Fairbanks North Star Borough

Comprehensive Annual Financial Report
For the Year Ended June 30, 2012

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Photo by Angie Cerny
Fairbanks Convention & Visitors Bureau

FAIRBANKS NORTH STAR BOROUGH

Fairbanks, Alaska

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

Luke T. Hopkins, Borough Mayor

Prepared by
Financial Services Department:

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

FAIRBANKS NORTH STAR BOROUGH

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

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INTRODUCTORY SECTION

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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 97,615[1] and has an assessed valuation of $8.75 billion[2], of which $669 million[2] is related to the trans-Alaska oil pipeline. There are two first-class cities located within the Borough's boundaries: North Pole with 2,115 residents and Fairbanks with a population of 30,547. North Pole was incorporated in 1953. Fairbanks was incorporated in 1903 following the nearby discovery of gold. There are also two large military installations within the Borough, Fort Wainwright army post and Eielson air force base.

Fairbanks is 200 miles south of the Arctic Circle with a semi-arid climate and very little wind. Precipitation averages just under 11 inches each year, including an annual snowfall of around five and a half feet. There is snow on the ground from October to April. By summer solstice, there are almost 22 hours of sunlight and the average high temperature in July is 73° F. Temperatures often reach into the 80s and can occasionally reach 90° F during the short summer. In the coldest month, January, the average low and high temperatures are -13° F and 2° F. At winter solstice, the sun is up for less than four hours. It is not uncommon for the temperature to get down to -40° F a few times each winter and even down to -60° F some winters.

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. One domestic and seven regional carriers, along with two cargo-only carriers, serve Fairbanks, with another three domestic and four international carriers providing seasonal service. 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 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, Anchorage, Whittier, and Seward.

The University of Alaska Fairbanks (UAF) is the flagship campus of the State university system. UAF employs 2,371 regular staff (full and part-time). Fall 2012 enrollment reached 9,314 students (4,376 full-time and 4,938 part-time), and currently has 1,183 students enrolled in graduate studies. UAF expended $117 million in research in fiscal year 2012. The university has an exceptional museum which received 72,701 visitors in fiscal year 2012. 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. UAF is a Land, Sea, and Space Grant institution, one of only a handful of such universities in the country.

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

In the Borough, there are 31 hotels and motels. In addition, 50 bed and breakfasts, 13 lodges, and several recreational vehicle parks and campgrounds supply accommodations in the area.

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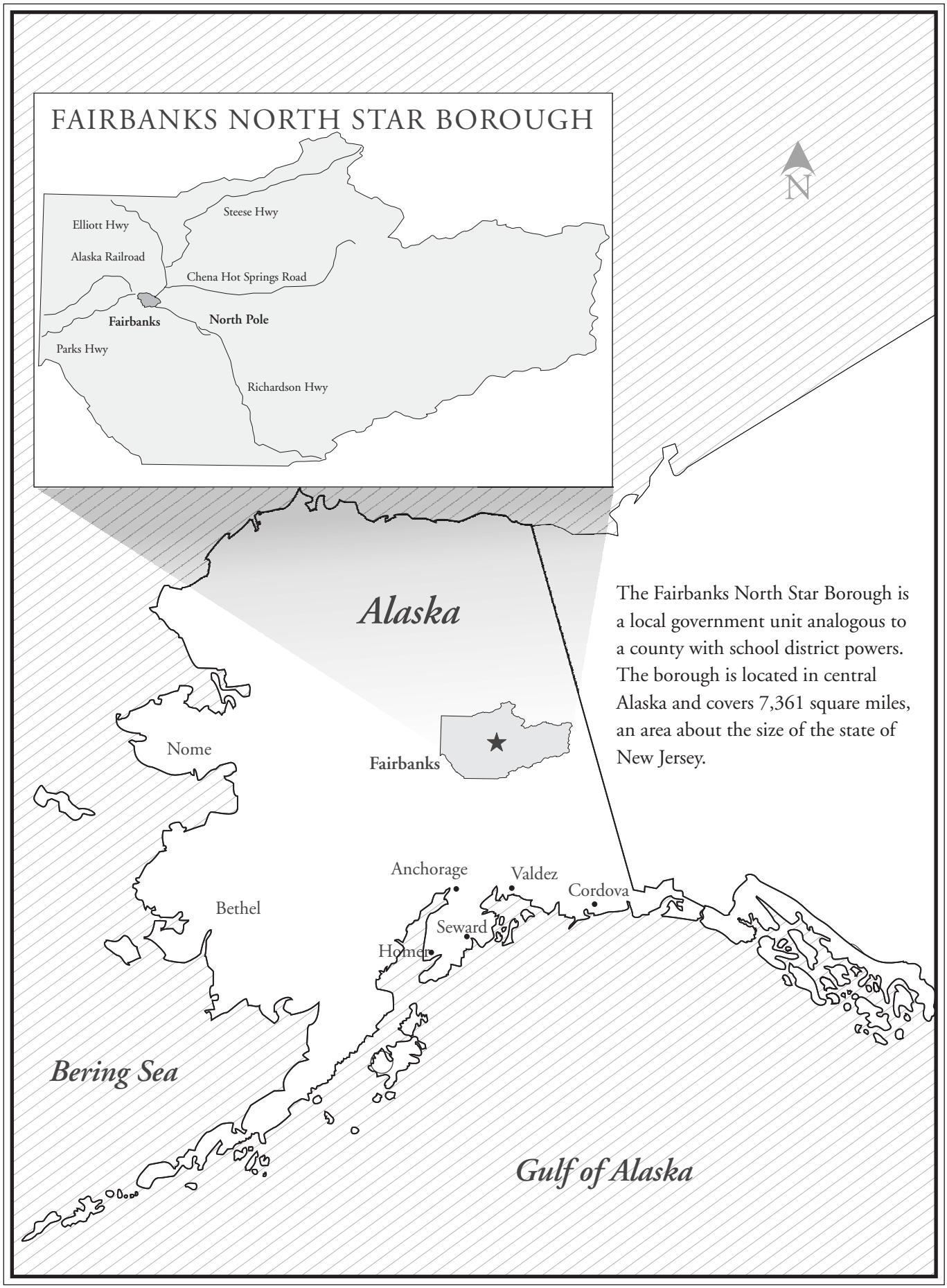
[1] population figures per Alaska Department of Commerce, Community, and Economic Development – 2011 Certified Municipal Populations

[2] for 2012 tax year



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
809 Pioneer Road P.O. Box 71267 Fairbanks, Alaska 99707-1267 907/459-1000
www.co.fairbanks.ak.us

December 14, 2012

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, 2012. 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 accounting principles generally accepted in the United States of America (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 2011-12 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, 2012 provided no instances of material weaknesses or significant deficiencies in internal control, or any violations of applicable laws and regulations. Information related to these single audits, including the auditor's reports on internal control and compliance with applicable laws and regulations, and the schedules of expenditures of federal awards and of State financial assistance, are included in a report, under separate cover, entitled "Fairbanks North Star Borough Reports on Single Audit Requirements for the Fiscal Year Ended June 30, 2012."

Management's Discussion and Analysis

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

PROFILE OF THE FAIRBANKS NORTH STAR BOROUGH

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

INTRODUCTORY SECTION tab provides some general and miscellaneous information about the borough. The second page under the tab shows a vicinity map.

Form of Government

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

Powers of the Borough and Services Provided by the Borough

Initially, the Borough exercised three mandatory powers: assessment and tax collection; primary and secondary education; and platting, planning and zoning. Additional powers have been assumed by the voters or added by Alaska Statutes. The Borough currently provides the following services across the entire borough (i.e., areawide): property assessment and collection of property taxes; public schools; platting, planning and zoning; animal control; flood control; library; air pollution control; emergency communication services (enhanced 911); solid waste disposal (landfill); parks and recreation; public transportation system; child care assistance pursuant to a grant from the State of Alaska (discontinued effective June 30, 2011); 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 disaster, 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 separate entities for which the primary government (the Borough) is financially accountable. The Fairbanks North Star Borough School District is the Borough's only component unit and as such, summary information for the School District is included in separate columns of the Borough's government-wide financial statements. The School District provides areawide primary and secondary education to the children of the borough. The School District has no taxing authority and cannot borrow funds. The Borough owns and has responsibility for all school facilities.

The School District has 30-plus schools serving approximately 14,260 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. The report is also available on their web site at: www.k12northstar.org/departments/admin-services/accounting/annual-financial-reports.

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 2. A. to the financial statements. This note includes a budget calendar and describes in more detail the legal level at which the Borough Administration cannot overspend budgets without supplemental authorization from the Assembly.

ECONOMIC CONDITION INFORMATION

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

Economy

Located near the center of the state, and as Alaska's second largest urban area, the borough serves as the economic hub for interior and northern Alaska, including the oil-rich North Slope. Fairbanks has experienced only moderate effects of the national and global recession. Since 1987, Fairbanks has had only a single year of employment contraction, a 1.3 percent loss in jobs in 2009. Fairbanks resumed its employment growth in 2010, gaining 2.1 percent over 2009, and ended the year with more jobs than at the start of the recession. Growth in 2011 was much smaller, a 0.2 percent gain over 2010. The 2011 increase reflects average annual employment of 39,000 workers. The Alaska Department of Labor forecasts another small 0.5 percent increase of 200 jobs in 2012 and for the first nine months of 2012, growth is on track to meet that prediction.

Employment and Industries

Over the last five years, all industry sectors have retained fairly constant rates of employment relative to total borough employment. Fairbanks-area employment is dominated by the services-providing domain.

Eighty-eight percent of the borough workforce is employed in this domain. Twelve 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, the School District, and the State of Alaska (non-University) are the next largest employers in the borough.

The University's Fairbanks campus (UAF) is the main doctoral-granting institution in Alaska and the principal research center for the statewide university system. Research expenditures for the Fairbanks campus were $124.0 million in fiscal year 2011, up 5 percent from 2010. In November 2010, voters approved statewide general obligation bonds for education projects, including $88 million for a new life sciences facility on the Fairbanks campus. Construction began in spring 2011, with occupancy expected in summer 2013.

Trade, transportation, and utilities is the next largest employment sector in the borough, accounting for 20 percent of total employment. Wal-Mart/Sam's Club, Fred Meyer, and Carrs/Safeway are the largest employers in this sector and among the largest in the borough. Wal-Mart, Fred Meyer West, Fred Meyer East, and the Bentley Mall are currently the seventh, tenth, eleventh, and twelfth largest taxable properties in the Borough, respectively. In October 2012, Pier 1 Imports opened a store in Fairbanks.

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 (exclusive of federal impact aid for education; see **State and Local Funding to the Borough and School District** section, below). See MD&A and Notes 4 and 17. A. to the financial statements for information about the Borough's litigation with Alyeska over the State's assessed valuation of TAPS.

Phase I of the proposed northern rail extension (NRE) project, a new $188 million bridge over the Tanana River for the State-owned Alaska Railroad Corporation, began in summer 2011. In 2011, the Borough had received a $40 million State grant for river-training construction-related work on the project, which was subsequently reappropriated by the Legislature directly to the Railroad at the Borough's request. Phase I construction is scheduled to be complete in summer 2014. Subsequent phases of the NRE project are subject to funding availability.

The third largest taxable property in the Borough belongs to Doyon Utilities, LLC, a joint venture between Doyon Properties Inc. (a subsidiary of Doyon, Limited) and Fairbanks Sewer & Water Inc. Doyon, Limited is the Alaska Native regional corporation for Interior Alaska and is the largest private landowner in Alaska. In fall 2007, the U.S. Army awarded Doyon Utilities a 50-year, $3.9 billion contract to take ownership of 12 water, sewer, heat, and electricity systems at Fort Wainwright Army Post in Fairbanks, Fort Greely in Delta Junction (just south of the borough), and Fort Richardson in Anchorage (now part of Joint Base Elmendorf-Richardson) – the largest and most complex Army utility privatization contract ever awarded. Private investment for all three locations is expected to total around $400 million during the first five years of the contract.

Thirteen percent of total borough employment is in the educational and health services sector. This is the only sector to have consistent steady growth over the last five years. The borough's largest private employer is Banner Health which operates Fairbanks Memorial Hospital and other health services in Fairbanks. The hospital facilities are owned by the non-profit Greater Fairbanks Community Hospital Foundation, Inc. and are exempt from property taxes in accordance with Alaska Statutes and Borough Code. The Tanana Chiefs Conference (TCC) is the Alaska Native regional nonprofit and traditional tribal consortium of 42 villages in Interior Alaska. TCC is one of the borough's largest employers and oversees the Chief Andrew Isaac Health Center (CAIHC) for ambulatory care. In April 2011, TCC broke ground for a new $68 million CAIHC facility which is also exempt from property taxes. Patient care in the new facility began in November 2012.

Approximately ten percent of the borough workforce is employed in the leisure and hospitality sector. After a large decrease in 2009, hotel-motel room receipts (based on bed taxes remitted) have rebounded, although they are not back to 2008 levels. Hotel-motel room receipts through the third quarter of 2012 are up slightly from the same period in 2011. Interestingly, the winter quarter has seen steady increases, even through the overall drop in 2009, due especially to Japanese tourists coming to see the aurora borealis. Lonely Planet, a major provider of global travel advice and guides, recently named Fairbanks as its number two U.S. travel destination for 2013, touting the northern lights. The Westmark Fairbanks Hotel and Fairbanks Princess Riverside Lodge are the eighth and ninth largest taxable properties in the Borough. Looking to the future, the Alaska Federation of Natives will host its annual convention in Fairbanks in October 2013 and the Fairbanks area won the bid to host the 2014 Arctic Winter Games, a circumpolar, three-country, multi-sport competition held every other year and rotated among the participating countries.

The borough's smallest sector, information, at 1.3 percent of total employment, includes the telecommunications industry. Alaska Communications and GCI, both telecommunication providers, own the Borough's fifth and sixth largest taxable properties. In June 2012, the two Alaska-based companies announced an agreement to combine their cellular network infrastructure, allowing them to compete with the national companies, including Verizon. Verizon has been constructing its network for entrance into the Alaska market in mid-2013.

The remaining employment sectors in the services-producing domain are professional and business services (6.3 percent), financial activities (3.8 percent), and other services (3.2 percent). The construction, mining and logging, and manufacturing sectors comprise the goods-producing domain, and represent 6.4 percent, 3.7 percent, and 1.6 percent of total employment, respectively.

Natural resources are an important part of the borough's economy. Flint Hills Resources owns the largest refinery in the state and is the Borough's fourth largest taxable property. Fairbanks Gold Mining, Inc., operating at Fort Knox, is the second largest taxable property. Gold processing is expected to continue to 2022. The Pogo gold mine, just seven miles outside the Borough's southern boundary, is now expected to operate through 2019 after the discovery of another nearby deposit extended its life by more than two years. At both Fort Knox and Pogo, active continuing exploration is ongoing to prolong the life of each mine. Another very large gold deposit has been found near Livengood, about 70 miles north of Fairbanks, believed to be about twice the size of Fort Knox. The feasibility study is scheduled for completion by mid-2013. With an office in Fairbanks, International Tower Hill Mines Ltd. currently expects

initial capital expenditures of $1.6 billion, 1,100 workers for construction of the mine, and a mine life of 23 years.

Like the rest of the nation and the state, construction has slowed in the borough. However, in addition to the construction projects previously mentioned, a multitude of other projects are also underway on the two military installations, on the existing railroad, on roads within the borough, and for a variety of other facilities throughout the borough. The Borough has several projects in progress as well (see Capital Assets section of MD&A).

Military Installations

There are two large military installations within the borough, Fort Wainwright Army Post (Fort Wainwright) and Eielson Air Force Base (Eielson). Eielson is estimated to contribute $1.5 billion dollars in revenue to the Borough's economy, the fourth largest industry contributor.

In 2005, the Defense Department proposed moving all Air Force aircraft at Eielson to other locations. The Base Realignment and Closure Commission (BRAC) disagreed, resulting in Congressional approval to move only the A-10 aircraft, leaving the F-16 aircraft at Eielson. In February 2012, the Air Force announced its FY 13 budget request which included moving all F-16 aircraft from Eielson to Joint Base Elmendorf-Richardson in the Anchorage area. The loss of the F-16 aircraft would transfer an estimated half of the 3,100 military and civilian personnel at Eielson, diminishing base operations and leaving only the Alaska Air National Guard aircraft.

The Air Force's plans have been criticized on several fronts. With similar proposals across the nation, Congressional legislators have objected to the lack of public process. An Air Force study released in November 2012 found there would likely be insufficient housing available in Anchorage for the transferred personnel. In March 2012, the U.S. Government Accountability Office reported that the 2005 round of base closures and realignments will yield 73 percent lower savings than the Air Force estimated, putting into question the Air Force's projected savings for the F-16 aircraft transfer.

In June 2012, the Air Force Chief of Staff sent a letter to an Alaska U.S. Senator delaying any possible transfer until at least the fall of 2013. In addition, appropriations bills in both houses of Congress include language to prohibit the expenditure of any funds for this and similar proposals to "retire, divest, realign, or transfer aircraft" throughout the nation.

In November and December 2011, the Defense Department announced that Eielson will lose 45 civilian jobs over the next five years and Fort Wainwright could lose 62 civilian positions as part of the Defense Department's national downsizing.

The Tanana River bridge construction project for the Alaska Railroad, mentioned in the *Employment and Industries* subsection, above, will provide year-round access to joint Army and Air Force training ranges south of the Tanana River. In addition, the U.S. Army and U.S. Air Force, through Alaskan Command, prepared a draft environmental impact statement (EIS) for public comment in 2012. The EIS evaluates potential effects associated with modernizing and enhancing current military ground and airspace assets and with expanding and establishing new airspace and controlled access land for training in the interior of Alaska (JPARC – Joint Pacific Alaska Range Complex). Preparation of the final EIS will continue into 2013.

Real Property Values

Net taxable assessed values (taxable values less exemptions) within the Borough, without TAPS, have increased 6.3 percent annually, on average, since 2003. This is despite a voter-approved doubling of the residential property value exemption, from $10,000 to $20,000, which first affected the 2006 tax year. New construction has added over $200 million of value annually for each of the past nine years, with $221 million added in the 2012 tax year (levied in the 2012-13 fiscal year). The addition of these new amounts to the tax rolls enables the mill rate to remain stable for existing property owners, offsetting the real year-over-year cost increases of Borough operations. However, sustainability of continuing new taxable construction at this rate is uncertain.

The trans-Alaska pipeline system (TAPS) is valued by the State of Alaska for all governments which encompass its route and include its properties. In November 2010, the Alaska Superior Court issued a final judgment increasing the State's valuation of TAPS for the 2006 tax year. The Borough's portion of the increase in valuation was $421.3 million. In March 2012, the Alaska Superior Court issued a final judgment increasing the State's valuations of TAPS for the 2007, 2008, and 2009 tax years. The Borough's portions of the increases in valuations were $288.5 million, $260.6 million, and $14.3 million, respectively. Over the last ten years, the value of TAPS has both increased and decreased, in amount and as a percent of total assessed value. After adjusting for the Court valuations, the lowest percent was 4.8 percent in the 2005 tax year and the highest was 11.7 percent in the 2006 tax year. See MD&A and Notes 4 and 17. A. to the financial statements for more information about the judgments, the pending appeals to the Alaska Supreme Court, and the disputed valuations for the 2010, 2011, and 2012 tax years.

Unemployment Rate

The average borough monthly unemployment rate for the twelve months ended September 30, 2012 was 6.5, down from 6.8 percent for the same period last year. While these rates are still higher than those in the pre-recession periods, unemployment in the borough remains consistently better than the statewide rate. Historically, the borough's unemployment rate was higher than the national rate. However, the effects of the national and global recession have been far less pronounced and shorter-lived in the borough and in Alaska than in the rest of the nation. As a result, both Alaska's and the borough's unemployment rates have remained below the national rate of unemployment during the recession.

Energy Costs

In the third quarter of 2012, Fairbanks had the highest utility costs of 304 urban areas throughout the nation, paying 143 percent above average, according to the Council for Community and Economic Research. That is up from the 112-percent-above-average amount paid by Fairbanksans in 2011. In spring 2008, borough residents and businesses faced heating fuel, electricity, and gasoline prices that had doubled or tripled since 2003, with increases for home heating fuel up over 40 percent in just six months and electricity up 25 percent in just eight months. In the last seven years, the average monthly residential electricity bill has more than doubled in the region. In the last five years or so, prices for refined petroleum products have more than doubled in Interior Alaska.

Over these years, there have been numerous, diverse efforts to bring affordable, clean natural gas and natural gas by-products to Interior Alaska, to other parts of the state, and potentially to export markets either by pipeline or more recently, by truck. See the following web sites for further information:

gov.alaska.gov/parnell/priorities/resources/alaska-natural-gas.html (Governor Parnell Priorities)

gasline.alaska.gov (Gas Pipeline Project Office/Alaska Gasline Inducement Act/Alaska Pipeline Project)
www.thealaskapipelineproject.com (TransCanada)
www.arcticgas.gov (Office of the Federal Coordinator/Alaska Natural Gas Transportation Projects)
www.angda.state.ak.us/overview.asp (Alaska Natural Gas Development Authority)
gas4alaska.info (Alaska Natural Gas Development Authority)
www.gasline.us.com/ (Alaska Gasline Development Corp./Alaska Stand Alone Pipeline)
www.doyon.com/e-newsLetter/enewsLetterArchives.aspx 10/9/12 (Interior exploration by Doyon, Limited)
http://www.fairbankspipelinecompany.com/ (Fairbanks Pipeline Co./Arctic Fox Natural Gas Pipeline)
www.allalaskagasline.com (Alaska Gasline Port Authority)
www.gasin2years.com (the Lowell Group)

and the "FNSB Gas Distribution System Analysis" report, financial model, and presentations available on the Borough's home page at fnsb.us.

Golden Valley Electrical Association (GVEA), the regional electrical utility, is in the midst of a three-step plan to reduce reliance on expensive, oil-fired electricity generation. Its Eva Creek Wind Farm began producing power in October 2012. Activities are underway to restart the Healy Clean Coal Plant by March 2015. And in September 2012, GVEA announced a 20-year contract with BP Exploration (Alaska) Inc. to purchase natural gas, with plans to truck gas to Fairbanks from the North Slope and positioning itself as a kind of wholesaler. Infrastructure for a trucking plan, including a liquefaction plant, storage facilities, and a regasification plant, is yet to be developed. GVEA has requested a State grant for a North Slope liquefaction plant. GVEA's trucking plan is one of several proposed by various groups and entities.

On December 7, 2012, the Governor announced a $355 million plan for making natural gas available for trucking to the Fairbanks North Star Borough and potentially other road and river communities in Alaska. The plan includes a request from the Alaska Industrial Development and Export Authority (AIDEA) for letters of interest in financing, development, and operation of a liquefaction plant on the North Slope. (See AIDEA's letter at http://gov.alaska.gov/parnell_media/resources_files/letter120712.pdf.) The liquefaction plant on the North Slope and development of private and/or municipal distribution systems in the Borough could be financed with some combination of $275 million of loans and bonding authorization through AIEDA, $50 million in State general funds for grants, and $30 million of existing gas storage tax credits. Utilization of the $275 million and $50 million sources must be approved by the State legislature.

For information on the Borough's *Efforts to Lower Energy Costs*, see **Borough Initiatives** section, below.

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 fnsb.us/communityplanning/CRC.

Local Tax Limit

The Borough has an ordinance, effective since 1987 and reconfirmed by voters every two years, that limits the amount of tax revenue that may be levied by the Borough government. Under this tax cap, the total amount of tax levied during fiscal year 2011-12 could not exceed the total amount levied for fiscal year 2010-11, adjusted for inflation with certain defined exclusions. For computation purposes, the fiscal year 2010-11 tax levy was adjusted for new construction, voter-approved services, certain hotel-motel

taxes transferred to the hotel-motel room tax fund (used primarily to fund tourism marketing), and any amount withdrawn from the general fund's fund balance in the preceding year if designated by the Assembly as a reduction to the property tax levy. Furthermore, the limitation applies to all taxing authorities, but does not apply to any levy used for payments on bonds. By Alaska Statutes, reconfirmation by the voters bars the Assembly from overriding or otherwise changing the cap for a two-year period.

State and Federal Funding to the Borough and School District

The State of Alaska (State) has a debt service and cash payments reimbursement program for school construction. The vast majority of the Borough's debt service on general obligation school bonds is partially reimbursed by the State of Alaska at 70 percent. The Borough received $10.1 million of reimbursements in fiscal year 2012. The State has historically funded this program at 100 percent of the entitlement amount.

In the 2008 legislative session, State Statutes were amended to add a Community Revenue Sharing Program (CRS) and establish a CRS Fund. The State has annually "forward-funded" the program for three years to allow for the maximum $60 million total annual distribution prescribed by Statutes. In the 2011 session, the legislature appropriated an additional $20 million for distribution in fiscal year 2012. The total distribution to the Borough for fiscal year 2012 was $5.0 million, of which $296,000 was passed through to unincorporated communities within the Borough. See MD&A, governmental funds financial analysis, for information about the use of these funds.

The Borough receives various other recurring amounts from the State and federal governments. The largest of these receipts in fiscal year 2012 were for operations of the Borough's mass transit system ($668,010), federal and State payments in lieu of taxes ($450,840), State telephone/electric co-op taxes ($424,190), the State's Health & Human Services Community Matching Grant Program ($379,920), Homeland Security functions and equipment ($241,010), federal aid for debt service on ARRA Recovery Zone bonds ($227,270), various library programs ($156,250), and emergency management planning ($120,000).

The Borough has also received numerous State and federal non-recurring grants. In fiscal year 2012, some of the largest of these revenues included $3.1 million for a variety of capital and other grants from the State; $2.8 million for a wood stove conversion program, studies, and projects related to the $PM_{2.5}$ air quality standard (see discussion under **Borough Initiatives**, below); $2.6 million from the State for Borough service area roads; $563,920 for operating the Borough's new and expanded bus routes; $486,350 planning, design, and pre-construction work for a natural gas distribution system; $402,600 for a geothermal energy project; and $322,300 toward construction of a new emergency operations center.

The School District's major sources of State revenues are the public school foundation funding program, at $113.2 million for fiscal year 2012, and pupil transportation at $11.4 million. Federal impact aid is received for educating student-dependents of the uniformed military and totaled $14.1 million in fiscal year 2012.

Long-Term Financial Planning

Reserves

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

Information on the Borough's $3.0 million health care contingency reserve can be found in Note 15 to the financial statements.

The Borough established a facilities maintenance reserve (FMR) in March 1999 specifically to accumulate funds for major maintenance, repairs, and upgrades to its 85-plus major facilities. This reserve provides steady funding to preserve these facilities, which are valued at about $683 million. As of June 30, 2012, the Assembly has set aside $28.7 million in the FMR through the years, of which $26.9 million has been allocated to fund 152 discrete projects, leaving approximately $1.8 million available for future projects. Beginning in 2005, the Fairbanks North Star Borough's Code of Ordinances, FNSBC 3.01.060A, requires a transfer to the FMR of two-thirds of each fiscal year's net operating general fund budgetary surplus, limited to that year's increase in the operating general fund's unassigned fund balance. For fiscal year 2012, there was no increase in the prior year, so there was no transfer to the FMR. The transfer to the FMR in fiscal year 2013 will be $2.7 million. See MD&A, governmental funds financial analysis, for more information about these transfers.

