste disposal					
Landfill cells	1	1	1	2	2
Recycling collection totes	30	30	31	31	30

Source: Various Borough departments.