Information on the Borough's voluntary landfill closure and postclosure care reserve can be found in Note 11 to the financial statements.

In July 2004, the Borough Assembly created an asset replacement reserve (ARF) to 1) enable the prompt replacement of any needed equipment not anticipated and appropriated as part of the annual budget, and 2) purchase host-based software that meets the Borough's capitalization criteria, and for related hardware. Vehicle and equipment replacements covered by the vehicle and equipment fleet internal service fund are excluded from using ARF funds. Like the FMR, the ordinance adopted by the Assembly provides for an annual deposit. For the ARF, five percent of each fiscal year's net operating general fund budgetary surplus, with the same limit, is transferred to the ARF in addition to an initial deposit of $500,000. Through the years, $1,874,500 has been deposited into the ARF and $1,030,700 has been set aside or used for purchases, with an additional $350,000 withdrawn from the ARF to aid in providing taxpayer relief by assisting in balancing a prior year's budget. At June 30, 2012, the available balance is almost $500,800. Prior to fiscal year 2012, there was no limit on the transfer to ARF and almost $230,000 was transferred in fiscal year 2012. For fiscal year 2013, the transfer will be about $203,000.

In September 2009, the Borough Assembly established a School District facilities maintenance reserve (SDFMR), to be funded by a transfer of the first 28.5 percent of the School District's annual budgetary surplus, for the purpose of major maintenance, repairs, and upgrades of School District facilities. Beginning in March 2012, the annual transfer amount is capped at $800,000. As of June 30, 2012, $3.4 million has been transferred to the SDFMR, of which almost $3.2 million has been used for five

projects, leaving about $209,000 remaining for future projects. The fiscal year 2012-13 contribution, based on the fiscal year 2011-12 surplus, will be $772,605.

Capital Projects

Although a large portion of the expenditures in the capital projects funds are capitalizable, most are for replacement facilities, or to preserve 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 fnsb.us.

Property Taxes

With no sales tax or individual State income tax, Alaska's individual burden for all State and local taxes (on both individuals and businesses) is the lowest in the nation (2010). Given it is the Borough's nearly singular tax generator, median property taxes paid on owner-occupied housing is 36 percent greater than the national median (2006-2010), its property taxes on owner-occupied housing as a percent of median household income is only 1.97 percent greater (2006-2010). Also of note is that property value exemptions increase the Borough's areawide mill rate about 11.3 percent higher than it would be without exemptions, including both mandatory exemptions (7.4 percent) and optional exemptions (3.9 percent).

A persistent concern for the Borough is the financial pressure on homeowners and businesses that can result from combining the high cost of space heating energy in arctic Interior Alaska with high property taxes. (See the **Economy**, *Energy Costs* subsection, above.) Consequently, there is constant pressure to avoid increases in property taxes, chiefly large increases, to free up money for property owners to pay for the ever-increasing costs of energy. The Borough's fiscal year 2012 areawide mill rate is the second lowest in the last ten years and in that time, the mill rate has only increased once, by 2.2 percent in fiscal year 2010. Mill rates for the last five fiscal years are lower than any mill rate in the 19-year period from fiscal year 1990 through fiscal year 2008.

The annual addition of new construction assessed values has enabled the Borough to keep the areawide mill rate stable, while allowing total property tax revenues to rise. (See **Economy**, *Real Property Values* subsection, above.) For fiscal year 2012, areawide property taxes were levied $8.9 million under the tax limit. Fiscal year 2013's levy is $9.2 million under the limit. Historically, for many years, the Borough has levied significantly under the tax limit, a combined total of $58.0 million over the last 20 years; compounded, the amount not collected in those 20 years is almost $400 million. A levy under the limit, if not partially recaptured in the next budget under very specific rules, will become a permanent reduction in the amount of taxes that can be levied in all subsequent years. The average cumulative effect for those 20 years is $18.3 million annually.

Efforts to Lower Energy Costs

For a brief discussion of the forces driving the Borough's efforts to lower energy costs, see the **Economy**, *Energy Costs* subsection, above. In October 2011, the Borough put forth a solicitation for a firm to perform a definition and analysis of a supply-neutral plan for distribution within the Borough of natural gas, liquefied natural gas (LNG), and/or propane by truck, pipeline, or both. The distribution plan is to provide for rapid infrastructure build-out to enable delivery as affordably as possible to the largest number of residences and businesses in the Borough. The major findings of the June 2012 report estimate community-wide savings of $315 million with a non-private distribution entity and affirm conversion to natural gas for space heating would bring the Borough's $PM_{2.5}$ non-attainment area into compliance with federal air quality standards. (See *$PM_{2.5}$ Air Quality Standards*, below.)

In August 2012, the Mayor put forward an ordinance to establish the Interior Alaska Natural Gas Utility (IANGU). Its establishment required the transfer of utility powers from the City of North Pole and from the City of Fairbanks to the Borough. In October 2012, the Borough accepted those powers and the IANGU was established "to facilitate if possible or provide, if necessary, affordable natural and/or manufactured gas to the largest number of people in the Fairbanks North Star Borough in the shortest amount of time". In November 2012, the independent IANGU board sent a letter to the Governor requesting State financial assistance for the construction of a North Slope liquefaction plant and for grants and low-cost loans to build a distribution system within the Borough. As related in the **Economy**, *Energy Costs* subsection, above, on December 7, the Governor proposed a $355 million plan towards these requests.

$PM_{2.5}$ Air Quality Standards

In September 2006, the U.S. Environmental Protection Agency (EPA) issued regulations with more stringent air quality requirements for fine particulate matter less than 2.5 micrometers in diameter ($PM_{2.5}$). The EPA has designated the more populated portions of the borough as a non-attainment area (the only $PM_{2.5}$ nonattainment area in the state). With wildfires being an exception event under national air quality standards, Fairbanks' non-attainment occurs in the wintertime when regularly occurring, extremely strong temperature inversions trap high levels of $PM_{2.5}$. Testing has determined that at least 50 percent of Fairbanks' wintertime $PM_{2.5}$ air pollution derives from wood burning. With an arctic climate and high energy costs, wood is a popular, relatively low-cost heating source for borough citizens. Thus, attainment efforts have focused on usage of wood and other solid fuel burning devices. The Borough's long-term efforts for clean air are focused on bringing in clean, affordable natural gas for space heating; see the **Economy**, *Energy Costs and Natural Gas Projects* subsection, above, and in this section, the *Interior Alaska Natural Gas Utility* subsection, immediately above.

The Assembly passed an air quality ordinance in June 2010 listing prohibited acts and establishing fines. The ordinance included a $1 million appropriation for educational efforts and financial incentives to encourage efficient and responsible wood burning. In October 2010, voters approved an initiative that the Borough "shall not ban, prohibit, or fine residents for the use of home heating devices". As a result, in January 2011, the air quality law was amended to eliminate the visible emissions standards and related fines and added a voluntary emissions standard and educational program. In the 2011 State legislative session, $3 million was granted to the Borough to further fund the financial incentives (cash rebates and property tax credits) that residents could obtain by removing older wood stoves and hydronic heaters or by repairing or replacing them with qualified parts or appliances. In October 2011, voters rejected a ballot

initiative to strengthen the air quality law. Among other things, the proposition would have banned the installation of all hydronic heaters and coal-burning appliances, even those that produce very little $PM_{2.5}$. In October 2012, voters approved an initiative barring the Borough from "in any way ... regulating, prohibiting, curtailing, or issuing fines or fees associated with the sale, distribution, or operation of heating appliances or any type of combustible fuel." In November 2012, the Assembly responded by further amending the air quality law to eliminate all prohibited acts and related fines, the property tax credit incentives, and the removal program except for hydronic heaters.

The federal Clean Air Act requires the State to submit to the EPA, by December 14, 2012, its State Implementation Plan (SIP) for bringing the air in the nonattainment area into compliance. The Borough will continue to work with the State in monitoring air quality, researching and quantifying viable actions for attainment, and the development of the SIP. However, since the Borough can no longer enforce air quality standards, significant uncertainty exists about the exact character of the Borough's future involvement and about what actions the State will take related to enforcement of air quality standards.

The Borough and State expect the SIP to be submitted to EPA in December 2013, one year late. However, no emissions offsets or highway fund sanctions will be enforced if a complete SIP is submitted to EPA within 18 and 24 months, respectively, of the December 2012 deadline. Nor will a federal implementation plan be imposed if the SIP is submitted and approved within 24 months. In any case, attainment must be reached by December 2014, with possible extensions to December 2019. The Borough and State think an extension will be needed.

Scientific work related to $PM_{2.5}$ in the Fairbanks non-attainment area continues with federal funding. Grants from the federal and State governments have also been awarded to fund a $PM_{2.5}$ education program, a dry wood education and exchange program, and the operation and maintenance of the Borough's multi-pollutant monitoring site. See, also, *Efforts to Lower Energy Costs*, above.

Solid Waste Facility

The Borough began operating the Solid Waste Facility after acquiring the South Cushman landfill in 1973 by a transfer of power from the City of Fairbanks. Following the 1991 issuance of EPA regulations for solid waste disposal facilities, the Borough adopted a Solid Waste Management Plan in 1994 and adjacent property was purchased from private owners in 1996. The Borough's current operations include the original South Cushman landfill now used primarily for construction debris, postclosure care of Cell 1 and a portion of the original landfill, active usage of Cell 2, a recycling and household hazardous waste program, and ongoing construction of Cells 3 and 4. (A cell is a self-contained mini-landfill.) There is space on the existing property for nine expansion cells in total, with usage estimated through 2055.

Operation, closure, and postclosure care of the Solid Waste Facility is an expensive enterprise and requires continual planning. Cell construction has been largely funded through low-interest loans from the State under the federal Clean Water Act. Operations, closure, and postclosure care activities are predominantly funded through user fees. In the setting of user fees, the objective is for the user to pay, at the time waste is tipped, the full cost of the Solid Waste Facility from disposing of the waste through to postclosure care.

Parks & Recreation

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

In March 2000, the Borough approved a master plan for the 128-acre sports-focused South Davis Park. Volunteer community partners perform most of the ongoing development work at the park.

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

In 2009, the Borough accepted a donation of the first 177 acres, of a proposed total of approximately 650 acres, for the Chena Flats Greenbelt, located between the base of Chena ridge and Chena Pump Road. In August 2011, the Borough accepted another 139-acre donation. In exchange for the acceptance of these properties, the Borough is bound by a conservation easement to the donor requiring the property to be passively maintained for open space recreation.

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, 2011, its twenty-fourth 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, 2011 and July 1, 2012, its twenty-second and twenty-third consecutive awards. In order to receive the Award, the Borough published a budget document that met program criteria as a policy document, as a financial plan, as an operations guide, and as a communication medium. Each award is valid for a period of one year only.

Acknowledgments

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

Respectfully submitted,

Debra L. R. Brady, CPA, CGMA
Controller

Michael E. Lamb, CPA, CGFM, CGMA
Chief Financial Officer

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, 2011

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.

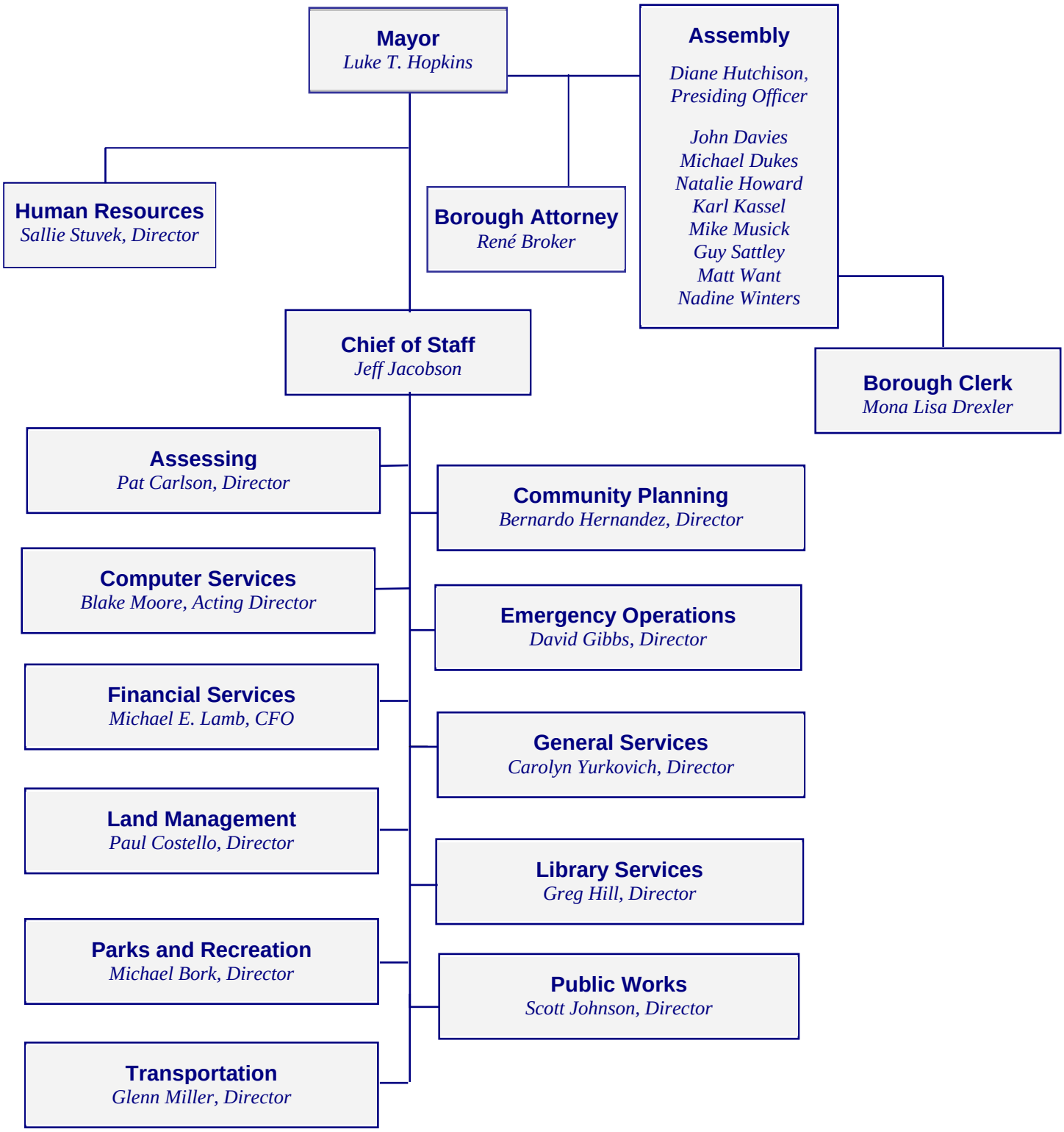
President

Executive Director

Fairbanks North Star Borough

Organization Chart

As of June 30, 2012



Fairbanks North Star Borough

LIST OF PRINCIPAL OFFICIALS

as of June 30, 2012

Borough Assembly

Diane Hutchison, Presiding Officer
Karl Kassel, Deputy Presiding Officer
John Davies
Michael Dukes
Natalie Howard
Mike Musick
Guy Sattley
Matt Want
Nadine Winters

Board of Education

Kristina Brophy, President
Sharon McConnell, Vice President
Sue Hull, Treasurer
Sean Rice, Clerk
Silver Chord, Member
Wendy Dominique, Member
John Thies, Member
Col. Thomas Daack, Base Representative
Col. Ron Johnson, Post Representative
Hanna Brewer, Student Representative

Borough Mayor

Luke T. Hopkins

Administration

Borough Clerk	Mona Lisa Drexler
Borough Attorney	René Broker
Chief of Staff	Jeff Jacobson
Director Assessing	Pat Carlson
Director Community Planning	Bernardo Hernandez
Director Computer Services	Blake Moore (Acting)
Director Emergency Operations	David Gibbs
Chief Financial Officer	Michael E. Lamb
Chief Procurement Officer	Carolyn Yurkovich
Director Human Resources	Sallie Stuvek
Director Land Management	Paul Costello
Director Library Services	Greg Hill
Director Parks and Recreation	Michael Bork
Director Public Works	Scott Johnson
Director Transportation	Glenn Miller

School District

Superintendent of Schools, Pete Lewis
Assistant Superintendent, Secondary Education, Karen Gaborik
Assistant Superintendent, Elementary Education, Roxa Hawkins
Assistant Superintendent, Facilities Management, Dave Norum
Chief Financial Officer, Mike Fisher

FINANCIAL SECTION

Independent Auditor's Report

Basic Financial Statements and Required Supplementary Information

Combining and Individual Fund Statements and Schedules

Additional Information

Cook & Haugeberg LLC
CERTIFIED PUBLIC ACCOUNTANTS

December 14, 2012

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Assembly
Fairbanks North Star Borough

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Fairbanks North Star Borough (Borough), as of and for the year ended June 30, 2012, which collectively comprise the Borough's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Borough's nonmajor governmental, internal service, and fiduciary funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements and schedules as of and for the year ended June 30, 2012, 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, 2011 financial statements and, in our report dated December 16, 2011, 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.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we express no such opinion. 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, 2012 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds with annual

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budgets for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements and schedules referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, internal service, and fiduciary fund of the Fairbanks North Star Borough, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our reports dated December 14, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit for the year ended June 30, 2012 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 combining and individual nonmajor fund financial statements and additional information schedules for the year ended June 30, 2012 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements and additional information schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2012, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing

standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and additional information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2012.

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 introductory and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Borough's basic financial statements as of and for the year ended June 30, 2011, not presented herein, and have issued our report thereon dated December 16, 2011, which contained 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. The combining and individual nonmajor fund financial statements and additional information schedules for the year ended June 30, 2011 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2011 financial statements. The combining and individual nonmajor fund financial statements and additional information schedules have been subjected to the auditing procedures applied in the audit of the 2011 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and additional information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2011.

Cook + Haugeberg LLC

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BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis (RSI)

Basic Financial Statements:

Government-wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

MANAGEMENT'S DISCUSSION AND ANALYSIS

(part of the Required Supplementary Information)

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

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis
For the Year Ended June 30, 2012

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, 2012. 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, 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.

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

Fund Financial Statements

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

Governmental funds

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

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

The Borough maintains seventeen 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, the state grants capital projects fund, the bond capital projects fund, and the local capital projects fund. Data from the eleven nonmajor governmental funds are combined into a single, aggregated presentation (column) in the governmental funds financial statements.

The Borough's general fund includes both annual (operating) and inception-to-date (multi-year) cost centers' activities. The Borough adopts an annual appropriated budget for the operating portion of its general fund and for other operating funds. Budgetary comparison statements have been provided for the operating general fund and all service areas in the service areas special revenue fund, to demonstrate compliance with their budgets.

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

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, 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, Carlson Center, and solid waste disposal enterprise funds, all of which are considered to be major funds of the Borough. The vehicle and equipment fleet internal service fund is also presented in the proprietary funds financial statements.

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

Fiduciary fund

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

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

Notes to the Financial Statements

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

Other Information

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

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 $592 million at the close of the most recent fiscal year.

Net Assets
(shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	$149,525	$128,869	$17,182	$16,569	$166,707	$145,438
Capital assets	571,369	581,626	31,496	32,302	602,865	613,928
Total assets	720,894	710,495	48,678	48,871	769,572	759,366
Long-term liabilities	136,813	135,018	17,624	19,343	154,436	154,360
Other liabilities	21,621	21,249	1,598	1,112	23,219	22,361
Total liabilities	158,434	156,267	19,222	20,455	177,656	176,722
Net assets:						
Invested in capital assets, net of related debt	482,778	489,022	31,456	31,030	514,234	520,053
Restricted	52,286	45,975	679	563	52,964	46,538
Unrestricted	27,396	19,232	(2,678)	(3,178)	24,719	16,054
Total net assets	$562,460	$554,229	$29,457	$28,416	$591,916	$582,645

By far the largest portion of the Borough's net assets ($514.2 million or 86.9 percent) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, equipment) less any related debt used to acquire those assets that is still outstanding. The Borough uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Borough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (unrestricted net assets or future revenues), because the capital assets themselves cannot be used to liquidate these debt obligations.

An additional portion of the Borough's net assets ($53.0 million or 8.9 percent) represents resources that are subject to external restrictions on how they may be used, such as restrictions imposed by grant agreements, bond covenants, and agreements with other external parties, and restrictions for special taxing jurisdictions. The remaining balance of unrestricted net assets ($24.7 million or 4.2 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, unrestricted net assets of business-type activities were a $2.7 million deficit, compared to a $3.2 million deficit at the end of the prior year. All other categories of the Borough's net assets report positive balances, both for the government as a whole, as well as for its separate governmental and business-type activities. 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.

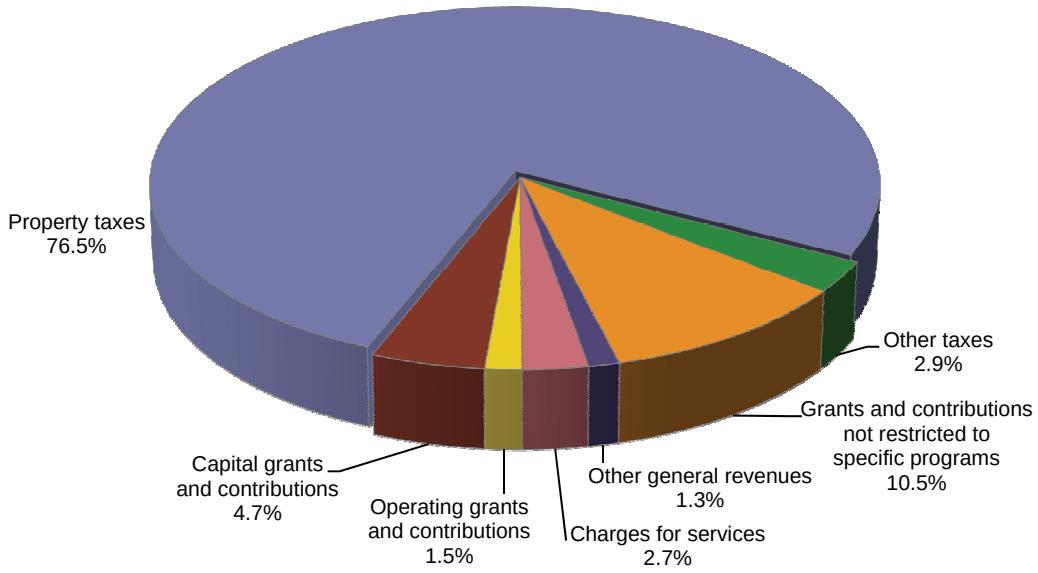
Changes in Net Assets
(shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	$4,180	$3,753	$9,057	$8,181	$13,237	$11,934
Operating grants and contributions	2,361	2,163	4,425	2,400	6,786	4,563
Capital grants and contributions	7,260	5,972	575	1,717	7,836	7,689
General revenues:						
Property taxes	118,827	115,170			118,827	115,170
Other taxes	4,478	4,218			4,478	4,218
Grants and contributions not restricted to specific programs	16,284	14,154			16,284	14,154
Other	1,973	3,597	25	18	1,998	3,615
Total revenues	155,364	149,029	14,083	12,316	169,446	161,344
Expenses, netted with indirect expenses allocation:						
General government	21,972	21,864			21,972	21,864
Community planning	2,095	2,295			2,095	2,295
Public works	12,568	11,668			12,568	11,668
Parks and recreation	9,668	9,336			9,668	9,336
Library	7,248	6,174			7,248	6,174
Road and other service areas	5,708	5,174			5,708	5,174
Education	65,217	63,404			65,217	63,404
Emergency operations	6,089	5,987			6,089	5,987
Fire service areas	6,536	6,173			6,536	6,173
Interest on long-term debt	4,194	5,303			4,194	5,303
Transit			10,906	8,878	10,906	8,878
Carlson Center			1,907	2,279	1,907	2,279
Solid waste disposal			6,068	7,779	6,068	7,779
Total expenses, net	141,294	137,378	18,881	18,936	160,174	156,314
Changes in net assets before transfers	14,070	11,651	(4,798)	(6,621)	9,272	5,030
Transfers	(5,839)	(5,646)	5,839	5,646		
Changes in net assets	8,231	6,005	1,041	(975)	9,272	5,030
Net assets, beginning	554,229	548,224	28,416	29,391	582,645	577,614
Net assets, ending	$562,460	$554,229	$29,457	$28,416	$591,916	$582,645

During the current fiscal year the Borough's net assets increased by $9.3 million. Significant differences from the prior year's $5.0 million increase in net assets are discussed in various sections later in this Management's Discussion and Analysis (MD&A).

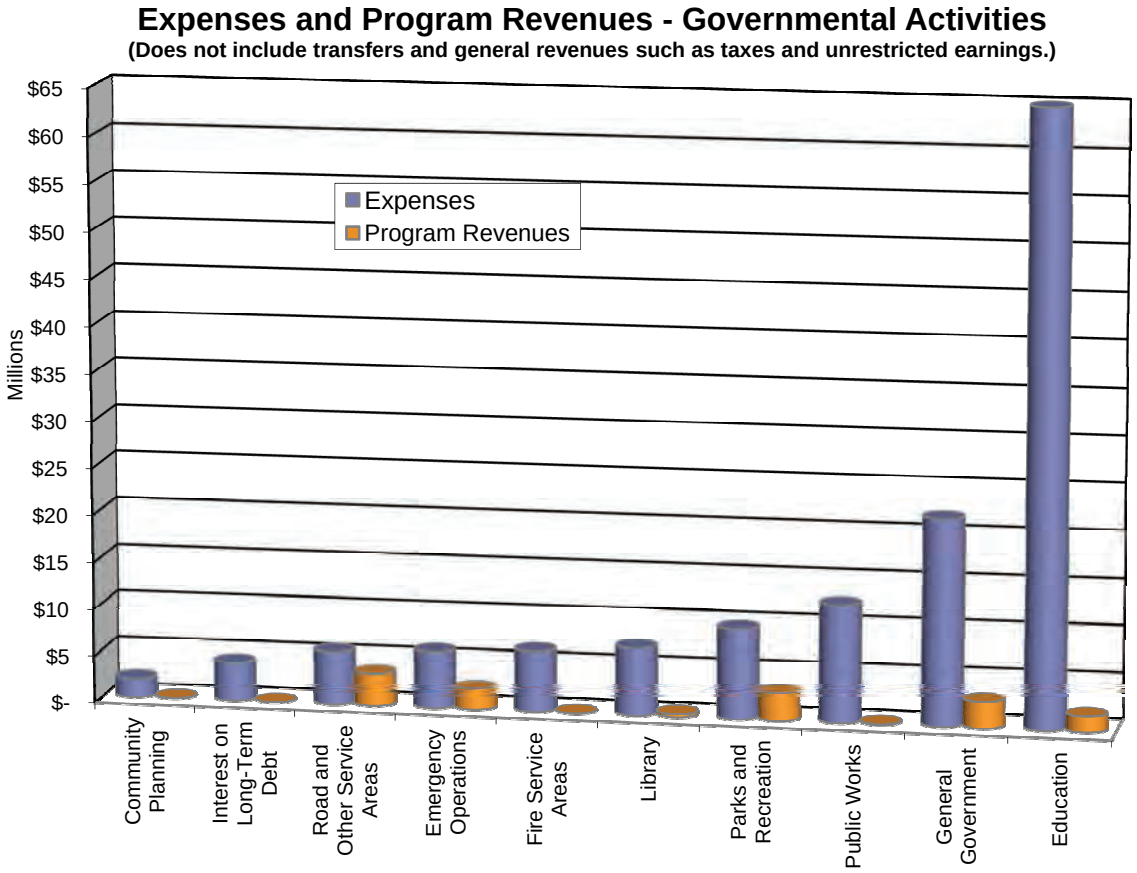
Governmental activities

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



Governmental activities increased the Borough's net assets by $8.2 million during the current fiscal year compared to the $6.0 million increase in the prior fiscal year. Key elements of this change are as follows:

- Property tax revenues of governmental activities increased by $3.7 million from the prior fiscal year, with the majority of the increase being in areawide property tax revenue.
  - Settlement of the trans-Alaska pipeline system (TAPS) valuation litigation for tax years 2007, 2008, and 2009 by the State Superior Court resulted in the Borough receiving an additional $10.5 million of combined property tax revenue and related interest and penalties for those tax years from Alyeska Pipeline Service Company (Alyeska), the primary owner of the pipeline. This was an increase of $1.9 million over the prior year's receipt of $8.6 million which resulted from the State Superior Court's decision on the tax year 2006 TAPS valuation litigation. Alyeska has appealed both decisions to the Alaska Supreme Court. Receipt of these settlement funds increased the Borough's unrestricted cash balance by $9.3 million (from areawide property taxes and penalties and interest) and increased restricted cash by $1.2 million (which belongs to multiple taxing jurisdictions within the Borough). Additional information on the TAPS valuation litigation, settlements, and appeals can be found in Notes 4 and 17.A. to the financial statements.
  - The remaining increase in property tax revenue resulted from the assessed value of new construction added to the tax rolls, and mill rate increases in certain taxing jurisdictions including non-areawide, solid waste collection district, and many service areas.



- Other significant differences from the prior year are discussed in the Governmental Funds section of this MD&A.

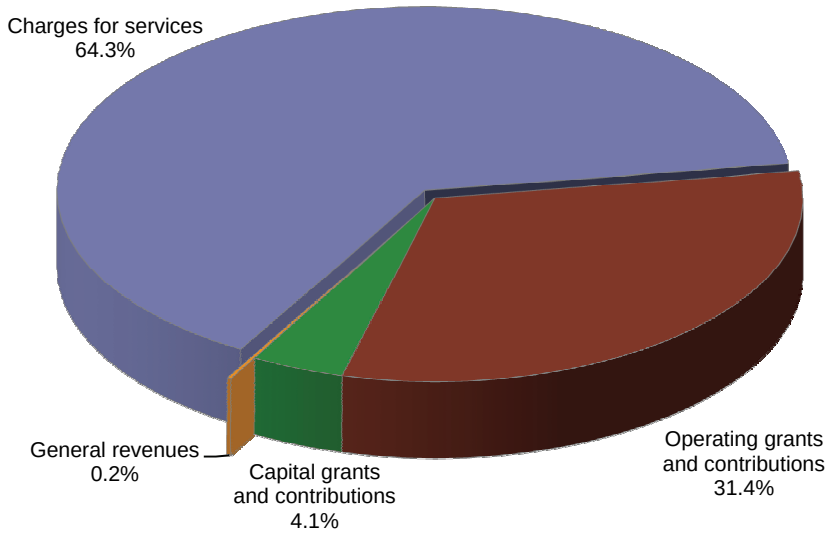
Business-type activities

The business-type activities, including transfers not included in the following chart, increased the Borough's net assets by $1.0 million in the current fiscal year, compared to the $1.0 million decrease in the prior fiscal year. Key elements of this difference are as follows:

- Transit function expenses increased by $1.8 million and operating grants and contributions revenue increased by $2.0 million. Of these amounts, $1.7 million is due to an increase in State air quality related grants including the wood stove conversion program designed to help the Borough meet the Environmental Protection Agency's air quality standards.

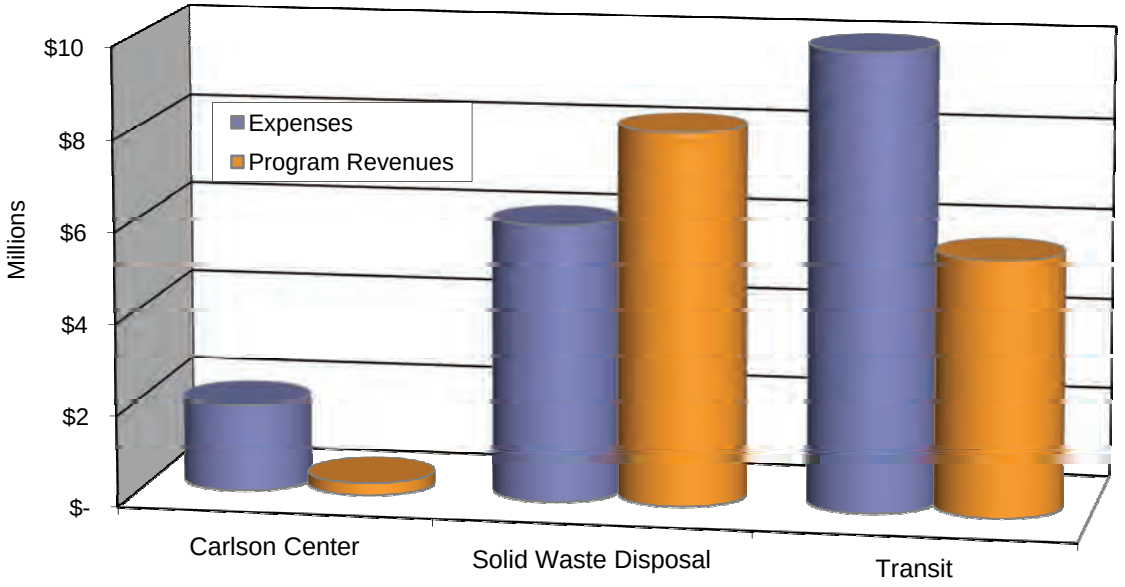
- Expenses of the solid waste disposal function decreased by $1.7 million, including a decrease of $1.6 million in actual expenses for landfill closure efforts. This decrease is due to completing phase I of the landfill closure project and moving into phase II which has a much smaller scope of work than phase I.

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



- Solid waste disposal's charges for services increased by $0.8 million as a result of increasing the tipping fee for most solid waste disposal by a Consumer Price Index (CPI) adjustment of $7 per ton. This increase will help cover all expenses resulting from current activity at the landfill including current operating costs and long-term landfill closure and postclosure care costs.

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



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

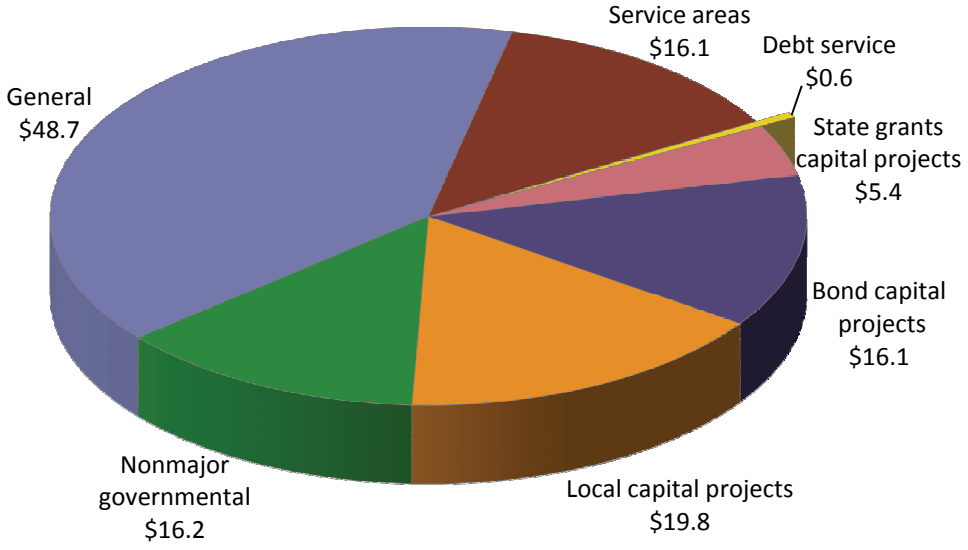
As noted earlier, the Borough uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. This amount is also intended to cover cash flow requirements, normal variances in revenue and expenditure estimates, abnormal variances in estimated revenue from the State versus actual State appropriations and payments, advance funding of reimbursable debt service payments, advance funding of reimbursable grant expenditures, unforeseen litigation costs and judgments, and expenditures of an emergency nature, for both the Borough and the School District component unit.

As of the end of the current fiscal year, all of the Borough's governmental funds combined reported ending fund balances of $122.9 million, an increase of $20.9 million from the prior year's governmental funds fund balance. Approximately 51 percent ($62.4 million) of ending fund balances is restricted by specific authoritative definition, to indicate that it is subject to externally enforceable legal restrictions. Another 30 percent ($36.3 million) has been committed for various purposes by Assembly action, which remains binding unless removed in the same manner. Approximately 4 percent ($4.8 million) is assigned to reflect the Borough's intended use of those resources. The remaining $19.4 million is unassigned fund balance reported in the general fund. Further information on the fund balances of governmental funds can be found in the governmental funds balance sheet and in Notes 1.O. and 13 to the financial statements.

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



It should be noted that, in general, fund balance reported in the governmental projects funds (general fund multi-year programs; special revenue grants and local programs funds; and capital projects grants, bond, local, and capital purchases funds) has already been appropriated for specific projects. Certain appropriations, however, have been made to accumulate funds for future needs. Schedule 6 in the Additional Information section of this report shows balances in major reserve accounts. The major reserve accounts reported in governmental funds are facilities maintenance, asset replacement, hotel-motel room tax, health care contingency, land revenue reserve, and School District facilities maintenance.

Significant contributors to the $20.9 million increase in governmental funds fund balance (and cash balance) during the current fiscal year include the following:

- Settlement of the tax years 2007, 2008, and 2009 trans-Alaska pipeline system (TAPS) valuation litigation by the State Superior Court resulted in the Borough's multiple taxing jurisdictions receiving an additional $10.5 million of property tax revenue including interest and penalties on taxes, recorded in the following funds: general fund $9.3 million, service areas special revenue fund $306,000, non-areawide nonmajor special revenue fund $227,000, and solid waste collection district nonmajor special revenue fund $626,000. Additional information on the TAPS valuation litigation, settlements, and related appeals can be found in Notes 4 and 17.A. to the financial statements.

- General fund operating functions lapsed $2.6 million of expenditure budget in the current fiscal year. This and other differences from the general fund's original operating budget are discussed in the General Fund Budgetary Highlights section of this MD&A.

- Fund balance of the bond capital projects fund increased by $6.9 million during the current fiscal year. This was the result of issuing $11.5 million of general obligation school bonds, combined with continuing expenditures of bond funds. Significant current year expenditures of bond funds included $4.7 million on major maintenance and upgrade projects at various schools.

In the current fiscal year, the library nonmajor special revenue fund transferred $8.7 million to the local capital projects fund, with $2.5 million to be used for replacing the roof on the Noel Wien Library, and $6.2 million for the North Pole Branch Library replacement project also discussed in the Capital Assets section of this MD&A. The transfer resulted in an increase in cash and fund balance of the local capital projects fund and a decrease in cash and fund balance of the library nonmajor special revenue fund.

The general fund is the chief operating fund of the Borough and also includes locally-funded multi-year programs. At the end of the current fiscal year, unassigned fund balance of the general fund was $19.4 million, fund balance of $29.4 million was classified as restricted, committed, or assigned, and total general fund fund balance was $48.7 million. As a measure of the general fund's liquidity, it may be useful to compare these balances to total fund expenditures and transfers out. Restricted fund balance represents 0.3 percent of total general fund expenditures and transfers out, committed fund balance represents 21.5 percent, assigned fund balance represents 4.3 percent, and unassigned fund balance represents 17.2 percent of that same amount, while total fund balance represents 43.4 percent.

The total fund balance of the Borough's general fund increased by $12.5 million during the current fiscal year, compared to an $11.1 million increase in the prior year. The major differences from the prior year's amount are as follows:

- Property tax revenue of the general fund (including interest and penalties) increased by $2.3 million from the prior year, of which $1.6 million was from the tax years 2007, 2008, and 2009 TAPS valuation litigation settlement. The increase to general fund cash as a result of the 2007, 2008, and 2009 TAPS settlement is $9.3 million.

  In addition to the TAPS settlement, the property tax levy for the current year was $721,000 more than in the prior year, but was $8.9 million under the Borough's tax cap. The fiscal year 2011-12 areawide tax mill levy was set at 11.294 mills, 0.138 of a mill less than the prior year's 11.432 mill rate. The increase in current property tax revenue is primarily due to tax on new construction.

- Intergovernmental revenues from the State of Alaska increased by $2.1 million from the prior year. Of that amount, $939,000 was the 70 percent reimbursement (after application of the 45 percent federal recovery zone economic development bonds interest subsidy) for the first year of debt service payments on the year 2010 general obligation school bonds.

  Another $1.2 million was from an increase in community revenue sharing funding due to the fiscal year 2011-12 special additional State appropriation for community revenue sharing of $20.0 million, of which the Borough's share was $1.3 million. In the current year the Borough received a total of $5.0 million in community revenue sharing funds from the State. Of this amount, $599,000 was appropriated to education and transferred to the School District, and $296,000 was received by the Borough on behalf of unincorporated communities in the borough and was submitted to nonprofit entities in those communities, as approved by the Borough Assembly. The remaining $4.2 million was appropriated to general fund fund balance to partially replenish the $5.0 million of fund balance used in the original budget to keep the mill rate as low as possible.

- The Borough's direct local contribution to the School District increased by $837,000 in the current fiscal year to $47.4 million. The Borough's support for education continues to increase due to increasing School District operational costs. In addition, the Borough's assessed values continue to increase, which by law has a negative impact on State funding received for education.

- The prior year's transfer in of $3.2 million to general fund multi-year programs from the local programs nonmajor special revenue fund due to implementation of Governmental Accounting Standards Board (GASB) Statement No. 54 was not repeated. (The related prior year transfer of $3.0 million to the capital purchases nonmajor capital projects fund from the local programs nonmajor special revenue fund also was not repeated.)

- Transfers to the debt service fund increased by $1.0 million in the current fiscal year to partially fund the first year of debt service payments on the year 2010 general obligation school bonds.

- There were no general fund transfers to the Borough's facilities maintenance reserve in the local capital projects fund in the current fiscal year, compared to $3.1 million in the prior fiscal year. In the

prior fiscal year, $2.4 million of the transfer to the reserve was made in accordance with Borough Code, which requires that two-thirds of the net general fund lapse (with certain limitations) shall be transferred to the facilities maintenance reserve (in the following fiscal year). The fiscal year 2010-11 transfer (which represented two-thirds of the fiscal year 2009-10 net general fund lapse) had the effect of reducing the fiscal year 2010-11 net general fund lapse as defined by the Code, and resulted in no Code-required transfer to the facilities maintenance reserve in the current fiscal year.

It should be noted that although fund balance of the governmental funds increased by $20.9 million from the prior fiscal year, governmental activities net assets increased by only $8.2 million, for a net difference of $12.7 million. Key differences between governmental funds and governmental activities relate to the accounting for capital assets, long-term liabilities, internal service fund activity, and various deferrals and accruals. For example, capital outlay expenditures reduce governmental fund balance but have no immediate effect on governmental activities total net assets. In governmental activities, capital outlay expenditures become additions to capital assets and reduce net assets over time as depreciation expense. In addition, capital asset dispositions, donations received, and transfers are recorded only in governmental activities. In the current year, depreciation expense exceeded capital outlay expenditures by $12.0 million. In addition, the net effect of other transactions involving capital assets increased net assets by $1.5 million. Reconciliations between governmental funds and governmental activities are included as the last page of the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances, in the Basic Financial Statements and RSI section of this report.

Proprietary funds

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

Unrestricted net assets of the transit enterprise fund at the end of the current fiscal year amounted to $1.1 million, those for the Carlson Center enterprise fund amounted to $869,000, solid waste disposal enterprise fund was a $4.7 million deficit, and the vehicle and equipment fleet internal service fund was $909,000. The total increase in net assets of the enterprise funds was $1.0 million, consisting of a $630,000 decrease for the transit enterprise fund, a $457,000 decrease for the Carlson Center enterprise fund, and a $2.1 million increase for the solid waste disposal enterprise fund. Net assets of the internal service fund increased by $79,000.

Although the solid waste disposal enterprise fund has $12.3 million in cash, it has a deficit in unrestricted net assets of $4.7 million. This difference is mostly due to the $17.0 million accrued liability for landfill closure and postclosure care. To somewhat offset the landfill closure and postclosure care liability, the Borough established the voluntary landfill closure reserve in fiscal year 1994-95. A total of $7.1 million has been transferred from the reserve, inception-to-date, to separate project cost centers to be used for landfill closure design and construction. In addition to the $1.4 million ending net assets in the reserve, the $2.9 million remaining in landfill closure project cost centers at year-end should help to offset the $17.0 million accrued liability for landfill closure and postclosure care.

Schedule 6 in the Additional Information section of this report shows balances in major reserve accounts. The major reserve accounts reported in proprietary funds are Carlson Center for replacement of major equipment,

renovations, or improvements to the Center, and the solid waste disposal fund's landfill closure and postclosure care.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The $2.5 million increase from the general fund's original operating budget to the final amended operating budget for expenditures and transfers out included the following items:

- A supplemental budget appropriation transferred $1.0 million from general fund fund balance to the transit enterprise fund to prefund a wood stove conversion program in anticipation of State grant funding.

- Transfers from general fund operating to general fund multi-year programs increased by $1.4 million from the original budget. The most significant transfers totaled $1.1 million from general fund fund balance for the ongoing costs related to the trans-Alaska pipeline system (TAPS) valuation litigation and appeals.

During the current fiscal year, positive actual variances from the final budget increased general fund operating fund balance by $14.9 million, from the $3.3 million budgeted decrease in fund balance to the actual fund balance increase of $11.6 million. The most significant budget-to-actual differences follow:

- Settlement of the TAPS valuation litigation for tax years 2007, 2008, and 2009 by the State Superior Court resulted in additional areawide property tax revenue of $6.6 million and interest and penalties on taxes of $2.7 million. Additional information on the TAPS valuation litigation, settlements, and related appeals can be found in Notes 4 and 17.A. to the financial statements.

- Revenue from current year property tax was $1.3 million 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 0.5 percent.

- General fund operating lapsed $2.6 million of expenditure budget in the current fiscal year. This was spread across all general fund departments and functions, and included lapses from all expenditure categories. The expenditure lapse, as a percent of the final budget, has remained consistent over the last several years.

- The $1.0 million actual transfer to the transit enterprise fund to prefund the wood stove conversion program subsequently lapsed back to the general fund as a transfer in.

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, 2012, amounts to $603 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 decrease in the Borough's investment in capital assets for the current fiscal year was $11.1 million (1.8 percent), a $10.3 million decrease (1.8 percent) for governmental activities and a $0.8 million decrease (2.5 percent) for business-type activities.

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

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
All land and land improvements*	$254,568	$252,684	$1,898	$1,905	$256,466	$254,589
Buildings	256,030	267,688	17,813	17,017	273,843	284,705
Improvements other than buildings	44,748	42,799	6,429	7,052	51,177	49,851
Equipment	9,104	9,302	4,909	5,698	14,013	15,000
Works of art	157	157	121	121	278	278
Library materials	2,124	2,099			2,124	2,099
Intangible assets – software	112	143	73	94	185	237
Construction in progress	4,526	6,754	253	415	4,779	7,169
Total	$571,369	$581,626	$31,496	$32,302	$602,865	$613,928

* Land and land improvements includes 66,338 acres of undeveloped entitlement land received from the State that is currently carried at $1 per acre, as discussed in Note 1.J. to the financial statements.

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

Governmental activities:

- Work was substantially completed on the following facilities/projects:
  - $3.3 million of South Davis Park improvements, including five softball fields, roads, parking, dog park perimeter fencing, and a nature trail. Work continues on other improvements at South Davis Park.
  - $1.1 million of Tanana Lakes Recreation Area improvements, including the picnic area, picnic shelter, roads, parking, and a nature trail. Work continues on other improvements at Tanana Lakes.

- Work continues on the following facilities/projects:
  - $10.8 million renovation of Ryan Middle School, financed with general obligation bonds. Phase I of the renovation includes design and planning for renovation of the entire building and beginning the interior refurbishments and remodeling and exterior upgrades. Phase II of the renovation, which began in the current year, concentrates on the gymnasium wing to include replacement of lighting systems; upgrade of the heating, ventilation, and air conditioning system; electrical system; lateral force resisting system; and building envelope; abatement of hazardous materials; and realignment of interior spaces according to the educational specification.
  - $4.5 million reconstruction and major maintenance of water and sewer systems, roads, and parking within Pioneer Park, financed with State grants. This project will provide substantial reconstruction and major maintenance to the Pioneer Park water and sewer systems that have been in continuous use for over forty years, plus access safety improvements and alterations to roads and parking areas.
  - $1.2 million Emergency Operations Center (EOC), financed with federal pass-through and State grants. This project will construct a 1,700 square foot EOC, which will be an addition to Steese Fire Station #1. The new EOC will be a state-of-the-art facility which the Borough will use to conduct disaster coordination activities within the Borough's boundaries.

- Planning, design, or construction began on the following facilities:
  - $9.3 million phase III of the renovation of Barnette Magnet School, financed with a State grant. Phase III of the renovation includes the replacement of a building wing, roof, mechanical system, electrical system, phone/data system, and interior finishes as well as educational program layout improvements to the facility.
  - Replacement of the North Pole Branch Library building with a new proposed 18,625 square foot North Pole Branch Library. The library nonmajor special revenue fund which accounts for donations received from several trusts (all now dissolved) of which the Borough Public Library was a 15 percent beneficiary, contributed $6.2 million toward the $13.6 million current cost estimate for this project. The North Pole Branch Library replacement project is also eligible for 50 percent grant funding through the State's library construction and major expansion matching grant program, in addition to various other funding opportunities.
  - $1.5 million for Birch Hill Recreation Area improvements, funded with a State grant. The improvements include the addition of a limited service kitchen and viewing deck to the Cross Country Ski Center building, parking expansion, competition ski trail upgrades, timing equipment, wax cabins complex, storage/grooming equipment shelter, and insulation for the warm-up hut.

- Governmental activities construction in progress was $4.5 million at fiscal year-end.

Business-type activities:

- Work was substantially completed on the $1.5 million project for the replacement of the landfill scales and scale house facility, financed with solid waste disposal enterprise fund net assets.

- Planning, design, or construction began on the following facilities:
  - $8.0 million landfill expansion, cells 3 and 4, financed with an Alaska Department of Environmental Conservation loan.

- $4.5 million phase II of the Carlson Activity Center improvements, funded by a combination of State sources. Phase II of the improvements includes a complete remodel of the team rooms, locker rooms, shower rooms, and media area located on the lower level, east side of the Carlson Activity Center.

Additional information on the Borough's capital assets can be found in Notes 1.J. and 6 to the financial statements.

Long-Term Debt

At the end of the current fiscal year, the Borough had total long-term debt outstanding of $127.5 million. The Borough's total long-term debt decreased by $2.2 million (1.7 percent) during the current fiscal year.

Outstanding Debt
(shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
General obligation bonds	$126,040	$127,260	$	$	$126,040	$127,260
Solid waste disposal loans			40	1,272	40	1,272
Capital leases payable	1,414	1,151			1,414	1,151
Total	$127,454	$128,411	$40	$1,272	$127,494	$129,682

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

- Issued $5.57 million of general obligation refunding bonds, at a premium, with true interest cost of 1.65 percent to refund the remaining $5.71 million of year 2000 general obligation school bonds with interest at 4.99 percent.

- Issued $21.00 million of general obligation refunding bonds, at a premium, with true interest cost of 2.16 percent to refund the remaining $23.79 million of year 2001, 2002, and 2003 general obligation school bonds. The 2001 bonds had an interest rate of 4.64 percent; the 2002 bonds had an interest rate of 4.45 percent, and the 2003 bonds had an interest rate of 4.31 percent.

- Issued $11.50 million of general obligation school bonds, at a premium, for upgrade, renovation, and improvement of Borough schools.

- Retired an additional $9.79 million of bond principal.

In business-type activities, the Borough paid the remaining balance of $1.27 million on the Alaska Department of Environmental Conservation (ADEC) solid waste landfill cell 2 loan, and drew down the first $40,000 on a new $8.00 million ADEC loan for construction of a landfill expansion (cells 3 and 4).

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- In November 2012 the Borough issued $16.67 million of general obligation refunding bonds, at a premium, to refund the remaining $18.40 million of year 2004 and 2005 general obligation school bonds. In addition to the principal reduction, the average interest rate on the refunding bonds is significantly lower than the average interest rate on the original bonds.

- In October 2011 voters approved two bond propositions totaling $20.29 million for capital improvements to five schools in the Borough. In June 2012 the Borough issued $11.50 million of these general obligation bonds, at a premium. Issuance of the remaining authorized bonds is expected during calendar year 2013.

- In October 2012 voters reaffirmed the Borough's tax cap. Under the tax cap, the total amount of taxes levied for a year cannot exceed the total amount levied for the previous year plus inflation, with certain defined exclusions.

- The Borough has acquired a natural gas utility power by transfer from the cities of Fairbanks and North Pole; that, combined with the Borough's non-areawide power, gives the Borough an areawide natural gas utility power, as allowed by State Statutes. In October 2012 the Borough established the Interior Alaska Natural Gas Utility, a public corporation and instrumentality of the Borough. Its purpose is to facilitate if possible or provide, if necessary, affordable natural and/or manufactured gas to the largest number of people in the borough in the shortest amount of time, with a defined exception.

- Alyeska Pipeline Service Company has paid tax years 2006, 2007, 2008, 2009, 2010, 2011, and 2012 taxes under protest (fiscal years 2007, 2008, 2009, 2010, 2011, 2012, and 2013), due to the assessed valuation of the trans-Alaska pipeline system (TAPS) and related properties. Decisions on the 2006 and the 2007, 2008, and 2009 valuations by the State Assessment Review Board (SARB), and then the State Superior Court, have been favorable to the municipalities (includes the Borough), but Alyeska has appealed the 2006 ruling and the 2007, 2008, and 2009 ruling to the Alaska Supreme Court. The result of the 2006 valuation settlement was discussed in last year's MD&A and Note 4 to the prior year's financial statements; the result of the 2007, 2008, and 2009 valuation settlement are discussed in the Governmental Activities section of this MD&A and in Note 4 to the current year's financial statements. No trial date has been set for tax year 2010, 2011, or 2012 taxes.

  The Borough is required to use the State-set valuations for TAPS in building its budgets. These valuations affect mill rate calculations and actual taxes collected from TAPS. There exists a possibility that the Borough may have to refund taxes in the future; said amounts (if any) of course are unknown at this time and are not quantifiable, but the Borough considers this to be a material financial issue. The Alyeska properties represent 7.65 percent of the Borough's total assessed valuation, based on the State's original 2012 assessed value of Alyeska properties. Additional information on the TAPS assessed valuation litigation and related appeals can be found in Note 17.A. to the financial statements.

- In February 2012 the U.S. Air Force proposed relocating the F-16 Aggressor Squadron and other personnel from Eielson Air Force Base (AFB) to Joint Base Elmendorf-Richardson, adjacent to Anchorage. Due in large part to efforts by Alaska's congressional delegation, the proposed relocation has been suspended until at least the fall of 2013. The Air Force now recognizes that the proposed relocation is subject to procedural compliance with the National Environmental Policy Act, and recognizes the need for and has ordered a formal housing study for Joint Base Elmendorf-Richardson. These efforts will provide needed information about the affordability, feasibility, and executability of the Air Force's proposal for Eielson AFB. Although the housing study (for the years 2012 to 2014, completed August 31, 2012, and released in November 2012) shows a tight rental market in the Anchorage area, it is unclear how this will affect the proposed relocation.

- Eielson Air Force Base is moving toward privatization of its on-base housing and has approached the Borough regarding a payment in lieu of taxes for privatized housing. Privatized housing contract progress has been slowed, however, pending understanding what might happen with the F-16 Aggressor Squadron.

- Fort Wainwright Army Post is moving toward privatization of its on-post transient hotel and is in negotiations with the Borough and the City of Fairbanks regarding a payment in lieu of taxes for the privatized hotel. The Borough and City currently receive payments in lieu of taxes for the privatized single-family residential housing on Fort Wainwright.

- Due to prevailing market conditions, all of the Borough's investments are either in collateralized bank deposits, in very highly-rated conservative money market funds, in the Alaska Municipal League Investment Pool (AMLIP – a Standard & Poor's 2A7 AAAm rated pool) which has a very conservative investment philosophy and maintains a very short average days to maturity position, or in Certificate of Deposit Account Registry Service (CDARS) certificates of deposit. The Borough follows prudent investment policies which emphasize safety and liquidity, and has suffered no investment losses.

- The School District is financially dependent on the Borough, although it receives significant funding from the State and federal governments. Maintaining sustainable adequate future funding for the School District is an ongoing issue given changing federal education mandates and reductions based on the State's education foundation formula for school funding, combined with the School District's increasing salaries, benefits, and other costs.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

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

Fund Financial Statements

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

Notes to Financial Statements

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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FAIRBANKS NORTH STAR BOROUGH

Statement of Net Assets
June 30, 2012

	Primary Government	
	Governmental Activities	Business-type Activities
Assets		
Equity in central treasury cash	$69,984,772	$14,732,715
Restricted equity in central treasury cash	68,765,329	1,431,252
Taxes receivable (net of allowance for uncollectibles 2012 - $646,943; 2011 - $613,167)	2,742,453	
Restricted taxes receivable	418,764	
Accounts receivable (net of allowance for uncollectibles 2012 - $21,460; 2011 - $33,953)	198,893	580,409
Restricted accounts receivable (net of allowance for uncollectibles 2012 - $1,045,752; 2011 - $744,375)	752,302	3,067
Accrued interest receivable	16,449	
Restricted accrued interest receivable	258	
Internal balances (payable from restricted assets: governmental activities - none; business-type activities - $955,199)	970,621	(970,621)
Due from Borough		
Due from School District	772,605	
Due from governmental agencies	521,096	52,821
Restricted due from governmental agencies	1,634,718	1,147,869
Inventories		204,703
Other assets	2,211,979	
Notes receivable - land sales	534,685	
Long-term receivable (net of allowance for uncollectibles 2012 - $216,507; 2011 - $207,668)		
Capital assets (See Note 6)		
Non-depreciable	260,380,703	2,224,513
Depreciable, net of accumulated depreciation	310,988,112	29,271,498
Assets total	720,893,740	48,678,226

See accompanying notes to financial statements.

Primary Government Totals		Component Unit
2012	2011	School District
$84,717,488	$75,099,356	$22,744,494
70,196,581	58,026,805	575
2,742,453	2,691,325	
418,764	404,154	
779,302	1,570,341	8,720,619
755,370	502,823	
16,449	11,778	
258	306	
		54,506
772,605	1,223,198	
573,917	554,111	
2,782,587	3,134,248	
204,703	220,459	1,008,747
2,211,979	1,331,578	27,050
534,685	667,811	
262,605,216	263,126,684	
340,259,609	350,801,283	4,391,797
769,571,966	759,366,259	36,947,788

FAIRBANKS NORTH STAR BOROUGH

Statement of Net Assets
June 30, 2012

	Primary Government	
	Governmental Activities	Business-type Activities
Liabilities		
Advance tax payments	$9,042,201	$
Accounts payable	1,590,229	293,493
Due to Borough		
Due to School District	7,602	
Wages and payroll taxes	1,825,561	346,826
Payable from restricted assets		
Accounts payable	3,590,593	96,966
Due to School District	46,904	
Unearned revenues	3,791,508	851,516
Deposits from others	9,888	
Due to governmental agencies		
Accrued interest payable	1,233,886	1,111
Deposits from others	482,842	7,928
Long-term liabilities (See Note 10)		
Due within one year	13,532,422	387,733
Due in more than one year	123,280,206	17,236,107
Liabilities total	158,433,839	19,221,679
Net Assets		
Invested in capital assets, net of related debt	482,777,987	31,455,764
Restricted for		
Employee healthcare and labor relations	3,093,979	
Grant-funded special programs	365,180	
Service areas	18,306,186	
Non-areawide	3,211,286	
Solid waste collection	5,326,631	
Enhanced 911	2,618,940	
Library special revenue (donor-restricted)	8,682,964	
Grant-funded capital projects	5,619,584	
School bond capital projects	5,060,852	
Proprietary fund grants and asset replacement		678,507
Unrestricted	27,396,313	(2,677,725)
Net assets total	$562,459,901	$29,456,546

See accompanying notes to financial statements.

Primary Government Totals		Component Unit
2012	2011	School District
$9,042,201	$9,755,556	$
1,883,722	2,565,196	1,881,764
		772,605
7,602	13,372	
2,172,387	1,412,941	2,032,143
3,687,559	4,220,252	
46,904	77,847	
4,643,024	2,328,174	575
9,888	28,212	
		6,753
1,234,997	1,773,023	
490,770	186,816	
13,920,154	14,684,511	8,614,544
140,516,312	139,675,814	1,867,108
177,655,519	176,721,713	15,175,492
514,233,751	520,052,662	4,391,797
3,093,979	2,702,370	
365,180	530,280	
18,306,186	16,457,001	
3,211,286	2,246,401	
5,326,631	4,238,541	
2,618,940	2,375,009	
8,682,964	8,986,216	
5,619,584	6,106,195	
5,060,852	2,332,516	
678,507	563,473	
24,718,588	16,053,882	17,380,499
$591,916,447	$582,644,546	$21,772,296

FAIRBANKS NORTH STAR BOROUGH

Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government					
Governmental activities					
General government	$25,698,545	($3,726,674)	$1,244,583	$1,448,573	$133,547
Community planning	2,094,243	422		64,278	1,655
Public works	13,835,690	(1,267,655)	50,849		14,852
Parks and recreation	9,651,496	16,984	1,219,837	182,080	1,591,394
Library	7,247,263	667	84,516	226,651	11,505
Road and other service areas	5,132,805	575,020		74,099	3,474,728
Education	65,216,545				1,695,484
Emergency operations	5,625,716	463,336	1,580,414	362,726	331,306
Fire service areas	6,521,589	14,071		2,376	6,014
Interest on long-term debt	4,193,718				
Total governmental activities	145,217,610	(3,923,829)	4,180,199	2,360,782	7,260,485
Business-type activities					
Transit	9,804,807	1,100,888	933,114	4,337,777	341,611
Carlson Center	1,482,681	424,090		87,267	178,802
Solid waste disposal	5,253,222	814,982	8,123,831		54,939
Total business-type activities	16,540,709	2,339,960	9,056,945	4,425,044	575,352
Total primary government	$161,758,319	($1,583,869)	$13,237,144	$6,785,826	$7,835,837
Component unit					
School District	$244,096,083	$1,583,869	$2,127,984	$59,782,158	$378,803

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
		Totals		
Governmental Activities	Business-type Activities	2012	2011	School District
($19,145,168)	$	($19,145,168)	($19,350,936)	$
(2,028,732)		(2,028,732)	(2,179,742)	
(12,502,334)		(12,502,334)	(11,624,093)	
(6,675,170)		(6,675,170)	(7,465,508)	
(6,925,257)		(6,925,257)	(5,908,921)	
(2,158,999)		(2,158,999)	(1,058,403)	
(63,521,062)		(63,521,062)	(62,332,598)	
(3,814,606)		(3,814,606)	(4,123,445)	
(6,527,270)		(6,527,270)	(6,142,808)	
(4,193,718)		(4,193,718)	(5,302,775)	
(127,492,315)		(127,492,315)	(125,489,229)	
	(5,293,193)	(5,293,193)	(5,072,297)	
	(1,640,702)	(1,640,702)	(1,497,346)	
	2,110,566	2,110,566	(69,154)	
	(4,823,329)	(4,823,329)	(6,638,797)	
(127,492,315)	(4,823,329)	(132,315,644)	(132,128,026)	
				(183,391,007)
118,827,272		118,827,272	115,170,486	
1,923,485		1,923,485	1,695,265	
1,051,664		1,051,664	1,001,201	
1,503,265		1,503,265	1,521,730	
16,283,827		16,283,827	14,154,365	
				113,227,755
				18,195,860
106,081	10,241	116,322	88,138	
				47,359,300
1,866,550	15,159	1,881,709	3,526,907	1,183,681
(5,838,695)	5,838,695			
135,723,450	5,864,095	141,587,545	137,158,092	179,966,596
8,231,135	1,040,766	9,271,901	5,030,066	(3,424,411)
554,228,766	28,415,781	582,644,546	577,614,480	25,196,707
$562,459,901	$29,456,546	$591,916,447	$582,644,546	$21,772,296

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FUND FINANCIAL STATEMENTS

FAIRBANKS NORTH STAR BOROUGH

Governmental Funds

Balance Sheet
June 30, 2012

	General	Service Areas	Debt Service
Assets			
Equity in central treasury cash	$58,214,354	$16,554,665	$
Taxes receivable (net of allowance for uncollectibles - $646,943)	2,742,453	222,050	
Accounts receivable (net of allowance for uncollectibles - $1,056,962)	51,893		
Accrued interest receivable	16,449		
Interfund receivable	2,034,850		
Due from School District			
Due from governmental agencies	521,096		
Other assets	85,852		722,521
Notes receivable - land sales	534,685		
Assets total	$64,201,633	$16,776,714	$722,521
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$722,538	$456,361	$
Wages and payroll taxes	1,331,291		
Accrued self-insurance losses	1,345,894		
Interfund payables			146,520
Due to School District	7,602		
Deposits from others	482,842		
Deferred revenues	2,424,486	200,320	
Unearned revenues	113,635		
Advance tax payments	9,042,201		
Liabilities total	15,470,487	656,682	146,520
Fund balances (deficit)			
Restricted	375,978	16,120,033	
Committed	24,171,856		576,001
Assigned	4,825,609		
Unassigned	19,357,703		
Fund balances (deficit) total	48,731,147	16,120,033	576,001
Liabilities and fund balances (deficit) total	$64,201,633	$16,776,714	$722,521

See accompanying notes to financial statements.

State Grants Capital Projects	Bond Capital Projects	Local Capital Projects	Other Governmental Funds	Total Governmental Funds
$8,704,674	$17,570,703	$19,918,006	$16,867,544	$137,829,947
		30	196,684	3,161,218
			752,302	804,196
	257			16,707
59,640				2,094,490
		772,605		772,605
948,704			686,015	2,155,815
				808,373
				534,685
$9,713,019	$17,570,961	$20,690,641	$18,502,546	$148,178,035
$426,618	$1,499,278	$869,643	$718,084	$4,692,523
				1,331,291
				1,345,894
607,877		59,640	280,329	1,094,366
			46,904	54,506
			9,888	492,730
		30	714,346	3,339,182
3,266,854			524,653	3,905,142
				9,042,201
4,301,349	1,499,278	929,314	2,294,204	25,297,834
5,411,669	16,071,682	9,331,499	15,040,171	62,351,033
		10,429,829	1,168,171	36,345,857
				4,825,609
				19,357,703
5,411,669	16,071,682	19,761,327	16,208,342	122,880,202
$9,713,019	$17,570,961	$20,690,641	$18,502,546	$148,178,035

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Governmental Funds

Reconciliation of Balance Sheet
to the Statement of Net Assets
June 30, 2012

Fund balances - total governmental funds		$122,880,202
Amounts reported for governmental activities in the statement of net assets are different because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets cost	$803,685,447	
Less accumulated depreciation	(235,786,487)	
		567,898,961
Deferred bond issuance costs are not available to pay for current period expenditures and, therefore, are not reported in the funds.		1,403,605
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.		2,935,096
Earned revenues that are not available to pay current period expenditures are reported as deferred revenues in the funds.		3,240,817
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	(126,040,000)	
Deferred premiums on bonds	(5,940,867)	
Deferred refunding bonds difference	228,503	
Accrued interest payable on bonds	(1,233,886)	
Accrued compensated absences	(2,794,530)	
Other payables	(118,000)	
		(135,898,780)
Net assets of governmental activities		$562,459,901

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, 2012

	General	Service Areas	Debt Service
Revenues			
Taxes	$102,965,916	$10,736,292	$
Intergovernmental revenues	16,195,884		
Charges for services	2,001,882		
Land sales and interest on land notes receivable	188,420		
Other revenues	1,946,533	175,917	
Revenues total	123,298,635	10,912,209	
Expenditures			
Current			
General government	19,570,076		
Community planning	2,043,578		
Public works	6,222,730		
Parks and recreation	6,968,194		
Library	5,266,469		
Road and other service areas		2,938,889	
Education	47,359,300		
Emergency operations	1,828,545		
Fire service areas		5,861,960	
Capital outlay	392,862		
Debt service			
Principal retirement			9,790,000
Interest and other debt service costs			5,908,490
Payment to refunded bond escrow agent			29,644,200
Expenditures total	89,651,753	8,800,849	45,342,690
Excess (deficiency) of revenues over expenditures	33,646,882	2,111,360	(45,342,689)
Other financing sources (uses)			
Transfers in	1,496,000	444,827	14,484,800
Transfers out	(22,683,356)	(1,440,020)	
Bond issuance			26,565,000
Premium on bond debt			3,440,624
Other financing sources (uses) total	(21,187,355)	(995,193)	44,490,424
Net change in fund balances	12,459,527	1,116,167	(852,266)
Fund balances (deficit), beginning	36,271,620	15,003,866	1,428,267
Fund balances (deficit), ending	$48,731,147	$16,120,033	$576,001

See accompanying notes to financial statements.

State Grants Capital Projects	Bond Capital Projects	Local Capital Projects	Other Governmental Funds	Total Governmental Funds
$	$	$3,673	$9,833,172	$123,539,053
5,173,794			2,790,511	24,160,189
			2,258,899	4,260,781
				188,420
3,848	1,057	790,932	543,312	3,461,600
5,177,642	1,057	794,605	15,425,895	155,610,044
96,664		68,947	1,869,993	21,605,680
			58,423	2,102,001
		399,824	5,935,106	12,557,660
517,063		200,529	192,803	7,878,588
		1,151,291	175,817	6,593,577
2,542,896		124,088	112,206	5,718,078
908,288	4,994,268	687,418	127,224	54,076,498
		1,344	4,013,058	5,842,947
5,951		118,570	63	5,986,544
1,246,720	27,339	527,681	882,028	3,076,629
				9,790,000
				5,908,490
				29,644,200
5,317,581	5,021,607	3,279,693	13,366,719	170,780,892
(139,939)	(5,020,550)	(2,485,087)	2,059,175	(15,170,848)
		16,674,911	768,199	33,868,738
(226,978)		(6,294,797)	(9,050,333)	(39,695,484)
	11,500,000			38,065,000
	407,681			3,848,305
(226,978)	11,907,681	10,380,113	(8,282,134)	36,086,558
(366,917)	6,887,131	7,895,026	(6,222,958)	20,915,710
5,778,586	9,184,551	11,866,302	22,431,300	101,964,492
$5,411,669	$16,071,682	$19,761,327	$16,208,342	$122,880,202

(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, 2012

Net change in fund balances - total governmental funds		$20,915,710
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	$3,076,629	
Depreciation expense	(15,108,439)	
		(12,031,810)
The net effect of other transactions involving capital assets (i.e., dispositions, trade-ins, donations and transfers to/from other funds) is to increase (decrease) net assets.		1,516,790
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		2,706,131
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.		(3,473,506)
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	(38,065,000)	
Premiums on debt	(3,848,305)	
Debt service refunding	29,644,200	
Deferred bond issuance costs	574,117	
Debt principal payments	9,790,000	
Accrued interest and amortization	1,279,302	
		(625,685)
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.		(835,891)
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.		79,340
The internal service fund lookback adjustment results in a balance between governmental and business-type activities.		(19,944)
Change in net assets of governmental activities		$8,231,135

See accompanying notes to financial statements.

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FAIRBANKS NORTH STAR BOROUGH

General Fund - Operating

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property tax	$86,240,380	$86,240,380	$94,342,616	$8,102,236
Hotel-motel tax	1,650,000	1,650,000	1,921,094	271,094
Alcoholic beverage tax	1,000,000	1,000,000	1,044,069	44,069
Tobacco excise tax	1,450,000	1,450,000	1,503,265	53,265
Interest and penalties on taxes	729,100	729,100	3,412,372	2,683,272
Payment in lieu of taxes for privatized military housing		742,500	742,500	
Taxes total	91,069,480	91,811,980	102,965,916	11,153,936
Intergovernmental revenues				
State of Alaska				
Aid for school construction	9,697,570	9,697,570	10,135,543	437,973
Aid to local government	5,045,901	5,045,901	5,045,901	
Other shared revenue and assistance	470,500	470,500	480,557	10,057
Federal government				
Payment in lieu of taxes	1,143,500	401,000	420,248	19,248
Aid for debt service			113,635	113,635
Intergovernmental revenues total	16,357,471	15,614,971	16,195,884	580,913
Charges for services	1,897,180	1,897,180	1,931,462	34,282
Charges to School District	1,809,900	1,809,900	1,583,869	(226,031)
Other revenues				
Charges to other funds	3,910,280	3,910,280	3,585,992	(324,288)
Investment income, including net unrealized investment gains/losses	344,020	344,020	100,627	(243,393)
Indirect charges to grants	475,000	475,000	715,885	240,885
Various	55,000	57,020	153,345	96,325
Other revenues total	4,784,300	4,786,320	4,555,849	(230,471)
Revenues total	115,918,331	115,920,351	127,232,980	11,312,629

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund - Operating

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Expenditures				
Current				
General government				
Non-departmental	$601,733	$536,733	$312,015	$224,718
Mayor	994,048	977,030	868,731	108,298
Assembly	1,715,060	1,702,539	1,632,107	70,433
Legal	1,059,820	1,069,420	1,051,498	17,922
Computer services	3,812,020	3,798,798	3,559,942	238,856
Financial services	3,831,150	3,825,532	3,624,588	200,944
Assessing	2,783,000	2,783,000	2,630,346	152,654
General services	1,618,940	1,600,440	1,536,231	64,209
Human resources	3,203,280	3,217,810	3,130,233	87,577
Land management	1,149,480	1,132,779	1,035,050	97,729
General government total	20,768,530	20,644,081	19,380,741	1,263,339
Community planning	2,322,950	2,321,950	2,029,598	292,352
Public works	8,049,820	8,047,500	7,676,834	370,666
Parks and recreation	7,271,050	7,258,312	6,915,511	342,801
Library	5,344,560	5,316,418	5,036,011	280,407
Education	47,359,300	47,359,300	47,359,300	
Emergency operations	1,870,220	1,866,547	1,814,132	52,415
Capital outlay	644,420	745,080	743,916	1,164
Expenditures total	93,630,850	93,559,188	90,956,044	2,603,144

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund - Operating

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over expenditures	$22,287,480	$22,361,163	$36,276,937	$13,915,773
Other financing sources (uses)				
Transfers in				
Capital projects funds			677	677
Enterprise funds			1,000,000	1,000,000
General fund - multi-year	748,260	748,260	755,049	6,789
Transfers out				
Special revenue funds	(214,142)	(235,570)	(230,874)	4,696
Debt service fund	(14,484,800)	(14,484,800)	(14,484,800)	
Capital projects funds	(325,000)	(442,735)	(442,735)	
Enterprise funds	(5,828,620)	(6,828,620)	(6,828,620)	
General fund - multi-year	(2,989,950)	(4,406,854)	(4,406,854)	
Other financing sources (uses) total	(23,094,252)	(25,650,319)	(24,638,158)	1,012,161
Net change in fund balance	($806,772)	($3,289,156)	$11,638,779	$14,927,934

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, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Air Park				
Total revenues and transfers in	$30	$30	$3	($27)
Total expenditures and transfers out	$8,145	$8,145	$730	$7,415
Airway				
Total revenues and transfers in	$12,890	$12,890	$12,468	($422)
Total expenditures and transfers out	$55,370	$55,370	$4,509	$50,861
Arctic Fox				
Total revenues and transfers in	$5,040	$5,040	$4,664	($376)
Total expenditures and transfers out	$39,029	$39,029	$3,476	$35,553
Aztec				
Total revenues and transfers in	$22,280	$22,280	$21,982	($298)
Total expenditures and transfers out	$90,123	$90,123	$13,199	$76,924
Ballaine Lake Sewer & Water				
Total revenues and transfers in	$25,580	$25,580	$25,181	($399)
Total expenditures and transfers out	$52,640	$52,640	$9,725	$42,916
Bear's Den Road				
Total revenues and transfers in	$10	$10	$	($10)
Total expenditures and transfers out	$1,128	$1,128	$650	$478
Becker Ridge				
Total revenues and transfers in	$112,580	$112,580	$112,181	($399)
Total expenditures and transfers out	$284,218	$281,678	$123,859	$157,820
Birch Hill				
Total revenues and transfers in	$115,280	$115,280	$114,444	($836)
Total expenditures and transfers out	$364,759	$364,759	$96,224	$268,536
Bluebird Road				
Total revenues and transfers in	$6,550	$6,550	$6,462	($88)
Total expenditures and transfers out	$31,560	$31,560	$2,712	$28,848

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Borda Road				
Total revenues and transfers in	$28,820	$28,820	$28,897	$77
Total expenditures and transfers out	$136,044	$136,044	$14,216	$121,828
Brookside				
Total revenues and transfers in	$8,500	$8,500	$8,283	($217)
Total expenditures and transfers out	$46,598	$46,598	$6,520	$40,078
Chena Goldstream Volunteer Fire				
Total revenues and transfers in	$1,037,590	$1,037,590	$1,043,888	$6,298
Total expenditures and transfers out	$1,477,102	$1,478,770	$913,399	$565,371
Chena Hills Road				
Total revenues and transfers in	$97,640	$97,640	$101,788	$4,148
Total expenditures and transfers out	$170,758	$164,758	$123,390	$41,368
Chena Hot Springs II				
Total revenues and transfers in	$650	$650	$654	$4
Total expenditures and transfers out	$667	$667	$590	$77
Chena Marina				
Total revenues and transfers in	$22,460	$22,460	$22,241	($219)
Total expenditures and transfers out	$64,925	$64,925	$20,482	$44,443
Chena Point Road				
Total revenues and transfers in	$110,690	$110,690	$109,731	($959)
Total expenditures and transfers out	$182,728	$178,728	$123,701	$55,027
Chena Spur				
Total revenues and transfers in	$42,740	$42,740	$42,307	($433)
Total expenditures and transfers out	$142,357	$138,157	$48,273	$89,884
Cleary Summit				
Total revenues and transfers in	$600	$600	$588	($12)
Total expenditures and transfers out	$1,679	$1,679	$600	$1,079

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
College				
Total revenues and transfers in	$521,380	$521,380	$524,150	$2,770
Total expenditures and transfers out	$2,869,336	$2,869,336	$366,545	$2,502,791
College Hills				
Total revenues and transfers in	$25,530	$25,530	$26,403	$873
Total expenditures and transfers out	$31,173	$31,173	$16,007	$15,166
Cooper Estates				
Total revenues and transfers in	$26,480	$26,480	$25,982	($498)
Total expenditures and transfers out	$120,555	$120,555	$31,089	$89,466
Cordes Drive				
Total revenues and transfers in	$25,480	$25,480	$25,629	$149
Total expenditures and transfers out	$55,186	$55,186	$21,957	$33,230
Cripple Creek				
Total revenues and transfers in	$67,770	$67,770	$66,861	($909)
Total expenditures and transfers out	$221,189	$221,189	$89,059	$132,130
Deep Forest				
Total revenues and transfers in	$18,830	$18,830	$20,825	$1,995
Total expenditures and transfers out	$40,651	$40,651	$16,937	$23,714
Diane Subdivision				
Total revenues and transfers in	$3,710	$3,710	$3,665	($45)
Total expenditures and transfers out	$29,478	$29,478	$2,119	$27,359
Drake Estates				
Total revenues and transfers in	$8,150	$8,150	$8,083	($67)
Total expenditures and transfers out	$29,848	$29,842	$8,184	$21,657
Edanella Heights Road				
Total revenues and transfers in	$31,380	$31,380	$30,832	($548)
Total expenditures and transfers out	$68,219	$68,219	$30,577	$37,642

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Ester Lump Road				
Total revenues and transfers in	$32,040	$32,040	$31,736	($304)
Total expenditures and transfers out	$110,338	$110,338	$26,988	$83,350
Ester Volunteer Fire				
Total revenues and transfers in	$396,910	$396,910	$422,367	$25,457
Total expenditures and transfers out	$436,597	$661,597	$606,424	$55,173
Fairfields				
Total revenues and transfers in	$15,840	$15,840	$15,691	($149)
Total expenditures and transfers out	$75,036	$75,036	$14,914	$60,122
Fairhill				
Total revenues and transfers in	$23,140	$23,140	$22,794	($346)
Total expenditures and transfers out	$24,331	$70,551	$53,794	$16,757
Fairwest				
Total revenues and transfers in	$24,100	$24,100	$23,399	($701)
Total expenditures and transfers out	$207,231	$257,231	$55,533	$201,698
Garden				
Total revenues and transfers in	$40,810	$40,810	$40,328	($482)
Total expenditures and transfers out	$197,100	$197,100	$9,441	$187,659
Golden Valley Road				
Total revenues and transfers in	$15,850	$21,140	$20,703	($437)
Total expenditures and transfers out	$15,850	$18,342	$5,961	$12,382
Goldstream Alaska				
Total revenues and transfers in	$27,220	$27,220	$26,666	($554)
Total expenditures and transfers out	$70,565	$101,365	$57,009	$44,357
Goldstream Moose Creek				
Total revenues and transfers in	$54,010	$54,010	$53,825	($185)
Total expenditures and transfers out	$99,641	$99,641	$37,812	$61,829

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Gordon				
Total revenues and transfers in	$55,580	$55,580	$54,494	($1,086)
Total expenditures and transfers out	$333,797	$333,797	$37,850	$295,947
Granola Estates				
Total revenues and transfers in	$4,960	$4,960	$4,846	($114)
Total expenditures and transfers out	$37,353	$37,353	$5,282	$32,072
Grieme Road				
Total revenues and transfers in	$20,650	$20,650	$22,519	$1,869
Total expenditures and transfers out	$86,429	$86,429	$9,383	$77,046
Haystack				
Total revenues and transfers in	$38,650	$38,650	$38,675	$25
Total expenditures and transfers out	$61,309	$61,309	$52,429	$8,880
Herning Hills				
Total revenues and transfers in	$26,860	$26,860	$51,454	$24,594
Total expenditures and transfers out	$37,087	$57,087	$23,293	$33,794
Hopeless				
Total revenues and transfers in	$23,230	$23,230	$23,035	($195)
Total expenditures and transfers out	$77,750	$77,750	$15,579	$62,172
Horseshoe Downs				
Total revenues and transfers in	$16,850	$16,850	$17,032	$182
Total expenditures and transfers out	$23,881	$23,881	$16,785	$7,096
Jennifer Drive				
Total revenues and transfers in	$5,610	$5,610	$5,570	($40)
Total expenditures and transfers out	$10,393	$10,393	$1,557	$8,836
Jones Road				
Total revenues and transfers in	$63,050	$63,050	$62,681	($369)
Total expenditures and transfers out	$114,191	$126,251	$56,956	$69,295

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Joy Road				
Total revenues and transfers in	$8,120	$8,120	$7,694	($426)
Total expenditures and transfers out	$33,745	$33,745	$4,828	$28,917
Keeney Road				
Total revenues and transfers in	$2,130	$2,130	$2,103	($27)
Total expenditures and transfers out	$10,502	$10,502	$1,170	$9,332
Kendall				
Total revenues and transfers in	$11,140	$11,140	$10,711	($429)
Total expenditures and transfers out	$79,220	$79,220	$10,372	$68,849
Keystone				
Total revenues and transfers in	$15,310	$15,310	$15,100	($210)
Total expenditures and transfers out	$86,252	$83,504	$15,536	$67,968
Kris Kringle				
Total revenues and transfers in	$13,910	$13,910	$13,690	($220)
Total expenditures and transfers out	$79,821	$79,821	$5,529	$74,292
Lakloey Hill				
Total revenues and transfers in	$36,350	$36,350	$36,016	($334)
Total expenditures and transfers out	$114,440	$156,540	$64,397	$92,143
Lee Lane				
Total revenues and transfers in	$6,290	$6,290	$6,201	($89)
Total expenditures and transfers out	$28,088	$33,088	$10,948	$22,141
Loose Moose				
Total revenues and transfers in	$6,460	$6,460	$6,326	($134)
Total expenditures and transfers out	$20,529	$18,229	$17,368	$861
Martin				
Total revenues and transfers in	$33,660	$33,660	$33,074	($586)
Total expenditures and transfers out	$82,190	$82,190	$71,452	$10,738

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
McCloud				
Total revenues and transfers in	$20,960	$20,960	$20,009	($951)
Total expenditures and transfers out	$107,589	$107,589	$14,025	$93,564
McGrath Estates				
Total revenues and transfers in	$69,310	$69,310	$68,023	($1,287)
Total expenditures and transfers out	$241,010	$241,010	$65,327	$175,683
McKinley View				
Total revenues and transfers in	$7,300	$7,300	$7,216	($84)
Total expenditures and transfers out	$38,234	$38,234	$26,780	$11,455
Mellow Woods Road				
Total revenues and transfers in	$15,990	$15,990	$15,817	($173)
Total expenditures and transfers out	$82,083	$82,083	$10,383	$71,700
Miller Hill Extension				
Total revenues and transfers in	$61,190	$61,190	$62,762	$1,572
Total expenditures and transfers out	$132,695	$132,695	$58,583	$74,112
Moose Creek				
Total revenues and transfers in	$15,600	$15,600	$22,383	$6,783
Total expenditures and transfers out	$30,420	$50,420	$29,681	$20,740
Moose Meadows				
Total revenues and transfers in	$73,440	$73,440	$74,996	$1,556
Total expenditures and transfers out	$215,571	$207,171	$102,178	$104,993
Mt. View				
Total revenues and transfers in	$26,780	$26,780	$26,395	($385)
Total expenditures and transfers out	$143,405	$143,405	$68,581	$74,824
Murphy				
Total revenues and transfers in	$14,570	$53,630	$53,660	$30
Total expenditures and transfers out	$17,960	$92,088	$56,900	$35,188

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Musk Ox				
Total revenues and transfers in	$35,540	$35,540	$35,226	($314)
Total expenditures and transfers out	$62,602	$92,602	$49,690	$42,912
Newby Park				
Total revenues and transfers in	$16,570	$16,570	$16,493	($77)
Total expenditures and transfers out	$20,489	$20,489	$9,131	$11,357
North Ridge				
Total revenues and transfers in	$11,710	$11,710	$11,627	($83)
Total expenditures and transfers out	$39,201	$39,201	$8,900	$30,301
North Star Volunteer Fire				
Total revenues and transfers in	$1,658,470	$1,658,470	$1,796,949	$138,479
Total expenditures and transfers out	$1,856,012	$1,856,012	$1,666,091	$189,920
O'Connor Creek				
Total revenues and transfers in	$119,900	$119,900	$260,807	$140,907
Total expenditures and transfers out	$297,806	$297,806	$118,921	$178,885
Old Wood Road				
Total revenues and transfers in	$13,450	$13,450	$12,996	($454)
Total expenditures and transfers out	$41,645	$41,645	$12,513	$29,132
Our				
Total revenues and transfers in	$3,800	$3,800	$3,766	($34)
Total expenditures and transfers out	$11,250	$11,250	$2,846	$8,403
Parksridge				
Total revenues and transfers in	$12,360	$12,360	$12,189	($171)
Total expenditures and transfers out	$65,264	$63,764	$8,327	$55,437
Peede Country Estates				
Total revenues and transfers in	$5,960	$5,960	$5,869	($91)
Total expenditures and transfers out	$20,023	$25,023	$2,810	$22,213

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Pine Stream				
Total revenues and transfers in	$21,550	$21,550	$21,812	$262
Total expenditures and transfers out	$122,979	$122,979	$14,220	$108,759
Pleasureland				
Total revenues and transfers in	$7,920	$7,920	$7,425	($495)
Total expenditures and transfers out	$74,555	$74,555	$51,928	$22,627
Polar Heights				
Total revenues and transfers in	$18,440	$18,440	$36,484	$18,044
Total expenditures and transfers out	$29,667	$34,667	$20,597	$14,071
Potlatch				
Total revenues and transfers in	$12,120	$12,120	$12,397	$277
Total expenditures and transfers out	$24,993	$24,993	$6,838	$18,155
Prospect Park				
Total revenues and transfers in	$7,670	$7,670	$7,594	($76)
Total expenditures and transfers out	$35,032	$35,032	$4,224	$30,808
Reed Acres Road				
Total revenues and transfers in	$8,890	$8,890	$8,605	($285)
Total expenditures and transfers out	$64,128	$64,128	$4,626	$59,502
Ridgecrest				
Total revenues and transfers in	$2,130	$2,130	$2,113	($17)
Total expenditures and transfers out	$4,478	$4,478	$1,868	$2,610
Salchaket Heights				
Total revenues and transfers in	$4,650	$4,650	$4,488	($162)
Total expenditures and transfers out	$11,929	$11,929	$3,905	$8,024
Scenic Heights				
Total revenues and transfers in	$18,570	$18,570	$18,243	($327)
Total expenditures and transfers out	$121,807	$121,807	$13,923	$107,884

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Seavy				
Total revenues and transfers in	$10,100	$10,100	$11,225	$1,125
Total expenditures and transfers out	$63,667	$63,667	$7,413	$56,253
Secluded Acres				
Total revenues and transfers in	$7,890	$7,890	$7,760	($130)
Total expenditures and transfers out	$43,288	$48,738	$10,601	$38,137
Serendipity Hill				
Total revenues and transfers in	$6,730	$6,730	$6,595	($135)
Total expenditures and transfers out	$39,773	$39,773	$3,269	$36,505
Six Mile Village Road				
Total revenues and transfers in	$8,720	$8,720	$9,395	$675
Total expenditures and transfers out	$50,288	$50,288	$5,124	$45,164
Smallwood Trail Road				
Total revenues and transfers in	$6,730	$6,730	$6,632	($98)
Total expenditures and transfers out	$32,302	$32,302	$3,616	$28,686
Smith Ranch				
Total revenues and transfers in	$42,700	$42,700	$45,971	$3,271
Total expenditures and transfers out	$159,442	$159,442	$22,277	$137,164
Spring Glade				
Total revenues and transfers in	$29,910	$29,910	$29,521	($389)
Total expenditures and transfers out	$109,226	$109,226	$17,379	$91,847
Spruce Acres				
Total revenues and transfers in	$6,320	$6,320	$6,100	($220)
Total expenditures and transfers out	$31,741	$41,601	$13,598	$28,002
Steamboat Landing				
Total revenues and transfers in	$17,510	$17,510	$16,996	($514)
Total expenditures and transfers out	$72,672	$72,672	$54,262	$18,410

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Steese Volunteer Fire				
Total revenues and transfers in	$1,319,280	$1,319,280	$1,580,806	$261,526
Total expenditures and transfers out	$1,254,770	$1,682,770	$1,676,011	$6,759
Straight Creek				
Total revenues and transfers in	$17,870	$17,870	$18,061	$191
Total expenditures and transfers out	$34,823	$34,672	$18,626	$16,046
Summerwood				
Total revenues and transfers in	$39,470	$39,470	$39,077	($393)
Total expenditures and transfers out	$188,396	$188,396	$15,284	$173,112
Summit Drive				
Total revenues and transfers in	$116,160	$116,160	$115,530	($630)
Total expenditures and transfers out	$475,203	$475,203	$113,948	$361,255
Sunny Hills Terrace				
Total revenues and transfers in	$30,310	$30,310	$107,172	$76,862
Total expenditures and transfers out	$82,863	$82,863	$25,576	$57,287
Sunrise				
Total revenues and transfers in	$12,000	$12,000	$11,603	($397)
Total expenditures and transfers out	$72,918	$72,918	$3,895	$69,023
Tan Terra				
Total revenues and transfers in	$28,940	$28,940	$28,839	($101)
Total expenditures and transfers out	$64,960	$74,960	$38,034	$36,926
Thomas				
Total revenues and transfers in	$11,620	$11,620	$12,530	$910
Total expenditures and transfers out	$22,854	$22,854	$10,976	$11,878
Timberlane Road				
Total revenues and transfers in	$7,880	$7,880	$7,607	($273)
Total expenditures and transfers out	$37,571	$37,571	$5,027	$32,545

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Tungsten				
Total revenues and transfers in	$45,000	$45,000	$45,698	$698
Total expenditures and transfers out	$91,851	$91,851	$26,386	$65,465
Twenty Three Mile Slough				
Total revenues and transfers in	$40,480	$40,480	$52,468	$11,988
Total expenditures and transfers out	$91,570	$129,130	$68,038	$61,091
Ullrhaven				
Total revenues and transfers in	$4,230	$4,230	$4,182	($48)
Total expenditures and transfers out	$22,270	$22,270	$2,760	$19,510
University Fire				
Total revenues and transfers in	$2,389,720	$2,389,720	$2,432,126	$42,406
Total expenditures and transfers out	$4,597,027	$4,585,811	$1,830,698	$2,755,112
University Heights				
Total revenues and transfers in	$55,250	$55,250	$54,677	($573)
Total expenditures and transfers out	$88,621	$88,621	$21,962	$66,659
University West Street Light				
Total revenues and transfers in	$63,300	$63,300	$62,463	($837)
Total expenditures and transfers out	$256,478	$253,561	$77,887	$175,674
Vienna Wood				
Total revenues and transfers in	$24,080	$24,080	$28,131	$4,051
Total expenditures and transfers out	$38,249	$80,749	$54,589	$26,160
Viewpointe				
Total revenues and transfers in	$17,630	$17,630	$17,229	($401)
Total expenditures and transfers out	$143,184	$143,184	$7,771	$135,413
Violet Drive				
Total revenues and transfers in	$63,310	$63,310	$63,420	$110
Total expenditures and transfers out	$134,867	$134,867	$55,577	$79,290

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2012

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Vista Gold Road				
Total revenues and transfers in	$40,710	$40,710	$40,537	($173)
Total expenditures and transfers out	$85,893	$85,690	$41,728	$43,962
Vue Crest				
Total revenues and transfers in	$31,820	$31,820	$31,115	($705)
Total expenditures and transfers out	$147,904	$147,904	$21,483	$126,421
Whitman				
Total revenues and transfers in	$4,330	$4,330	$4,184	($146)
Total expenditures and transfers out	$26,783	$25,783	$8,055	$17,727
Wildview				
Total revenues and transfers in	$189,020	$189,020	$294,050	$105,030
Total expenditures and transfers out	$501,899	$501,899	$116,646	$385,253
Woodland				
Total revenues and transfers in	$2,480	$2,480	$2,630	$150
Total expenditures and transfers out	$8,403	$8,403	$2,086	$6,317
Yak Road				
Total revenues and transfers in	$79,980	$79,980	$79,445	($535)
Total expenditures and transfers out	$187,269	$187,269	$47,851	$139,418
Total All Service Areas				
Total revenues and transfers in	$10,453,690	$10,498,040	$11,357,036	$858,996
Total expenditures and transfers out	$22,340,982	$23,396,638	$10,239,542	$13,157,096

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Net Assets

June 30, 2012

	Business-type Activities - Enterprise Funds				Governmental Activities
	Transit	Carlson Center	Solid Waste Disposal	Total	Internal Service Fund
Assets					
Current assets					
Equity in central treasury cash	$1,627,357	$801,155	$12,304,203	$14,732,715	$920,155
Restricted equity in central treasury cash	247,824	1,183,428		1,431,252	
Accounts receivable (net of allowance for uncollectibles - $10,250)	12,638	78,407	489,363	580,409	
Restricted accounts receivable		3,067		3,067	
Due from governmental agencies			52,821	52,821	
Restricted due from governmental agencies	1,046,537	101,332		1,147,869	
Inventories	184,092		20,610	204,703	
Current assets total	3,118,449	2,167,389	12,866,998	18,152,836	920,155
Noncurrent assets					
Long-term receivables (net of allowance for uncollectibles - $216,507)					
Capital assets - non-depreciable					
Land and land improvements	595,234	509,032	746,003	1,850,269	
Works of art		120,790		120,790	
Construction work in progress	82,158	75,000	96,296	253,454	
Capital assets - depreciable					
Land			346,044	346,044	
Buildings	4,032,842	16,788,377	7,950,088	28,771,307	
Improvements other than buildings	268,627	1,608,028	16,871,527	18,748,182	
Equipment	4,636,247	1,567,305	3,668,796	9,872,348	6,711,018
Intangible assets - software	204,769			204,769	
Accumulated depreciation	(4,144,706)	(7,762,126)	(16,764,320)	(28,671,153)	(3,241,165)
Noncurrent assets (net) total	5,675,171	12,906,406	12,914,434	31,496,011	3,469,854
Assets total	$8,793,620	$15,073,795	$25,781,432	$49,648,847	$4,390,009

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Net Assets
June 30, 2012

	Business-type Activities - Enterprise Funds				Governmental Activities
	Transit	Carlson Center	Solid Waste Disposal	Total	Internal Service Fund
Liabilities and Net Assets					
Current liabilities					
Accounts payable	$93,534	$7,115	$192,844	$293,493	$11,299
Wages and payroll taxes	259,389	2,068	85,369	346,826	
Accrued interest payable			1,111	1,111	
Accrued compensated absences	245,834	1,130	75,103	322,067	
Accrued self-insurance losses	31,020		34,646	65,666	
Interfund payable			44,925	44,925	
Deposits from others	7,928			7,928	
Payable from restricted assets					
Accounts payable	96,966			96,966	
Interfund payable	853,867	101,332		955,199	
Unearned revenues	26,516	825,000		851,516	
Capital leases payable					475,957
Current liabilities total	1,615,053	936,646	433,999	2,985,697	487,256
Long-term liabilities					
Accrued compensated absences	67,669		22,963	90,632	
Accrued self-insurance losses	42,215		55,412	97,627	
Capital leases payable					938,153
Loans payable			40,246	40,246	
Landfill closure and postclosure care			17,007,601	17,007,601	
Long-term liabilities total	109,884		17,126,223	17,236,107	938,153
Liabilities total	1,724,937	936,646	17,560,221	20,221,804	1,425,409
Net assets					
Invested in capital assets, net of related debt	5,675,171	12,906,406	12,874,188	31,455,764	2,055,744
Restricted for					
Asset replacement		361,495		361,495	
Grants	317,012			317,012	
Unrestricted (deficit)	1,076,500	869,249	(4,652,977)	(2,707,229)	908,856
Net assets total	7,068,683	14,137,150	8,221,210	29,427,043	2,964,600
Liabilities and net assets total	$8,793,620	$15,073,795	$25,781,432		$4,390,009

Reconciliation to government-wide statement of net assets:	
Adjustment to reflect the consolidation of internal service fund activites related to enterprise funds	29,504
Net assets of business-type activites	$29,456,546

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Assets
June 30, 2012

	Business-type Activities - Enterprise Funds				Governmental Activities
	Transit	Carlson Center	Solid Waste Disposal	Total	Internal Service Fund
Operating revenues					
Fares	$275,996	$	$	$275,996	$
Advertising	30,251			30,251	
Charges for services	627,059	87,267	8,123,831	8,838,156	583,080
Operating revenues total	933,305	87,267	8,123,831	9,144,403	583,080
Operating expenses					
Wages and benefits	5,185,549	31,080	1,728,825	6,945,453	
Fuels, lubricants, and parts	909,998		276,207	1,186,205	
Other commodities	12,737	144,600	3,945	161,282	
Contractual services	2,284,226	613,863	1,450,579	4,348,668	
Utilities	160,600		192,552	353,153	
Professional services	466,513	27,181	434,746	928,440	
Depreciation	524,396	507,623	1,128,524	2,160,544	417,279
Training, dues, and professional expenses	61,943	8	13,295	75,247	
Repairs and maintenance	149,760	2,300	364,437	516,498	5,360
Supplies	56,969	1,294	70,293	128,557	
Management contractor fee		157,218		157,218	
Landfill closure and postclosure care costs			(411,618)	(411,618)	
Interest expense - capital leases					53,197
Intragovernmental charges	1,098,617	423,374	809,904	2,331,895	46,200
Operating expenses total	10,911,310	1,908,542	6,061,688	18,881,540	522,036
Operating income (loss)	(9,978,005)	(1,821,275)	2,062,142	(9,737,137)	61,044

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Assets
June 30, 2012

	Business-type Activities - Enterprise Funds				Governmental Activities
	Transit	Carlson Center	Solid Waste Disposal	Total	Internal Service Fund
Non-operating revenues (expenses)					
Interest expense	$	$	($19,073)	($19,073)	$
Grants revenue	4,337,777			4,337,777	
Investment income	354	659	9,228	10,241	
Gain (loss) on sales of capital assets	8,010			8,010	20,595
Miscellaneous revenue (expense)	5,112	1,769	77	6,958	
Non-operating revenues (expenses) total	4,351,252	2,428	(9,768)	4,343,913	20,595
Income (loss) before contributions and transfers	(5,626,752)	(1,818,847)	2,052,375	(5,393,224)	81,640
Transfers in	5,645,310	1,183,310		6,828,620	
Transfers out	(1,001,874)			(1,001,874)	(11,948)
Capital contributions	353,559	178,802	54,939	587,300	9,649
Change in net assets	(629,757)	(456,735)	2,107,314	1,020,822	79,340
Net assets total, beginning	7,698,440	14,593,884	6,113,897		2,885,259
Net assets total, ending	$7,068,683	$14,137,150	$8,221,210		$2,964,600

Reconciliation to government-wide statement of activities:

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	19,944
Change in net assets of business-type activities	$1,040,766

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Cash Flows
Increases (Decreases) in Equity in Central Treasury Cash
For the Year Ended June 30, 2012

	Business-type Activities -	
	Transit	Carlson Center
Cash flows from operating activities		
Cash received from customers	$934,850	$110,090
Cash payments to suppliers for goods and services	(5,179,082)	(1,369,831)
Cash payments for employee services	(5,138,137)	(33,801)
Cash from surplus sale	5,112	1,769
Net cash provided by (used for) operating activities	(9,377,258)	(1,291,773)
Cash flows from noncapital financing activities		
Grants received	4,553,963	
Transfers from other funds	5,645,310	1,183,310
Transfers to other funds	(1,001,874)	
Proceeds from (repayment of) interfund financing activity	(524,730)	
Net cash provided by (used for) noncapital financing activities	8,672,669	1,183,310
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(89,908)	(173,373)
Capital grants received	290,230	799,748
Capital lease payments		
Interest on capital lease payments		
Proceeds from disposal of capital assets	8,010	
Proceeds from (repayment of) interfund financing activity	305,604	4,055
Payments on loan		
Net cash provided by (used for) capital and related financing activities	513,935	630,430
Cash flows from investing activities		
Investment income allocation from central treasury	354	659
Net cash provided by investing activities	354	659
Net increase (decrease) in equity in central treasury cash	(190,299)	522,626
Equity in central treasury cash at beginning of year	2,065,481	1,461,957
Equity in central treasury cash at end of year	1,875,181	$1,984,583

See accompanying notes to financial statements.

Enterprise Funds		Governmental Activities
Solid Waste Disposal	Total	Internal Service Fund
$8,076,293	$9,121,233	$583,080
(3,759,482)	(10,308,395)	(60,610)
(1,729,156)	(6,901,094)	
77	6,958	
2,587,732	(8,081,298)	522,470
	4,553,963	
	6,828,620	
	(1,001,874)	
100,121	(424,609)	
100,121	9,956,100	
(1,100,629)	(1,363,911)	(7,976)
2,118	1,092,096	
		(433,350)
		(53,197)
	8,010	59,038
44,925	354,584	
(1,250,349)	(1,250,349)	
(2,303,935)	(1,159,570)	(435,485)
4,592	5,605	
4,592	5,605	
388,510	720,837	86,985
11,915,693	15,443,131	833,170
$12,304,203	$16,163,968	$920,155

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Cash Flows
Increases (Decreases) in Equity in Central Treasury Cash
For the Year Ended June 30, 2012

	Business-type Activities -	
	Transit	Carlson Center
Reconciliation of equity in central treasury cash to Statement of Net Assets accounts		
Equity in central treasury cash	$1,627,357	$801,155
Restricted equity in central treasury cash	247,824	1,183,428
Equity in central treasury cash at end of year	$1,875,181	$1,984,583
Reconciliation of operating income (loss) to net cash provided by (used for) operating activites		
Operating income (loss)	($9,978,005)	($1,821,275)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation	524,396	507,623
Miscellaneous non-operating income	5,112	1,769
Interest expense for capital leases		
Change in assets and liabilities		
(Increase) decrease in receivables	1,544	22,823
(Increase) decrease in inventories	22,350	
Increase (decrease) in accounts payable	(3,195)	
Increase (decrease) in deposits from others	3,128	
Increase (decrease) in wages and payroll taxes	93,628	487
Increase (decrease) in accrued compensated absences	30,805	(3,200)
Increase (decrease) in accrued self-insurance losses	(77,021)	
Increase (decrease) in landfill closure and postclosure care liability		
Adjustments total	600,747	529,502
Net cash provided by (used for) operating activities	($9,377,258)	($1,291,773)
Noncash investing, capital and financing activities		
Capital leases		
Contribution of capital assets	$45,000	
Capital asset transfer from other funds	11,948	
Capital asset transfer to other funds		
Accrued interest payable		
Purchase of equipment on account		

See accompanying notes to financial statements.

Enterprise Funds		Governmental Activities
Solid Waste Disposal	Total	Internal Service Fund
$12,304,203	$14,732,714	$920,155
	1,431,252	
$12,304,203	$16,163,967	$920,155
$2,062,142	($9,737,137)	$61,044
1,128,524	2,160,543	417,279
77	6,958	
		53,197
(47,155)	(22,788)	
(6,593)	15,757	
(137,314)	(140,509)	(9,050)
	3,128	
26,225	120,340	
24,126	51,731	
(50,683)	(127,704)	
(411,618)	(411,618)	
525,590	1,655,838	461,426
$2,587,732	($8,081,298)	$522,470
		$696,508
		9,649
		(11,948)
$1,111		
		11,299

FAIRBANKS NORTH STAR BOROUGH

Fiduciary Fund

Statement of Net Assets
June 30, 2012

	Taxes Agency Fund
Assets	
Equity in central treasury cash	$144,534
Property tax liens receivable	362,670
Assets total	$507,204
Liabilities	
Due to other governmental agencies for collected taxes	$28,033
Due to other governmental agencies for uncollected taxes	362,670
Advance tax payments	116,502
Liabilities total	$507,204

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements
June 30, 2012

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

Areawide: property assessment and collection of taxes, public schools, planning and zoning, animal control, flood control, library, air pollution control, solid waste disposal (landfill), parks and recreation, transportation system, child care assistance pursuant to a grant from the State of Alaska (discontinued effective June 30, 2011), health and social services (limited), emergency communication services (enhanced 911), and tourism marketing funded by hotel-motel room taxes. These services are provided throughout the entire Borough. The Borough also has hospital and housing financing powers, neither of which are exercised.

Non-areawide: emergency medical services, emergency disaster, 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 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 to the Borough's general fund, and 28.5 percent of the annual lapse, not to exceed $800,000, is returned to the Borough and deposited in the School District facilities maintenance reserve.

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

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

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

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

The School District is reported in a separate column in the government-wide financial statements. 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. The report is also available on their website at http://www.k12northstar.org/departments/admin-services/accounting/annual-financial-reports.

B. FUNDS

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

Governmental Funds

The Borough has 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. Programs in the multi-year general subfund are of a non-capital, non-enterprise nature.

The service areas special revenue fund is used to account for property taxes, other revenues and expenditures that are restricted for the Borough's four service area activities: road maintenance and construction, fire protection, streetlights, and water supply and sewage disposal. There are 107 active road services 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. FUNDS (continued)

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

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

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

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

Proprietary Funds

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

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

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 various materials.

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

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

Fiduciary Fund

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

The taxes agency fund is used to account for real property taxes collected by the Borough as an agent for the two cities, Fairbanks and North Pole.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter is 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 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 proprietary funds follow all GASB pronouncements. It also allows enterprise funds 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. For its enterprise funds and business-type activities, the Borough has elected to follow FASB pronouncements issued on or before November 30, 1989 that are not in conflict with GASB pronouncements.

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. Expenditures are recognized when they are incurred, except for estimated landfill closure and postclosure care costs which are recognized based on landfill usage.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Borough considers revenues to be available if they are collected within 45 days of the end of the current fiscal period, except for land sales which use a 30-day availability period.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

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

E. 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 earned by or allocated to the following funds and accounts based upon their cumulative, month-end cash equity balances: land revenue reserve general fund - multi-year program and any capital projects funded by the land revenue reserve, service areas special revenue fund and any capital projects funded

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

by service areas, health care contingency reserve local special revenue program, enhanced 911 special revenue fund, the library special revenue fund and any capital projects funded by the library fund, federal grants in all funds, all bond-funded capital projects, capital projects to renovate the Mary Siah tennis courts funded by a donation, Chena Riverfront Trust local capital project, enterprise funds, and the School District for pupil activities. The balance of investment income is allocated to the general fund.

F. 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.

G. INTERFUND RECEIVABLES AND PAYABLES

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

H. 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.

I. INVENTORIES

Inventories of the transit enterprise fund and the solid waste disposal enterprise fund are stated at cost. An average cost method is used for parts. The first-in, first-out method is used for fuel. Inventories of the School District are valued at cost, using various methods. All inventories are recorded as expenditures when used (consumption method).

J. CAPITAL ASSETS

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. CAPITAL ASSETS (continued)

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed (see Note 6).

Most capital assets of the Borough are depreciated or amortized over their estimated useful lives using the straight-line method, half-year convention. Beginning in fiscal year 2007, land put into service for solid waste disposal is being depreciated using the activity method. All land for solid waste disposal put into service prior to fiscal year 2007 is depreciated using the straight-line method, half-year convention. Land not in service for solid waste disposal, land improvements, works of art, and construction in progress are not depreciated. In addition, the following categories of library materials are non-circulating permanent collections that are appreciating in value and as such, they are not depreciated: microfilm, Alaskana materials, and the antiquarian collection. Estimated useful lives are as follows:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. CAPITAL ASSETS (continued)

The capital assets of the School District consist only of minor improvements, furniture, equipment, and certain intangible assets (software). Capital assets are defined by the School District as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of two years. School District equipment is valued at cost or estimated historical cost when original cost is not available. Donated equipment is valued at its estimated fair market value on the date received. The Borough owns and provides to the School District all school land, buildings, and improvements, except for certain land that is leased. In fiscal year 2012 certain adjustments were made to capital asset balances as a result of conversion to new fixed asset software.

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

	Years
Furniture and equipment	5-25
Intangible assets (software)	5-10

K. ACCRUED COMPENSATED ABSENCES

It is the Borough's policy to permit employees to accumulate earned but unused annual leave. Annual leave is subject to certain restrictions and maximum accumulations. Employees are paid for any accumulated annual leave upon use or at termination. All annual leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. 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.

M. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. OTHER LONG-TERM LIABILITIES (continued)

In the fund financial statements, governmental funds recognize bond premiums as revenues 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.

N. ENVIRONMENTAL LIABILITIES

The Borough's policy requires accrual of material pollution remediation obligation amounts when (a) a specific obligating event is met and (b) the amount can be reasonably estimated. Potential cost recoveries such as insurance proceeds, if any, are evaluated separately from the Borough's pollution remediation obligation. Costs incurred for pollution remediation obligations are recorded as environmental expenditures unless specific criteria are met that allow them to be capitalized.

O. FUND EQUITY

Fund equity is classified in the government-wide and the proprietary fund statements as net assets. The governmental fund statements classify fund equity as fund balance. The Borough's governmental fund balances are classified based on the nature and extent of any constraints on it, defined as follows:

Restricted – fund balances are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, by the State through laws or regulations, or by law through enabling legislation or constitutional provisions.

Committed – fund balances are constrained by limitations that the Borough Assembly and the Mayor formally and officially impose upon the Borough itself and which remain binding unless removed in the same manner. The Borough Assembly commits fund balance through the passage of an ordinance.

Assigned – fund balances reflect the Borough's intended use of resources. In accordance with the Borough Code of Ordinances, certain assignments for specific uses can be made by a committee of the Assembly, by the Mayor, or by a designated official such as the Chief Financial Officer, as in the case of honoring purchase orders against prior year appropriations. Assignments may also be made by the Assembly through the passage of an ordinance or resolution.

Unassigned – fund balance is reported in the general fund and represents the residual amount that is not constrained by any other fund balance classifications. In addition, any governmental fund in a deficit position reports that deficit as negative unassigned fund balance.

When both restricted and unrestricted resources are available for a particular purpose, restricted grant funds are used first, except when there are matching requirements; then the grant funds and matching funds are expended proportionately. For the library special revenue fund, unrestricted interest earnings are used first, then restricted donations. In the Carlson Center enterprise fund, use of the restricted reserve funds is determined on a case-by case basis. The use of restricted donations is also determined on a case-by-case basis. When both restricted

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. FUND EQUITY (continued)

and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. For unrestricted amounts of fund balance it is the Borough and School District's policy to use fund balance in the following order: committed, assigned, unassigned.

P. 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 cost of these services and assets have not been charged to the School District.

Q. COMPARATIVE DATA/RECLASSIFICATION

The 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, 2011, from which such partial information was derived. Also, certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

R. ROUNDING

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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 Statute 14.14.060(c) and Fairbanks North Star Borough Code of Ordinances (FNSBC) 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.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. BUDGETARY PROCESS (continued)

4. The Mayor is authorized to transfer budgeted amounts within an appropriation, generally a department or a service area, if equal to or less than $20,000. Transfers above that amount and transfers between departments, between service areas, or between funds require Borough Assembly approval.

Annual budgets are legally adopted for the operating portion of the general fund, certain special revenue funds (enhanced 911, non-areawide, solid waste collection district, and service areas), and the debt service fund. 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 multi-year general subfund, the remaining special revenue funds, except library, and all the capital projects funds are controlled through project or program budgets. Adopted project or program budgets provide authorization to complete projects or programs that extend beyond one fiscal year. Multi-fiscal year projects and programs are controlled by comparing inception-to-date expenditures with project or program budgets.

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

Formal budgetary integration is employed as a management control device for all funds of the Borough. Appropriations are authorized by ordinance at the department level for the operating portion of the general fund, enhanced 911 special revenue fund, non-areawide special revenue fund, solid waste collection district special revenue fund, enterprise funds, and internal service fund; at the service area level in the service areas special revenue fund; and at the project or program level for the multi-year general subfund, the remaining special revenue funds, and the capital projects funds. All other appropriations are at the fund level.

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

B. RECONCILIATION OF BUDGETARY BASIS WITH GAAP BASIS

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

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

	General Fund	Service Areas
Revenues reported on the basis of budgeting	$127,232,980	$11,357,036
Revenues reported in multi-year general subfund	1,235,516	
Adjustment for other financing sources – uses (transfers in)		(444,827)
Adjustment for intragovernmental cost plan revenues	(5,169,861)	
Revenues reported on the basis of GAAP	$123,298,635	$10,912,209
Expenditures reported on the basis of budgeting	$90,956,044	$10,239,542
Expenditures reported in multi-year general subfund	4,218,861	
Expenditures on prior year encumbrances	238,021	7,280
Current year encumbrances	(427,995)	(5,953)
Adjustment for other financing sources – uses (transfers out)		(1,440,020)
Adjustment for intragovernmental cost plan revenues	(5,169,861)	
Adjustment for accrued compensated absences	(163,317)	
Expenditures reported on the basis of GAAP	$89,651,753	$8,800,849

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

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

For budgetary purposes, the accrual basis of accounting is used and the entire amount of the accrued compensated absences that was earned is reported as a liability. For GAAP purposes, 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.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

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

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

C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The debt service fund had an excess of actual expenditures over appropriations for the year ended June 30, 2012. The $29,644,200 of excess expenditures was the result of refunding outstanding principal and call premiums for 2000 Series C, 2001 Series D, 2002 Series E, and 2003 Series F general obligation bonds (see Note 10). Although not officially appropriated, these expenditures were authorized in FNSBC 3.01.020 C2.

D. DEFICIT FUND EQUITY

There were no individual funds with deficit fund balances at June 30, 2012.

E. TAXES LEVIED IN EXCESS OF MAXIMUM TAX COMPUTATION

Fifty service areas, the non-areawide, and the solid waste collections taxing authority levied a total of $118,846 of taxes in excess of the maximum tax computation (see Note 4).

F. SCHOOL DISTRICT FUND BALANCE LIMIT

In accordance with Alaska Statute 14.14.060(c) and FNSBC 3.03.040, the Assembly annually appropriates the amount of local support for school purposes. FNSBC 3.01.060 E limits the amount of the School District's local appropriation fund balance. Local appropriation fund balance in excess of seven percent lapses to the Borough's general fund and 28.5 percent of the annual lapse is returned to the Borough for the School District facilities maintenance reserve. The carry over amount formally designated by the School Board to be used for expenditures in the immediately subsequent fiscal year is required to be shown as local revenues in that following year's budget. At June 30, 2012, the School District's local appropriation fund balance was within the seven percent limitation.

3. DEPOSITS AND INVESTMENTS

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

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

3. DEPOSITS AND INVESTMENTS (continued)

Investments - FNSBC 3.04 (Code) describes the objectives, policies, and procedures for the investment of Borough funds. 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 deposit 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.

FNSBC 3.04.050 (Code) describes the diversification of investments to minimize the risk of loss resulting from a concentration of investments in a specific maturity, issuer, and class of security or a specific financial institution. The total amount of principal and accumulated interest which will be paid to the Borough at maturity of all certificates of deposit, other deposits, and/or repurchase agreements invested with any one financial institution shall not at any time exceed 20 percent of the total net worth of the financial institution, as shown on said financial institution's most current annual financial statements. At no time shall the total value of Borough monies invested in repurchase agreements, certificates of deposit, and/or other deposits with a single financial institution, including interest which will be payable to the Borough at the maturity of each investment, exceed 30 percent of the total principal value of the entire Borough investment portfolio.

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.

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 to be considered free of any credit risk in accordance with GAAP, and to the highest-rated debt securities where the credit risk is low.

The Alaska Municipal League Investment Pool, Inc. (Pool) is not SEC-registered, but is a 2a7-like money market fund, operating in a manner consistent with that rule. In May 2009, Standard & Poor's assigned its AAAm principal stability fund rating to the Pool. Stand-alone financial statements can be obtained by writing to the Alaska Permanent Capital Management Co., 900 West Fifth Avenue, Suite 601, Anchorage, Alaska 99501.

3. DEPOSITS AND INVESTMENTS (continued)

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 Statute 37.23.050 requires the retention of an investment manager. The manager is required to produce monthly disclosure statements for the Pool. The Pool also has retained an investment advisor who monitors the performance of the investment manager to ensure compliance with investment policies. All participation in the Pool is voluntary. The Pool 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, 2012, the fair value of the investments in the Pool approximates the amortized cost at which the investments were reported. The fair value of the Borough's investments in the Pool is the same as the value of its Pool units.

The Borough's investments, by investment type, at June 30, 2012 are:

Investment Type	Fair Value	Maturity	Ratings
Overnight investments:			
Wells Fargo Bank Alaska N.A.	$6,578,262		n/a
Government securities money market funds:			
Fidelity Institutional Money Market Government Fund	1,009,204		AAAm/Aaa
BNY Goldman Sachs Financial Square Government Fund	146,215		AAAm/Aaa
Federated Government Obligations Tax Managed	200,508		AAAm/Aaa
Federated Government Obligations Institutional	3,500,498		AAAm/Aaa
Fidelity Government Class I	151,980		AAAm/Aaa
Goldman Sachs Financial Square Government Institutional	29,205,330		AAAm/Aaa
Invesco Government & Agency Portfolio Cash Management	17,705,231		AAAm/Aaa
Invesco Government TaxAdvantage Portfolio Cash Management	17,432,714		AAAm/Aaa
JPMorgan US Government Institutional	250,691		AAAm/Aaa
Morgan Stanley Government Portfolio Institutional	38,514,192		AAAm/Aaa
Wells Fargo Advantage Government Municipal Money Market Fund Institutional	400,844		AAAm/Aaa
External investment pool – money market fund:			
Alaska Municipal League Investment Pool	43,473,462		AAAm

3. DEPOSITS AND INVESTMENTS (continued)

Investment Type (continued)	Fair Value	Maturity	Ratings
Certificates of Deposit:			
Certificates of Deposit Account Registry Service – CDARS	$5,000,000	July 12, 2012	n/a
Certificates of Deposit Account Registry Service – CDARS	5,000,000	October 11, 2012	n/a
Certificates of Deposit Account Registry Service – CDARS	5,000,000	April 11, 2013	n/a
	$173,569,131		
Alaska Rule of Civil Procedure No. 67*			
Wells Fargo Bank of Alaska N.A.	$8,664,352		

*Alaska Rule of Civil Procedure No. 67: The Borough received a settlement for the 2006 tax year from Alyeska Pipeline Service Company as a result of a trial in dispute of the assessed valuation for the trans-Alaska pipeline system (see Note 17). The Borough has deposited said funds with the Alaska Court System in a Rule 67 interest bearing account. Money deposited with the Court under this rule shall be managed in accordance with the provisions of Rule 5, Rules Governing the Administration of All Courts and in accordance with FNSBC 3.04. The current amount reflected in the Rule 67 account is the fair value of the account which includes interest net of fees.

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 measureable 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 Statute 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 exceed 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 Statute 29.45.100.

4. PROPERTY AND OTHER TAXES (continued)

FNSBC 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 2E). For computation purposes, the preceding year's tax levy is adjusted for inflation, new construction, additional voter-approved services, new judgments against the Borough, special appropriations necessary on an emergency basis, and any appropriations from fund balance designated by the Borough Assembly as a tax reduction. The limitation does not apply to any appropriation for payments on bonds. The Code requires inclusion of both property tax and other tax revenues within the tax cap computation and requires publication of tax cap computations by May 31 of each year. In October of 2010, the voters reconfirmed the Code provision limiting the Borough's taxing authority.

The Borough received $11,451,372 from Alyeska Pipeline Service Company as a result of a favorable decision in the trial to settle the assessed valuation dispute for the trans-Alaska pipeline system for the 2007 to 2009 tax years (see Note 17). This amount represents additional taxes and penalties and interest, as delineated below, and recovery of attorney fees in the amount of $975,786, as follows:

Major governmental funds	
General	$9,316,534
Service areas special revenue	305,859
Nonmajor governmental funds	
Non-areawide	227,063
Solid waste collection district	626,130
	$10,475,586

5. NOTES RECEIVABLE – LAND SALES

All real estate sales financed by the Borough use notes receivable secured by deeds of trust. Annual installments are due over a period of ten years from the time of sale with a stated interest rate of 6.50 percent to 10.00 percent and a weighted average interest rate of 8.82 percent. The annual installments of principal due for the next five years on notes receivable – land sales are as follows:

June 30	Annual Installments
2013	$108,596
2014	93,892
2015	87,910
2016	72,763
2017	57,366

No allowances for uncollectible notes are recorded as the Borough expects non-judicial foreclosure actions to recoup at least the outstanding receivable amount on each delinquent property. As of June 30, 2012, the total receivable for delinquent accounts amounted to $125,241.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and land improvements	$252,684,387	$1,896,190	($12,454)	$254,568,122
Works of art	156,800			156,800
Library materials	1,145,401	24,871	(40,410)	1,129,862
Construction in progress	6,753,638	2,266,576	(4,494,295)	4,525,918
Total capital assets, not being depreciated	260,740,225	4,187,637	(4,547,159)	260,380,703
Capital assets, being depreciated:				
Buildings	449,878,485	15,353		449,893,838
Improvements other than buildings	72,913,005	4,346,942		77,259,947
Machinery and equipment	19,582,759	995,872	(943,175)	19,635,456
Library materials	1,852,934	355,595	(287,767)	1,920,762
Intangible assets – software	1,305,759			1,305,759
Total capital assets, being depreciated	545,532,942	5,713,762	(1,230,942)	550,015,763
Less accumulated depreciation for:				
Buildings	(182,190,215)	(11,674,044)		(193,864,259)
Improvements other than buildings	(30,114,170)	(2,397,649)		(32,511,819)
Machinery and equipment	(10,280,839)	(1,108,243)	857,394	(10,531,689)
Library materials	(899,532)	(314,475)	287,767	(926,239)
Intangible assets – software	(1,162,337)	(31,307)		(1,193,644)
Total accumulated depreciation	(224,647,094)	(15,525,718)	1,145,161	(239,027,651)
Total capital assets, being depreciated, net	320,885,848	(9,811,956)	(85,781)	310,988,112
Governmental activities capital assets, net	$581,626,073	($5,624,319)	($4,632,940)	$571,368,814

6. CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land and land improvements	$1,850,269	$	$	$1,850,269
Works of art	120,790			120,790
Construction in progress	415,400	1,289,962	(1,451,908)	253,454
Total capital assets, not being depreciated	2,386,459	1,289,962	(1,451,908)	2,224,513
Capital assets, being depreciated:				
Land and land improvements	346,044			346,044
Buildings	27,407,056	1,428,151	(63,900)	28,771,307
Improvements other than buildings	18,869,405		(121,222)	18,748,182
Machinery and equipment	9,918,991	119,181	(165,824)	9,872,348
Intangible assets – software	204,769			204,769
Total capital assets, being depreciated	56,746,265	1,547,331	(350,946)	57,942,650
Less accumulated depreciation for:				
Land and land improvements	(291,630)	(6,884)		(298,514)
Buildings	(10,389,932)	(632,048)	63,900	(10,958,080)
Improvements other than buildings	(11,817,275)	(623,267)	121,222	(12,319,319)
Machinery and equipment	(4,221,100)	(908,209)	165,824	(4,963,485)
Intangible assets – software	(110,893)	(20,861)		(131,754)
Total accumulated depreciation	(26,830,830)	(2,191,268)	350,946	(28,671,153)
Total capital assets, being depreciated, net	29,915,434	(643,937)		29,271,498
Business-type activities capital assets, net	$32,301,894	$646,026	($1,451,908)	$31,496,011

The increase in business-type activities accumulated depreciation includes $30,725 of accumulated depreciation on a vehicle transferred from governmental activities. Capitalized interest costs for business-type activities construction in progress increased by $1,111 in fiscal year 2012 (see Note 10B).

6. CAPITAL ASSETS (continued)

Component Unit – School District

	Beginning Balance	Software Conversion Adjustments	Additions	Deductions	Ending Balance
Furniture and equipment	$8,947,432	($5,169)	$662,773	($189,411)	$9,415,625
Less accumulated depreciation	(5,517,693)	24,517	(656,183)	184,616	(5,964,743)
Total, net of accumulated depreciation	3,429,739	19,348	6,590	(4,795)	3,450,882
Intangible assets – software	1,236,923	5,169	71,501		1,313,593
Less accumulated amortization	(216,986)	(38,632)	(117,060)		(372,678)
Total, net of accumulated amortization	1,019,937	(33,463)	(45,559)		940,915
Component unit capital assets, net	$4,449,676	($14,115)	($38,969)	($4,795)	$4,391,797

In fiscal year 2012, adjustments were made by the School District to capital asset balances as a result of a conversion to new fixed asset software.

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

Governmental activities:	
General government	$236,657
Community planning	4,099
Public works	90,505
Parks and recreation	1,751,614
Library	614,224
Education	11,541,425
Emergency operations	259,004
Fire service areas	610,912
In addition, depreciation on capital assets held by the Borough's internal service fund is charged to the various functions based on their usage of the assets.	417,279
Total depreciation expense – governmental activities	$15,525,718
Business-type activities:	
Transit	$524,396
Carlson Center	507,623
Solid waste disposal	1,128,524
Total depreciation expense – business-type activities	$2,160,544

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances for the purpose of the government-wide statements have been eliminated with the exception of internal balances that represent the amounts that are receivables or payables among business-type activities and governmental activities. The composition of interfund balances in the fund financial statements as of June 30, 2012, were as follows:

Receivable	Payable	Amount
General	State grants capital projects	$607,877
General	Nonmajor governmental funds	280,329
General	Debt service	146,520
General	Transit enterprise	853,867
General	Carlson Center enterprise	101,332
General	Solid waste disposal enterprise	44,925
State grants capital projects	Local capital projects	59,640
Total interfund receivable/payable		$2,094,490

- The general fund receivable totaling $2,034,850 is due to the individual funds' overdrafts of pooled cash in the central treasury, primarily for expenditure-driven grants for which grantor reimbursement has not yet been received.
- The state grants capital projects receivable of $59,640 is two loans to Murphy and Potlatch road service areas from the road service revolving loan fund for road reconstruction projects. The balances are to be paid over 10 years, with the Murphy loan at an interest rate of 4.25 percent on $39,060 through November 15, 2021 and the Potlatch loan at an interest rate of 8.25 percent on $20,580 through July 1, 2019.

Transfers are used for 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, 2012, were as follows:

	Transfers In								
Transfers Out	General Fund	Service Areas	Debt Service	Local Capital Projects	Nonmajor Governmental	Transit Enterprise Fund	Carlson Center Enterprise Fund	Internal Service Fund	Total All Funds
General	$	$	$14,484,800	$1,139,061	$230,874	$5,645,310	$1,183,310	$	$22,683,355
Service areas				1,440,020					1,440,020
State grants capital projects				226,978					226,978
Local capital projects	172,000	444,827		5,675,811	2,159				6,294,797
Nonmajor governmental	324,000			8,191,167	535,166				9,050,333
Transit enterprise	1,000,000			1,874					1,001,874
Internal service								11,948	11,948
Total transfers out	$1,496,000	$444,827	$14,484,800	$16,674,911	$768,199	$5,645,310	$1,183,310	$11,948	$40,709,305

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

In the fund-level statements, total transfers in of $40,697,357 are less than transfers out of $40,709,305 because of capital asset transactions between governmental and business-type activities. Specifically, the vehicle and equipment fleet internal service fund transferred assets with a book value of $11,948 to the transit enterprise fund. This amount was recorded as a capital contribution in the fund-level proprietary fund statements and as a transfer in at the government-wide level statements.

8. OPERATING LEASES

The Borough is obligated under certain site and equipment leases accounted for as operating leases. Operating leases do not give rise to property rights or recorded lease obligations; and therefore, the results of the lease agreements are not reflected as assets or liabilities. Operating lease expenditures for the year ended June 30, 2012 were $1,104,653.

The Borough has several significant operating leases:

- land lease for West Valley High School. In fiscal year 1996, the Borough paid a one-time lease payment to the University of Alaska for an extension to 2043.
- land lease for Hutchison High School which is housed within the Hutchison Institute of Technology. In fiscal year 2000, the Borough paid a one dollar, one-time lease payment to the University of Alaska. The lease expires in 2043.
- five land leases for the following school sites: Crawford Elementary School, Anderson Elementary School, Ladd Elementary School/Tanana Middle School, Arctic Light Elementary School, and Ben Eielson High School. All land lease agreements are for twenty-five years expiring in 2021, 2023, 2024, 2028, and 2030 respectively, and are revocable at will by either the Secretary of the Army or the Secretary of the Air Force, as applicable. Payment is made through ongoing maintenance, repairs, operations, protection and improvement of the schools, except for Ladd Elementary School/Tanana Middle School for which a $25 annual lease payment is made by the School District. Ladd and Tanana are located on land owned by the military, but are not on post.
- land lease for School District central kitchen facility and food supply warehouse. In fiscal year 2008, the Borough paid a one-time lease payment of $163,491 to the Alaska Railroad Corporation. The lease expires in 2057.
- Chena Lakes Recreation Area land lease with the U.S. Army. Fifty-year lease expires in 2034. Payment is made through ongoing operation and management for park and recreation purposes.
- biathlon range and certain ski trails at the Birch Hill Recreation Area. The five-year lease expires in January 2013, but is revocable at will by the Secretary of the Army. Payment is made through trail construction and ongoing maintenance for public use.
- Tanana Lakes Recreation Area land lease with the State of Alaska, Department of Natural Resources. Fifty-five year lease expires in August 2062. The lease is at no cost and subject to the Tanana Lakes Recreation Area Master Plan. Payment is made through maintenance and repairs of the recreation area.
- Alaska Railroad Corporation permit lease for crossing drainage channel at Chena Lakes. The lease ends in 2014.
- various equipment leases, data/voice communication leases, and dumpster site leases

8. OPERATING LEASES (continued)

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

Year Ending June 30	Amount
2013	$456,412
2014	357,084
2015	205,356
2016	103,900
2017	- -
Total	$1,122,752

There are no other operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2012.

The School District is obligated under a building operating lease for a small school facility for the H.I.R.E. program. The lease terminates June 30, 2022 unless terminated earlier by mutual written consent of both parties or by the School District if there is insufficient or other lack of funds lawfully appropriated for its performance. Operating lease expense for fiscal year 2012 was $68,340.

9. CAPITAL LEASES

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

	Proprietary Fund
Machinery and equipment	$2,563,101
Less: Accumulated depreciation	(485,095)
Total	$2,078,006

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

9. CAPITAL LEASES (continued)

Year Ending June 30	Proprietary Fund
2013	$521,117
2014	420,328
2015	305,967
2016	183,203
2017	76,105
Total minimum lease payments	1,506,720
Less: Amount representing interest	(92,610)
Present value of minimum lease payments	$1,414,110

10. LONG-TERM LIABILITIES AND SUBSEQUENT EVENTS

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

	Amount
$14,164,000 2004 Series G school facilities bonds due in annual installments of $640,000 to $1,005,000 through October 1, 2023 at 3.25 to 4.25% interest	$9,610,000
$13,750,000 2005 Series H school facilities bonds due in annual installments of $605,000 to $985,000 through October 1, 2024 at 4.0 to 4.375% interest	10,040,000
$9,750,000 2006 Series I school facilities bond due in annual installments of $405,000 to $735,000 through November 1, 2025 at 4.25 to 4.30% interest	7,715,000
$12,000,000 2007 Series J school facilities bond due in annual installments of $485,000 to $880,000 through November 1, 2026 at 4.25 to 4.5% interest	9,950,000
$10,460,000 2007 Series K refunding bonds due in annual installments of $1,065,000 to $1,320,000 through November 1, 2016 at 4.0% interest	5,940,000
$11,128,000 2008 Series L school facilities bonds due in annual installments of $430,000 to $835,000 through November 1, 2027 at 3.5 to 4.5%	9,680,000

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

A. GENERAL OBLIGATION BONDS (continued)

	Amount
$11,950,000 2010 Series M school facilities bonds due in annual installments of $470,000 to $820,000 through July 1, 2029 at 1.75 to 5.75% interest	11,115,000
$17,480,000 2010 Series N refunding bonds due in annual installments of $2,080,000 to $2,450,000 through November 1, 2017 at 2.0 to 5.0% interest	13,550,000
$13,680,000 2010 Series O refunding bonds due to annual installments of $1,390,000 to $1,760,000 through April 1, 2019 at 2.0 to 5.0% interest	10,845,000
$5,565,000 2011 Series P refunding bonds due in annual installments of $505,000 to $645,000 through December 1, 2020 at 2.0 to 3.0% interest	5,095,000
$21,000,000 2011 Series Q refunding bonds due in annual installments of $1,625,000 to $1,850,000 through September 1, 2022 at 2.0 to 5.0% interest	21,000,000
$11,500,000 2012 Series R school facilities bonds due in annual installments of $485,000 to $730,000 through May 1, 2032 at 2.0 to 3.1% interest	11,500,000
Total	$126,040,000

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2013	$10,185,000	$4,928,752
2014	10,520,000	4,668,817
2015	10,880,000	4,290,698
2016	11,315,000	3,854,968
2017	11,745,000	3,386,111
2018-2022	41,275,000	10,596,403
2023-2027	23,470,000	3,562,474
2028-2032	6,650,000	549,028
Total	$126,040,000	$35,837,251

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

A. GENERAL OBLIGATION BONDS (continued)

On August 16, 2011 the Borough sold $5,565,000 in general obligation bonds with an interest rate of 2.0 percent to 3.0 percent, to refund $5,710,000 of principal and $28,550 of call premium on outstanding 2000 Series C general obligation bonds, carrying interest at 4.5 percent. The newly issued Series P bonds were sold at a premium of $322,169. In addition to the amount provided by Series P, the Borough directly contributed an additional $87,791 to complete the refunding. The new bonds were issued on September 2, 2011 and $5,826,341 was deposited in an irrevocable trust with an escrow agent who redeemed the 2000 Series C bonds on October 4, 2011. The Borough completed the refunding to reduce its total debt service payments over the next nine years by $757,618 and to obtain an economic gain (the difference between the present value of the old and new debt service payments) of $694,994.

On November 15, 2011 the Borough sold $21,000,000 in general obligation bonds with an interest rate of 2.0 percent to 5.0 percent, to refund $23,785,000 of principal and $120,650 of call premium on outstanding 2001 Series D, 2002 Series E, and 2003 Series F general obligation bonds. These bonds carried interest from 3.80 to 4.80 percent. The newly issued Series Q bonds were sold at a premium of $3,118,455. In addition to the amount provided by Series Q, the Borough directly contributed an additional $708,330 to complete the refunding (of which $345,000 was accrued principal on 2001 Series D). The new bonds were issued on November 23, 2011 and $24,613,980 was deposited in an irrevocable trust with an escrow agent who redeemed the 2001 Series D, 2002 Series E and 2003 Series F bonds on December 28, 2011. The Borough completed the refunding to reduce its total debt service payments over the next eleven years by $3,144,434 and to obtain an economic gain (the difference between the present value of the old and the new debt service payments) of $2,695,662.

On October 4, 2011, voters approved two bond authorizations totaling $20,290,000 for capital improvements to Ryan Middle School, Salcha and Woodriver Elementary Schools, North Pole Middle School, and North Pole High School. The first bond Series R for $11,500,000 was sold on May 15, 2012.

On September 13, 2012 the Borough Assembly approved the refunding of outstanding 2004 Series G and 2005 Series H bonds in an amount not to exceed $18,900,000. The 2012 Series S Refunding bonds were sold on November 2, 2012.

B. SOLID WASTE DISPOSAL ENTERPRISE FUND

The long-term debt in the solid waste disposal enterprise fund at June 30, 2012 is as follows:

Loan payable	$40,246

In 2012 the Borough negotiated an $8 million loan with the Alaska Department of Environmental Conservation for construction of a solid waste landfill expansion (cell 3 and cell 4). Payments disbursed and received by the Borough as of June 30, 2012 were $40,246. It is estimated that cell 3 construction will be substantially complete by January 1, 2015. Repayment is due in annual installments beginning one year after substantial completion and initiation of operations.

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

C. SCHOOL DISTRICT COMPONENT UNIT

The School District has $4,575,179 in liabilities for compensated absences at June 30, 2012. The current portion of this balance is $4,167,680.

D. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	$127,260,000	$38,065,000	($39,285,000)	$126,040,000	$10,185,000
Plus deferred amounts:					
For issuance premiums	3,158,677	3,848,305	(1,066,114)	5,940,867	
For deferred revenue	(51,080)	(214,682)	37,259	(228,503)	
Capital leases	1,150,953	696,508	(433,350)	1,414,110	475,957
Self-insurance losses	1,344,930	7,649,157	(7,648,192)	1,345,894	1,229,328
Accrued compensated absences	2,154,138	2,850,247	(2,704,125)	2,300,260	1,642,137
Governmental activities long-term liabilities	$135,017,618	$52,894,534	($51,099,523)	$136,812,628	$13,532,422
Business-type Activities:					
Loans payable	$1,271,522	$40,246	($1,271,522)	$40,246	$
Landfill closure and postclosure care	17,419,219		(411,618)	17,007,601	
Self-insurance losses	290,996	7,756	(135,459)	163,293	65,666
Accrued compensated absences	360,969	583,256	(537,966)	406,259	322,067
Business-type activities long-term liabilities	$19,342,706	$631,258	($2,356,565)	$17,617,399	$387,733

The internal service fund predominantly serves the governmental funds. Accordingly, its long-term liabilities, the capital leases, are included as part of the above totals for governmental activities. Also, for governmental activities, self-insurance losses and accrued compensated absences are primarily liquidated by the general fund.

11. MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the Borough to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. Landfill closure and postclosure care costs, and their related liability, are recognized in the solid waste disposal enterprise fund and are based on the amount of landfill capacity used during the year. As of June 30, 2012, the estimated liability for landfill closure and postclosure care costs was $17,007,601, which was based on 82.93 percent of the landfill used (filled) to date. It is estimated that an additional $3,564,100 will be recognized as closure and postclosure expenses between the date of the balance sheet and the date the landfill will be filled to capacity in 2055. The estimated total cost for future landfill closure and postclosure care ($20,883,452) 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, 2012. 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, 2012.

While not required by state or federal laws and regulations, the Borough Assembly established a landfill closure reserve account in 1994. In many of the years since, the Borough has contributed varying amounts to the reserve and in more recent years, has used varying amounts from the reserve toward closure and postclosure costs of closed portions of the landfill. The landfill closure reserve is accounted for as a separate cost center within the solid waste disposal enterprise fund and has a balance of $1,436,205 in central treasury cash at June 30, 2012. During fiscal year 2009, cell 1 at the solid waste landfill reached its capacity and the design and construction project for closure of this cell was started. The amount appropriated to date from the reserve account for this project is $6,300,000 of which $3,413,797 was expended by June 30, 2012. Anticipated future inflation costs and additional costs that might arise from changes in postclosure care requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

12. COMMITMENTS

The Borough's capital improvement and other multi-year programs in effect at June 30, 2012 contain authorizations for numerous programs and projects in the multi-year general subfund, four multi-year special revenue funds, six capital projects funds, and three enterprise funds.

The programs in the multi-year general subfund and in the multi-year special revenue funds are multi-year activities of a non-capital, non-enterprise nature. 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, mass transit assistance, and solid waste landfill cell closures and construction.

12. COMMITMENTS (continued)

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

As of June 30, 2012 the Borough has encumbered amounts that it intends to honor in the subsequent year for the following governmental and business-type funds:

Major governmental funds	
General	$908,095
Service areas special revenue	5,953
State grants capital projects	3,976,413
Bond capital projects	2,773,194
Local capital projects	2,692,426
Nonmajor governmental funds	3,463,194
	13,819,275
Major business-type funds	
Transit enterprise	1,237,246
Carlson Center enterprise	347,501
Solid waste disposal enterprise	320,656
	1,905,403
Total – all funds	$15,724,678

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

The Borough is reporting restricted, committed, and assigned fund balances at June 30, 2012. The dollar amounts and purposes for each of these classifications follow:

	General Fund	Service Areas	State Grants Capital Projects	Bond Capital Projects	Local Capital Projects	Nonmajor Governmental	Total
Restricted							
Road and fire service areas	$	$16,120,033	$	$	$	$	$16,120,033
Enhanced 911	100,000					2,003,319	2,103,319
Nonareawide						2,426,158	2,426,158
Economic development	251,978						251,978
Health and social services						7,040	7,040
Parks and recreation						13,247	13,247

13. FUND BALANCE – GOVERNMENTAL FUNDS AND SCHOOL DISTRICT COMPONENT UNIT (continued)

	General Fund	Service Areas	State Grants Capital Projects	Bond Capital Projects	Local Capital Projects	Nonmajor Governmental	Total
Restricted (continued)							
Health care and labor relations	$	$	$	$	$	$	$3,097,895
Public works						59,619	59,619
Solid waste collections	24,000					5,190,426	5,214,426
Library						1,071,795	1,071,795
Capital projects			5,411,669	16,071,682	9,331,499	908,613	31,723,463
Multi-year programs						262,060	262,060
	$375,978	$16,120,033	$5,411,669	$16,071,682	$9,331,499	$15,040,171	$62,351,033

	General Fund	Debt Service	Local Capital Projects	Nonmajor Governmental	Total
Committed					
Compensated absences	$2,237,411	$	$	$	$2,237,411
Self-insurance losses	1,500,000				1,500,000
Pipeline valuation deposit	17,074,942				17,074,942
Health and social services	207,518				207,518
Health care and labor relations	237,008				237,008
Community planning	33,179				33,179
Emergency operations	240				240
General government	2,316,802				2,316,802
Economic development	327,162				327,162
Public works	226,022			27,536	253,558
Parks and recreation	9,049				9,049
Transportation	2,521				2,521
Library				48,511	48,511
Debt service		576,001			576,001
Capital projects			10,429,829	1,092,123	11,521,952
	$24,171,856	$576,001	10,429,829	$1,168,171	$36,345,857

Assigned	General Fund
Encumbrances	$412,229
Subsequent year's expenditures	4,413,380
	$4,825,609

13. FUND BALANCE – GOVERNMENTAL FUNDS AND SCHOOL DISTRICT COMPONENT UNIT (continued)

Details for the fund balance classifications of the School District's general fund are as follows:

Nonspendable	
Inventories	$575,753
Prepaid items	27,051
Assigned	
Encumbrances	4,415,125
Impact aid advance	13,024,724
Subsequent year's expenditures	2,116,290
	$20,158,943

14. LIBRARY SPECIAL REVENUE FUND

The Fairbanks North Star Borough public library is a 15 percent beneficiary of the Bentley Beneficiaries Trust, a successor trust to two trusts from Bentley family members that are now dissolved. The successor trust was formed to manage assets that are to be sold and proceeds distributed to the beneficiaries. Income received from all three trusts is recorded as a donation in the library special revenue fund and $10,258,753 has been received as of June 30, 2012.

The beneficiaries signed an agreement dated March 22, 2011 approving the liquidation and distribution of the remaining trust assets. The Library received a final distribution of $2,843 in December 2011.

15. RISK MANAGEMENT

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

15. RISK MANAGEMENT (continued)

In addition, the Borough has committed 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 committed amount is re-evaluated periodically.

Furthermore, in conjunction with employee union contracts and in accordance with Assembly ordinance, the Borough instituted a health care contingency reserve (HCCR) in September 1997. The purpose of the HCCR is to smooth employee healthcare benefit costs over time. Contributions from employee payroll deductions of $10 per pay period, along with an equal match from the Borough and interest earnings, are deposited into the HCCR. When annual actual costs are less than budgeted costs, the savings are deposited into the HCCR, subject to a target balance, above which no savings are deposited. The target balance is one third of the health care costs budgeted for that fiscal year. Withdrawals are made when healthcare costs exceed budgeted costs. In addition, for fiscal year 2010 through fiscal year 2012, withdrawals were scheduled from the HCCR to offset budgeted costs. During fiscal year 2012 the amount was $35 per employee per month resulting in a withdrawal of $153,300. In fiscal year 2011, the amount was $45 per employee per month with a withdrawal of $204,120. For fiscal year 2012 only, a special Letter of Agreement (LOA) with the employee unions was signed to utilize an additional $345,675 from the HCCR to address health plan cost estimates in excess of 10 percent over prior year estimates. Per the LOA, $345,675 of unspent budgeted health dollars were redeposited into the HCCR to replenish the withdrawal for increased plan costs and $362,207 of unspent budgeted health dollars were deposited into the HCCR to replenish the calculated amount under the target. The June 30, 2012 HCCR restricted fund balance of $3,021,859 is reported in local programs, a nonmajor special revenue fund.

The joint Borough/School District risk management program is accounted for within the Borough's general fund with charge backs to the School District and other funds. Self-insurance losses are accrued when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Accrued self-insurance losses include estimates for expected future development on claims already reported, as well as considering known and unknown events that might create claims, but for which none have been reported. Based on the type of claim, estimates of the ultimate cost of settling these claims are made by using a case-by-case review of claims or by extrapolating historical experience, and may include specific, incremental claim adjustments 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 2012 and 2011 follow:

	2011-12 Accrued Self-Insurance Losses	2010-11 Accrued Self-Insurance Losses
Borough		
July 1	$1,635,927	$1,213,124
Current year claims	7,648,783	7,142,194
Changes in estimates	8,130	486,314
Claims payments	(7,783,648)	(7,205,706)
June 30	$1,509,192	$1,635,926

15. RISK MANAGEMENT (continued)

School District	2011-12 Accrued-Self Insurance Losses	2010-11 Accrued-Self Insurance Losses
July 1	$5,339, 326	$5,662,339
Current year claims	33,757,707	30,124,948
Changes in estimates	633,633	(405,054)
Claims payments	(33,824,192)	(30,042,907)
June 30	$5,906,473	$5,339,326

16. RETIREMENT PLANS

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

A. ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

System Description

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

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

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

16. RETIREMENT PLANS (continued)

A. ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

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

Effective July 1, 2008, the employer contribution rate is statutorily set at the greater of 22.00 percent or the actuarially determined normal cost rate. When the 22.00 percent exceeds the normal cost rate, the excess is applied to the past service liability of the plan. The employers' actuarially determined rates for fiscal year 2012 were calculated when the PERS was a single agent, multiple-employer plan. The average employer contribution rate for fiscal year 2012 was 33.49 percent (16.12 percent for pension costs and 17.37 percent for post employment healthcare costs). The average normal cost rate portion was 8.28 percent (2.52 percent for pension costs and 5.76 percent for post-employment healthcare costs) and the average past service rate portion was 25.21 percent (13.60 percent for pension costs and 11.61 percent for post-employment healthcare costs).

The Alaska Legislature appropriated $242,609,397 for the State's direct contribution for the fiscal year ending June 30, 2012. The adoption of the cap on the employers' rate and the statutorily-required additional State contribution was, in part, a recognition of the State's obligation to the Plan arising from its fiduciary duty to, and its administrative control of, the PERS. Hence, although the Borough acknowledges the State's direct contribution, no portion of it is recorded in these financial statements. However, the Alaska Department of Education and Early Development requires that "on-behalf" payments be recorded for the portion allocated to the School District by the State. For fiscal year 2012, this amount was $4,003,866.

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

Fiscal Year Ended June 30	Borough	School District
2012	$3,896,453	$5,219,783
2011	4,085,985	5,359,714
2010	4,130,230	5,322,003

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

The funding ratio as of June 30, 2011 (the most recent actuarial valuation) for the PERS defined benefit plan was 60.8 percent, up from 52.8 percent at June 30, 2010.

16. RETIREMENT PLANS (continued)

A. ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

Contributions to the Defined Contribution Plan (Tier IV)

The employee contribution rate for the defined contribution plan is 8.00 percent of eligible compensation. Effective July 1, 2008, the employer contribution rate is statutorily set at the same rate as the defined benefit plan. That rate is the greater of 22.00 percent or the actuarially determined normal cost rate of the defined benefit plan. The 22.00 percent rate for the defined contribution plan is comprised of five elements: for both firefighters and general members the rates are 5.00 percent to each member's individual pension account, 0.51 percent into the retiree medical plan, 0.97 percent for firefighters and 0.20 percent for general members for occupational death and disability benefits, a flat dollar amount per employee based on 3.00 percent of the employers' average annual employee compensation (into the employee's Health Reimbursement Arrangement account), and a residual contribution applied as a payment to the defined benefit plan's unfunded liability. For both the Borough and the School District, the flat dollar amount per employee for fiscal year 2012 was $68.39 per pay period for full-time employees and $1.14 per hour for part-time employees.

The amounts paid by the Borough and the School District to the PERS through the defined contribution plan for the fiscal year ended June 30, 2012 were as follows:

	Fiscal Year Ended June 30	Employer Contributions to the Defined Contribution Plan	Residual Contributions to the Defined Benefit Plan's Unfunded Liability	Total Employer Payments	Total Employee Contributions
Borough	2012	$255,332	$662,739	$918,071	$408,530
School District	2012	$1,151,340	$1,217,464	$2,368,804	$861,019

B. ALASKA TEACHERS' RETIREMENT SYSTEM

System Description

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

16. RETIREMENT PLANS (continued)

B. ALASKA TEACHERS' RETIREMENT SYSTEM (continued)

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

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

Effective July 1, 2008, the employer contribution rate is statutorily set at the greater of 12.56 percent or the actuarially determined normal cost rate. When the 12.56 percent exceeds the normal cost rate, the excess is applied to the past service liability of the plan. The actuarially determined employer/state contribution rate for fiscal year 2012 was 45.55 percent (28.58 percent for pension costs and 16.97 percent for post-employment healthcare costs). The normal cost rate portion was 6.57 percent (2.42 percent for pension costs and 4.15 percent for post-employment healthcare costs) and the past service rate portion was 38.98 percent (26.16 percent for pension costs and 12.82 percent for post-employment healthcare costs). The Alaska Legislature appropriated $234,517,333 for the State's direct contribution.

The amounts contributed to the TRS defined benefit plan by the School District for the last three years ended June 30, 2012, 2011, and 2010 were $7,374,940, $7,607,419, and $7,615,146, respectively, equal to the required employer contributions for each year. For fiscal years 2012, 2011, and 2010, the TRS "on-behalf" payments allocated to the School District by the State were $22,767,876, $18,728,033, and $16,615,652, respectively. The School District contributed additional amounts to the defined benefit plan, beyond those required for defined benefit employees, through its payments to the defined contribution plan, as described in the next section.

The funding ratio as of June 30, 2011 (the most recent actuarial valuation) for the TRS defined benefit plan was 51.80 percent, up from 45.50 percent at June 30, 2010.

Contributions to the Defined Contribution Plan (Tier III)

The employee contribution rate for the defined contribution plan is 8.00 percent of eligible compensation. Effective July 1, 2008, the employer contribution rate is statutorily set at the same rate as the defined benefit plan. That rate is the greater of 12.56 percent or the actuarially determined normal cost rate of the defined benefit plan. The 12.56 percent rate for the defined contribution plan is comprised of five elements: 7.00 percent to each member's individual pension account, 0.68 percent into the retiree medical plan, 0.28 percent for occupational death and disability benefits, 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), and a residual contribution applied as a payment to the defined benefit plan's unfunded liability. The flat dollar amount per employee for fiscal year 2012 was $68.39 per pay period for full-time employees. The rate for part-time employees is based on the contract percentage worked multiplied by the flat dollar amount per pay period for full-time employees.

16. RETIREMENT PLANS (continued)

B. ALASKA TEACHERS' RETIREMENT SYSTEM (continued)

Contributions to the Defined Contribution Plan (Tier III) (continued)

The amounts paid by the School District to the TRS through the defined contribution plan for the fiscal year ended June 30, 2012 were $1,755,806. The employer residual contributions to the defined benefit plan's unfunded liability for fiscal year 2012 were $330,009. Employee contributions to the plan were $1,328,273 for fiscal year 2012.

17. CONTINGENCIES AND SUBSEQUENT EVENTS

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 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 on the circumstances and amount of a potential loss, an accrual may be made when the potential loss is only reasonably possible.

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

Due to disputes of the assessed valuations of the trans-Alaska pipeline system (TAPS), and related properties, taxes for fiscal years 2007, 2008, 2009, 2010, 2011, and 2012, were paid under protest by Alyeska Pipeline Service Company (pipeline owners). The Alaska Department of Revenue is responsible for setting the valuation. The Department's valuations were 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 (SARB) heard the appeals and sided with the municipalities. The owners appealed the Board's decisions to the Superior Court, and certain municipalities, including the Borough, cross-appealed. For the trials for the fiscal year 2007 (2006 tax year) and for fiscal years 2008, 2009, and 2010 (2007, 2008, and 2009 tax years) combined, final decisions were rendered setting the value favorable to the municipalities. Settlements of the TAPS valuation litigation by the Superior Court for tax year 2006, and tax years 2007, 2008, and 2009 combined, resulted in the Borough receiving $8.6 million and $10.5 million respectively, of combined property tax revenue and related interest and penalties for those tax years. Furthermore, the decision for the 2006 tax year also includes the recovery of attorney fees which were awarded and received during fiscal year 2012 in the amount of $976,000. The owners have appealed both decisions to the Alaska Supreme Court, and the Court has not yet issued its decision in these proceedings. The Borough Assembly has directed that receipts from the Superior Court's rulings be set aside in a Court account until final determination by the Alaska Supreme Court. The Court has approved the holding of fiscal year 2007 (2006 tax year) in a Rule 67 (Court account), but there has been no ruling on the request for a Court account for subsequent fiscal years 2008, 2009, and 2010 (2007, 2008, and 2009 tax years).

17. CONTINGENCIES AND SUBSEQUENT EVENTS (continued)

A. LITIGATION (continued)

No trial dates have been set for fiscal years 2011, 2012, or 2013 taxes paid under protest. Advance tax payments at June 30, 2012, for fiscal year 2013, included amounts again paid under protest by Alyeska Pipeline Service Company over the disputed assessed valuation of TAPS and related properties. In April 2012, the parties agreed to suspend any appeals before the SARB pending the outcome of the 2006 case before the Alaska Supreme Court.

During fiscal year 2012, the Alaska Supreme Court made final judgment on a property tax exemption appeal from 2006, in which Tanana Chiefs Conference (TCC) claimed the Borough failed to properly apply a charitable exemption to one or more portions of the TCC's properties. The Supreme Court ruled in favor of TCC on all issues. The Borough acknowledges a refund obligation to TCC and has recorded an estimated liability in the amount of $477,000 for payment of taxes to be refunded, penalty and interest to be refunded, Court interest, and attorneys' fees. Of this amount, $147,000 was collected on behalf of the City of Fairbanks and is recorded as a receivable from the City. The Court award of total property taxes to be refunded is approximately $88,000 more than what the Borough received in payments from TCC. The Borough has approached TCC regarding this discrepancy, but the matter has not yet been resolved.

B. GRANTS AND OTHER FINANCIAL ASSISTANCE

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Governmental Funds:

Combining Statements for Nonmajor Funds
General Fund
Special Revenue Funds
Debt Service Fund
Capital Projects Funds

Proprietary Funds:

Enterprise Funds
Internal Service Fund

Fiduciary Fund:

Agency Fund

GOVERNMENTAL FUNDS

Combining Statements

General Fund

Special Revenue Funds

Debt Service Fund

Capital Projects Funds

COMBINING STATEMENTS

These statements combine the **nonmajor governmental funds**.

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Governmental Funds

Combining Balance Sheet
June 30, 2012

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Assets			
Equity in central treasury cash	$14,860,875	$2,006,669	$16,867,544
Taxes receivable	196,684		196,684
Accounts receivable (net of allowance for uncollectibles - $1,045,752)	752,302		752,302
Due from governmental agencies	415,230	270,785	686,015
Assets total	$16,225,092	$2,277,454	$18,502,546
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$472,962	$245,123	$718,084
Interfund payables	248,734	31,595	280,329
Due to School District	46,904		46,904
Deposits from others	9,888		9,888
Deferred revenues	714,346		714,346
Unearned revenues	524,653		524,653
Liabilities total	2,017,486	276,718	2,294,204
Fund balances (deficit)			
Restricted	14,131,559	908,613	15,040,171
Committed	76,047	1,092,123	1,168,171
Fund balances (deficit) total	14,207,606	2,000,736	16,208,342
Liabilities and fund balances (deficit) total	$16,225,092	$2,277,454	$18,502,546

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2012

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Revenues			
Taxes	$9,833,172	$	$9,833,172
Intergovernmental revenues	2,319,206	471,305	2,790,511
Charges for services	2,258,899		2,258,899
Other revenues	514,448	28,865	543,312
Revenues total	14,925,725	500,169	15,425,895
Expenditures			
Current			
General government	1,824,579	45,413	1,869,993
Community planning	58,423		58,423
Public works	5,921,613	13,493	5,935,106
Parks and recreation	182,134	10,668	192,803
Library	175,817		175,817
Road and other service areas	112,206		112,206
Education	126,555	669	127,224
Emergency operations	4,013,058		4,013,058
Fire service areas	63		63
Capital outlay	96,970	785,058	882,028
Expenditures total	12,511,418	855,301	13,366,719
Excess (deficiency) of revenues over expenditures	2,414,307	(355,132)	2,059,175
Other financing sources (uses)			
Transfers in	233,034	535,166	768,199
Transfers out	(9,050,333)		(9,050,333)
Other financing sources (uses) total	(8,817,299)	535,166	(8,282,134)
Net change in fund balances	(6,402,992)	180,034	(6,222,958)
Fund balances (deficit), beginning	20,610,598	1,820,702	22,431,300
Fund balances (deficit), ending	$14,207,606	$2,000,736	$16,208,342

See accompanying notes to financial statements.

GENERAL FUND

The **General Fund** is always considered a major fund and is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund. Programs in the multi-year general subfund are of a non-capital, non-enterprise nature.

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FAIRBANKS NORTH STAR BOROUGH

General Fund

Combining Balance Sheet
June 30, 2012

	Operating	Multi-Year	Total General Fund
Assets			
Equity in central treasury cash	$54,417,829	$3,796,525	$58,214,354
Taxes receivable (net of allowance for uncollectibles - $646,943)	2,742,453		2,742,453
Accounts receivable (net of allowance for uncollectibles - $11,210)	30,592	21,302	51,893
Accrued interest receivable	16,449		16,449
Interfund receivable	2,034,850		2,034,850
Due from governmental agencies	521,096		521,096
Other assets	85,852		85,852
Notes receivable - land sales		534,685	534,685
Assets total	$59,849,121	$4,352,513	$64,201,633
Liabilities and Fund Balance			
Liabilities			
Accounts payable	$641,191	$81,347	$722,538
Wages and payroll taxes	1,331,291		1,331,291
Accrued self-insurance losses	1,345,894		1,345,894
Due to School District	7,602		7,602
Deposits from others	481,842	1,000	482,842
Deferred revenues	1,889,801	534,685	2,424,486
Unearned revenues	113,635		113,635
Advance tax payments	9,042,201		9,042,201
Liabilities total	14,853,455	617,032	15,470,487
Fund balances			
Restricted		375,978	375,978
Committed	20,812,354	3,359,502	24,171,856
Assigned	4,825,609		4,825,609
Unassigned	19,357,703		19,357,703
Fund balance total	44,995,666	3,735,481	48,731,147
Liabilities and fund balance total	$59,849,121	$4,352,513	$64,201,633

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

General Fund

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
June 30, 2012

	Operating	Multi-Year	Total General Fund
Revenues			
Taxes			
Property tax	$94,342,616	$	$94,342,616
Hotel-motel tax	1,921,094		1,921,094
Alcoholic beverage tax	1,044,069		1,044,069
Tobacco excise tax	1,503,265		1,503,265
Interest and penalties on taxes	3,412,372		3,412,372
Payment in lieu of taxes for privatized military housing	742,500		742,500
Taxes total	102,965,916		102,965,916
Intergovernmental revenues			
State of Alaska			
Aid for school construction	10,135,543		10,135,543
Aid to local government	5,045,901		5,045,901
Other shared revenue and assistance	480,557		480,557
Federal government			
Payment in lieu of taxes	420,248		420,248
Aid for debt service	113,635		113,635
Intergovernmental revenues total	16,195,884		16,195,884
Charges for services	1,931,462	70,420	2,001,882
Land sales and interest on land notes receivable		188,420	188,420
Other revenues			
Investment income, including net unrealized investment gains/losses	100,627	796	101,423
Indirect charges to grants	715,885		715,885
Various	153,345	975,880	1,129,225
Other revenues total	969,857	976,676	1,946,533
Revenues total	122,063,119	1,235,516	123,298,635

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
June 30, 2012

	Operating	Multi-Year	Total General Fund
Expenditures			
Current			
General government			
Non-departmental	$332,215	$	$332,215
Mayor	766,588	1,544,546	2,311,133
Assembly	1,549,474	22,479	1,571,952
Legal	949,512	2,181,237	3,130,749
Computer services	3,040,294	74,669	3,114,963
Financial services	2,956,192	261,801	3,217,993
Assessing	2,663,844		2,663,844
General services	1,270,179		1,270,179
Human resources	900,257	5,972	906,229
Land management	1,014,995	35,822	1,050,817
General government total	15,443,551	4,126,525	19,570,076
Community planning	2,040,915	2,663	2,043,578
Public works	6,180,452	42,278	6,222,730
Parks and recreation	6,920,799	47,395	6,968,194
Library	5,266,469		5,266,469
Education	47,359,300		47,359,300
Emergency operations	1,828,545		1,828,545
Capital outlay	392,862		392,862
Expenditures total	85,432,893	4,218,861	89,651,753

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
June 30, 2012

	Operating	Multi-Year	Total General Fund
Excess (deficiency) of revenues over expenditures	$36,630,227	($2,983,345)	$33,646,882
Other financing sources (uses)			
Transfers in			
Special revenue funds		324,000	324,000
Capital projects funds	677	171,324	172,000
Enterprise funds	1,000,000		1,000,000
General fund - multi-year	755,049	5,479,354	6,234,402
Transfers out			
Special revenue funds	(230,874)		(230,874)
Debt service fund	(14,484,800)		(14,484,800)
Capital projects funds	(442,735)	(696,326)	(1,139,061)
Enterprise funds	(6,828,620)		(6,828,620)
General fund - multi-year	(4,406,854)	(1,827,549)	(6,234,402)
Other financing sources (uses) total	(24,638,158)	3,450,803	(21,187,355)
Net change in fund balance	11,992,069	467,458	12,459,527
Fund balance, beginning	33,003,597	3,268,023	36,271,620
Fund balance, ending	$44,995,666	$3,735,481	$48,731,147

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

General Fund - Operating

Comparative Balance Sheet
June 30, 2012 and 2011

	2012	2011
Assets		
Equity in central treasury cash	$54,417,829	$42,892,220
Taxes receivable (net of allowance for uncollectibles 2012 - $646,943; 2011 - $613,167)	2,742,453	2,691,325
Accounts receivable (net of allowance for uncollectibles 2012 - $11,210; 2011 - $23,665)	30,592	72,856
Accrued interest receivable	16,449	11,778
Interfund receivable	2,034,850	1,956,654
Due from governmental agencies	521,096	554,111
Other assets	85,852	147,917
Assets total	$59,849,121	$48,326,861
Liabilities and Fund Balance		
Liabilities		
Accounts payable	$641,191	$919,248
Wages and payroll taxes	1,331,291	1,263,954
Accrued self-insurance losses	1,345,894	1,344,930
Due to School District	7,602	5,053
Deposits from others	481,842	149,436
Deferred revenues	1,889,801	1,885,086
Unearned revenues	113,635	
Advance tax payments	9,042,201	9,755,556
Liabilities total	14,853,455	15,323,264
Fund balances		
Committed	20,812,354	11,290,335
Assigned	4,825,609	5,271,233
Unassigned	19,357,703	16,442,029
Fund balance total	44,995,666	33,003,597
Liabilities and fund balance total	$59,849,121	$48,326,861

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

General Fund - Operating

Comparative Statement of Revenues and Expenditures
Budgetary Basis
June 30, 2012 and 2011

	2012	2011
Revenues		
Taxes		
Property tax	$94,342,616	$92,286,744
Hotel-motel tax	1,921,094	1,692,522
Alcoholic beverage tax	1,044,069	994,626
Tobacco excise tax	1,503,265	1,799,328
Interest and penalties on taxes	3,412,372	3,208,746
Payment in lieu of taxes for privatized military housing	742,500	742,500
Taxes total	102,965,916	100,724,466
Intergovernmental revenues		
State of Alaska		
Aid for school construction	10,135,543	9,167,996
Aid to local government	5,045,901	3,813,595
Other shared revenue and assistance	480,557	465,392
Grants		116,571
Federal government		
Payment in lieu of taxes	420,248	412,257
Aid for debt service	113,635	311,244
Intergovernmental revenues total	16,195,884	14,287,055
Charges for services	1,931,462	1,871,891
Charges to School District	1,583,869	1,494,920
Other revenues		
Charges to other funds	3,585,992	3,191,073
Investment income, including net unrealized investment gains/losses	100,627	66,830
Indirect charges to grants	715,885	638,142
Various	153,345	100,927
Other revenues total	4,555,849	3,996,973
Revenues total	127,232,980	122,375,305

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund - Operating

Comparative Statement of Revenues and Expenditures
Budgetary Basis
June 30, 2012 and 2011

	2012	2011
Expenditures		
Current		
General government		
Non-departmental	$312,015	$245,391
Mayor	868,731	946,839
Assembly	1,632,107	1,614,826
Legal	1,051,498	989,084
Computer services	3,559,942	3,439,177
Financial services	3,624,588	3,249,443
Assessing	2,630,346	2,510,051
General services	1,536,231	1,367,632
Human resources	3,130,233	2,834,635
Land management	1,035,050	1,043,868
General government total	19,380,741	18,240,944
Community planning	2,029,598	2,124,739
Public works	7,676,834	7,059,761
Parks and recreation	6,915,511	6,860,908
Library	5,036,011	5,004,018
Education	47,359,300	46,522,700
Emergency operations	1,814,132	2,094,023
Capital outlay	743,916	719,231
Expenditures total	90,956,044	88,626,325

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund - Operating

Comparative Statement of Revenues and Expenditures
Budgetary Basis
June 30, 2012 and 2011

	2012	2011
Excess (deficiency) of revenues over expenditures	$36,276,937	$33,748,980
Other financing sources (uses)		
Transfers in		
Special revenue funds		16,742
Capital projects funds	677	229
Enterprise funds	1,000,000	
General fund - multi-year	755,049	810,684
Transfers out		
Special revenue funds	(230,874)	(212,598)
Debt service fund	(14,484,800)	(13,471,850)
Capital projects funds	(442,735)	(3,764,969)
Enterprise funds	(6,828,620)	(5,646,084)
General fund - multi-year	(4,406,854)	(3,881,215)
Other financing sources (uses) total	(24,638,158)	(26,149,061)
Net change in fund balance	$11,638,779	$7,599,919

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

General Fund - Multi-Year

Program-Length Schedule of Revenues and Expenditures
Budget and Actual
From Inception and for Year Ended June 30, 2012

	Actual			Program Budgets	Variance from Program Budgets
	2012	Prior Years	Total		
Revenues					
Charges for services	$70,420	$52,175	$122,594	$114,190	$8,404
Land sales and interest on land notes receivable	188,420	762,790	951,210	237,540	713,670
Other revenues	976,676	40,449	1,017,125	1,029,706	(12,581)
Revenues total	1,235,516	855,414	2,090,929	1,381,436	709,494
Expenditures					
Current					
General government	4,126,525	4,207,368	8,333,893	10,776,400	2,442,507
Community planning	2,663	4,673	7,337	40,516	33,179
Public works	42,278	1,149	43,427	165,908	122,481
Parks and recreation	47,395	2,641	50,035	59,385	9,350
Emergency operations				100,240	100,240
Expenditures total	4,218,861	4,215,832	8,434,692	11,142,449	2,707,757
Excess (deficiency) of revenues over expenditures	(2,983,345)	(3,360,418)	(6,343,763)	(9,761,013)	3,417,250
Other financing sources (uses)					
Transfers in	5,974,677	8,599,348	14,574,026	12,360,278	2,213,747
Transfers out	(2,523,875)	(1,970,907)	(4,494,782)	(4,425,558)	(69,224)
Other financing sources (uses) total	3,450,803	6,628,441	10,079,243	7,934,720	2,144,523
Net change in fund balances	$467,458	$3,268,023	$3,735,481	($1,826,293)	$5,561,774

See accompanying notes to financial statements.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally and externally restricted to expenditure particular purposes of a non-capital nature.

NONMAJOR SPECIAL REVENUE FUNDS

State Grants Fund - This fund is used to account for grants, received directly from the State of Alaska, of a non-capital nature.

* * * * *

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

* * * * *

Federal Grants Fund- This fund is used to account for grants, received directly from the federal government, of a non-capital nature.

* * * * *

Local Programs Fund - This fund is used to account for local funds used for multi-fiscal year projects, of a non-capital nature.

* * * * *

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

* * * * *

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

* * * * *

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

MAJOR SPECIAL REVENUE FUNDS

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

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Special Revenue Funds

Combining Balance Sheet
June 30, 2012

	State Grants	Federal Pass-Through Grants	Federal Grants	Local Programs
Assets				
Equity in central treasury cash	$469,716	$3,835	$371,209	$3,380,703
Taxes receivable				
Accounts receivable (net of allowance for uncollectibles - $1,045,752)				
Due from governmental agencies	343,356	65,702	36	
Assets total	$813,072	$69,537	$371,245	$3,380,703
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$171,087	$416	$	$1,552
Interfund payables	190,645	58,052	36	
Due to School District	46,904			
Deposits from others				9,888
Deferred revenues				
Unearned revenues	174,872		349,781	
Liabilities total	583,508	58,469	349,817	11,439
Fund balances (deficit)				
Restricted	229,563	11,069	21,428	3,297,099
Committed				72,165
Fund balances (deficit) total	229,563	11,069	21,428	3,369,264
Liabilities and fund balances (deficit) total	$813,072	$69,537	$371,245	$3,380,703

See accompanying notes to financial statement.

Enhanced 911	Non-Areawide	Solid Waste Collection District	Library	Total Nonmajor Special Revenue Funds
$1,785,740	$2,375,425	$5,417,867	$1,056,378	$14,860,875
	55,307	141,378		196,684
219,409	532,893			752,302
	6,136			415,230
$2,005,150	$2,969,761	$5,559,245	$1,056,378	$16,225,092

$39,976	$21,598	$238,333	$	$472,962
				248,734
				46,904
				9,888
61,855	522,005	130,486		714,346
				524,653
101,831	543,603	368,819		2,017,486
1,903,319	2,426,158	5,190,426	1,052,496	14,131,559
			3,882	76,047
1,903,319	2,426,158	5,190,426	1,056,378	14,207,606
$2,005,150	$2,969,761	$5,559,245	$1,056,378	$16,225,092

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2012

	State Grants	Federal Pass-Through Grants	Federal Grants	Local Programs
Revenues				
Taxes	$	$	$	$
Intergovernmental revenues	1,271,836	495,880	431,490	
Charges for services				
Other revenues			498	464,382
Revenues total	1,271,836	495,880	431,989	464,382
Expenditures				
Current				
General government	1,217,677	54,830	431,989	23,034
Community planning		58,423		
Public works	14,852			
Parks and recreation	168,080			14,054
Library	32,829	125,780		17,208
Road and other service areas	112,206			
Education	126,555			
Emergency operations	9,000	157,993		
Fire service areas	63			
Capital outlay		92,660		4,310
Expenditures total	1,681,262	489,685	431,989	58,606
Excess (deficiency) of revenues over expenditures	(409,426)	6,195		405,775
Other financing sources (uses)				
Transfers in	209,446		21,428	
Transfers out				
Other financing sources (uses) total	209,446		21,428	
Net change in fund balances	(199,980)	6,195	21,428	405,775
Fund balances (deficit), beginning	429,543	4,873		2,963,489
Fund balances (deficit), ending	$229,563	$11,069	$21,428	$3,369,264

See accompanying notes to financial statement.

Enhanced 911	Non-Areawide	Solid Waste Collection District	Library	Total Nonmajor Special Revenue Funds
$	$2,800,790	$7,032,382	$	$9,833,172
	120,000			2,319,206
1,261,521	997,378			2,258,899
698			48,870	514,448
1,262,219	3,918,168	7,032,382	48,870	14,925,725
	97,049			1,824,579
				58,423
		5,906,761		5,921,613
				182,134
				175,817
				112,206
				126,555
1,062,663	2,783,403			4,013,058
				63
				96,970
1,062,663	2,880,452	5,906,761		12,511,418
199,556	1,037,716	1,125,621	48,870	2,414,307
			2,159	233,034
	(312,896)	(24,000)	(8,713,437)	(9,050,333)
	(312,896)	(24,000)	(8,711,278)	(8,817,299)
199,556	724,820	1,101,621	(8,662,408)	(6,402,992)
1,703,763	1,701,339	4,088,805	9,718,787	20,610,598
$1,903,319	$2,426,158	$5,190,426	$1,056,378	$14,207,606

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, 2012

	Actual			Program Budgets	Variance from Program Budgets
	2012	Prior Years	Total		
Revenues					
Intergovernmental - state	$1,271,836	$5,788,426	$7,060,262	$8,854,225	($1,793,962)
Revenues total	1,271,836	5,788,426	7,060,262	8,854,225	(1,793,962)
Expenditures					
Current					
General government	1,217,677	2,678,805	3,896,482	4,000,202	103,720
Community planning		149,962	149,962	250,000	100,038
Public works	14,852	160	15,012	22,663	7,651
Parks and recreation	168,080	67,105	235,185	1,121,842	886,657
Library	32,829	30,721	63,551	73,498	9,947
Road and other service areas	112,206	2,221,550	2,333,756	2,360,931	27,175
Education	126,555	294,007	420,562	856,000	435,438
Emergency operations	9,000	69,313	78,313	78,313	
Fire service areas	63		63	63	
Capital outlay				452,909	452,909
Expenditures total	1,681,262	5,511,625	7,192,887	9,216,421	2,023,534
Excess (deficiency) of revenues over expenditures	(409,426)	276,802	(132,625)	(362,196)	229,571
Other financing sources (uses)					
Transfers in	209,446	402,749	612,196	612,196	
Transfers out		(250,008)	(250,008)	(250,000)	(8)
Other financing sources (uses) total	209,446	152,741	362,188	362,196	(8)
Net change in fund balances	($199,980)	$429,543	$229,563	$	$229,563

See accompanying notes to financial statements.

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, 2012

	Actual			Program Budgets	Variance from Program Budgets
	2012	Prior Years	Total		
Revenues					
Intergovernmental - state	$495,880	$2,667,648	$3,163,529	$3,900,280	($736,751)
Revenues total	495,880	2,667,648	3,163,529	3,900,280	(736,751)
Expenditures					
Current					
General government	54,830	1,703,404	1,758,234	1,778,148	19,914
Community planning	58,423	229,341	287,764	431,037	143,273
Parks and recreation		12,796	12,796	74,697	61,902
Library	125,780	246,187	371,967	375,722	3,755
Emergency operations	157,993	400,995	558,987	974,084	415,097
Capital outlay	92,660	75,045	167,705	271,584	103,879
Expenditures total	489,685	2,667,767	3,157,452	3,905,272	747,820
Excess (deficiency) of revenues over expenditures	6,195	(119)	6,076	(4,993)	11,069
Other financing sources (uses)					
Transfers in		21,735	21,735	21,735	
Transfers out		(16,742)	(16,742)	(16,742)	
Other financing sources (uses) total		4,993	4,993	4,993	
Net change in fund balances	$6,195	$4,873	$11,069	$	$11,069

See accompanying notes to financial statements.

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, 2012

	Actual			Program Budgets	Variance from Program Budgets
	2012	Prior Years	Total		
Revenues					
Intergovernmental - state	$431,490	$500,409	$931,900	$2,086,964	($1,155,065)
Other revenues	498	1,042	1,540	4,000	(2,460)
Revenues total	431,989	501,451	933,440	2,090,964	(1,157,525)
Expenditures					
Current					
General government	431,989	82,133	514,121	1,185,428	671,307
Emergency operations		413,559	413,559	921,204	507,646
Capital outlay		5,760	5,760	5,760	
Expenditures total	431,989	501,451	933,440	2,112,392	1,178,953
Excess (deficiency) of revenues over expenditures				(21,428)	21,428
Other financing sources (uses)					
Transfers in	21,428		21,428	21,428	
Other financing sources (uses) total	21,428		21,428	21,428	
Net change in fund balances	$21,428	$	$21,428	$	$21,428

See accompanying notes to financial statements.

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, 2012

	Actual			Program Budgets	Variance from Program Budgets
	2012	Prior Years	Total		
Revenues					
Intergovernmental - local	$	$442,061	$442,061	$396,324	$45,737
Charges for services		41,214	41,214	62,800	(21,586)
Other revenues	464,382	5,380,380	5,844,762	4,446,247	1,398,515
Revenues total	464,382	5,863,655	6,328,037	4,905,371	1,422,666
Expenditures					
Current					
General government	23,034	5,128,660	5,151,694	6,931,198	1,779,504
Community planning		86,244	86,244	86,244	
Public works		646,860	646,860	646,860	
Parks and recreation	14,054	491,392	505,446	546,229	40,783
Library	17,208	156,192	173,400	192,448	19,048
Education		25,986	25,986	25,986	
Emergency operations		72,379	72,379	86,260	13,881
Fire service areas		158	158	158	
Capital outlay	4,310	349,422	353,731	670,276	316,544
Expenditures total	58,606	6,957,291	7,015,897	9,185,658	2,169,761
Excess (deficiency) of revenues over expenditures	405,775	(1,093,636)	(687,860)	(4,280,287)	3,592,427
Other financing sources (uses)					
Transfers in		20,037,493	20,037,493	16,760,881	3,276,612
Transfers out		(15,530,479)	(15,530,479)	(15,530,479)	
Other financing sources (uses) total		4,507,014	4,507,014	1,230,402	3,276,612
Net change in fund balances	$405,775	$3,413,379	$3,819,154	($3,049,885)	$6,869,039

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Enhanced 911

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
Years Ended June 30, 2012 and 2011

	2012	2011
Revenues		
Charges for services	$1,261,521	$1,049,113
Other revenues	698	949
Revenues total	1,262,219	1,050,062
Expenditures		
Current		
Emergency operations	1,062,663	1,050,305
Expenditures total	1,062,663	1,050,305
Excess (deficiency) of revenues over expenditures	199,556	(243)
Fund balance, beginning	1,703,763	1,704,005
Fund balance, ending	$1,903,319	$1,703,763

See accompanying notes to financial statements.

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, 2012

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance from Budget-Positive (Negative)
Revenues					
Charges for services	$1,248,790	$1,261,521	$	$1,261,521	$12,731
Other revenues	3,890	698		698	(3,192)
Revenues total	1,252,680	1,262,219		1,262,219	9,539
Expenditures					
Current					
Emergency operations	1,144,450	1,062,663	(5,000)	1,057,663	86,787
Expenditures total	1,144,450	1,062,663	(5,000)	1,057,663	86,787
Excess (deficiency) of revenues over expenditures	$108,230	199,556	$5,000	$204,556	$96,326
Fund balance, beginning		1,703,763			
Fund balance, ending		$1,903,319			

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Non-Areawide

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
Years Ended June 30, 2012 and 2011

	2012	2011
Revenues		
Taxes	$2,800,790	$2,180,880
Intergovernmental revenues	120,000	
Charges for services	997,378	1,072,071
Other revenues		1,505
Revenues total	3,918,168	3,254,457
Expenditures		
Current		
General government	97,049	55,634
Emergency operations	2,783,403	2,169,097
Expenditures total	2,880,452	2,224,731
Excess (deficiency) of revenues over expenditures	1,037,716	1,029,725
Other financing sources (uses)		
Transfers out	(312,896)	(300,000)
Net change in fund balance	724,820	729,725
Fund balance, beginning	1,701,339	971,613
Fund balance, ending	$2,426,158	$1,701,339

See accompanying notes to financial statements.

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, 2012

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance from Budget-Positive (Negative)
Revenues					
Taxes	$2,525,200	$2,800,790	$	$2,800,790	$275,590
Intergovernmental - state	125,000	120,000		120,000	(5,000)
Charges for services	990,450	997,378		997,378	6,928
Revenues total	3,640,650	3,918,168		3,918,168	277,518
Expenditures					
Current					
General government	153,950	97,049	3,160	100,209	53,741
Emergency operations	2,933,202	2,783,403	(4,200)	2,779,203	153,999
Capital outlay	4,488		4,466	4,466	22
Expenditures total	3,091,640	2,880,452	3,426	2,883,878	207,762
Excess (deficiency) of revenues over expenditures	549,010	1,037,716	(3,426)	1,034,290	485,280
Other financing sources (uses)					
Transfers out	(312,896)	(312,896)		(312,896)	
Net change in fund balance	$236,114	724,820	($3,426)	$721,394	$485,280
Fund balance, beginning		1,701,339			
Fund balance, ending		$2,426,158			

See accompanying notes to financial statements.

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, 2012 and 2011

	2012	2011
Revenues		
Taxes	$7,032,382	$6,548,671
Revenues total	7,032,382	6,548,671
Expenditures		
Current		
Public works	5,906,761	5,596,615
Expenditures total	5,906,761	5,596,615
Excess (deficiency) of revenues over expenditures	1,125,621	952,056
Other financing sources (uses)		
Transfers out	(24,000)	
Net change in fund balance	1,101,621	952,056
Fund balance, beginning	4,088,805	3,136,749
Fund balance, ending	$5,190,426	$4,088,805

See accompanying notes to financial statements.

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, 2012

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance from Budget-Positive (Negative)
Revenues					
Taxes	$6,276,730	$7,032,382	$	$7,032,382	$755,652
Revenues total	6,276,730	7,032,382		7,032,382	755,652
Expenditures					
Current					
Public works	6,375,980	5,906,761		5,906,761	469,219
Expenditures total	6,375,980	5,906,761		5,906,761	469,219
Excess (deficiency) of revenues over expenditures	(99,250)	1,125,621		1,125,621	1,224,871
Other financing sources (uses)					
Transfers out	(24,000)	(24,000)		(24,000)	
Net change in fund balance	($123,250)	1,101,621	$	$1,101,621	$1,224,871
Fund balance, beginning		4,088,805			
Fund balance, ending		$5,190,426			

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Library

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
Years Ended June 30, 2012 and 2011

	2012	2011
Revenues		
Investment income	$3,882	$5,350
Donations	44,988	
Revenues total	48,870	5,350
Expenditures		
Excess (deficiency) of revenues over expenditures	48,870	5,350
Other financing sources (uses)		
Transfers in	2,159	
Transfers out	(8,713,437)	
Other financing sources (uses) total	(8,711,278)	
Net change in fund balance	(8,662,408)	5,350
Fund balance, beginning	9,718,787	9,713,437
Fund balance, ending	$1,056,378	$9,718,787

See accompanying notes to financial statements.

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FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2012
With Comparative Totals for June 30, 2011

	Air Park	Airway	Arctic Fox	Aztec
Assets				
Equity in central treasury cash	$7,534	$53,017	$37,776	$80,997
Taxes receivable		298	1,590	706
Assets total	$7,534	$53,315	$39,366	$81,703
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$	$	$1,590	$
Interfund payables				
Deferred revenues		298	1,590	620
Liabilities total		298	3,180	620
Fund balances (deficit)				
Restricted	7,534	53,017	36,186	81,082
Fund balances (deficit) total	7,534	53,017	36,186	81,082
Liabilities and fund balances (deficit) total	$7,534	$53,315	$39,366	$81,703

See accompanying notes to financial statements.

Ballaine Lake Sewer & Water	Bear's Den Road	Becker Ridge	Birch Hill	Bluebird Road
$46,932	$598	$187,419	$331,322	$30,070
6,821		4,290	828	
$53,753	$598	$191,708	$332,150	$30,070
$	$	$6,463	$40,567	$
6,121		2,768	828	
6,121		9,231	41,395	
47,632	598	182,477	290,755	30,070
47,632	598	182,477	290,755	30,070
$53,753	$598	$191,708	$332,150	$30,070

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2012
With Comparative Totals for June 30, 2011

	Borda Road	Brookside	Chena Goldstream Volunteer Fire	Chena Hills Road
Assets				
Equity in central treasury cash	$129,135	$41,550	$747,573	$87,033
Taxes receivable	424	231	15,827	206
Assets total	$129,559	$41,780	$763,400	$87,239
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$1,467	$	$	$16,082
Interfund payables				
Deferred revenues	424	219	13,416	112
Liabilities total	1,891	219	13,416	16,195
Fund balances (deficit)				
Restricted	127,669	41,562	749,984	71,044
Fund balances (deficit) total	127,669	41,562	749,984	71,044
Liabilities and fund balances (deficit) total	$129,559	$41,780	$763,400	$87,239

See accompanying notes to financial statements.

Chena Hot Springs II	Chena Marina	Chena Point Road	Chena Spur	Cleary Summit
$211	$48,709	$149,772	$136,847	$1,187
	476	651	302	24
$211	$49,185	$150,423	$137,149	$1,211
$	$	$73,982	$34,743	$
	470	527	207	24
	470	74,508	34,950	24
211	48,716	75,914	102,199	1,187
211	48,716	75,914	102,199	1,187
$211	$49,185	$150,423	$137,149	$1,211

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2012
With Comparative Totals for June 30, 2011

	College	College Hills	Cooper Estates	Cordes Drive
Assets				
Equity in central treasury cash	$2,617,986	$25,258	$94,264	$38,474
Taxes receivable	7,396	1,217	1,230	426
Assets total	$2,625,382	$26,475	$95,494	$38,900
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$8,394	$5,100	$	$
Interfund payables				
Deferred revenues	7,151	230	1,230	426
Liabilities total	15,545	5,330	1,230	426
Fund balances (deficit)				
Restricted	2,609,837	21,145	94,264	38,474
Fund balances (deficit) total	2,609,837	21,145	94,264	38,474
Liabilities and fund balances (deficit) total	$2,625,382	$26,475	$95,494	$38,900

See accompanying notes to financial statements.

Cripple Creek	Deep Forest	Diane Subdivision	Drake Estates	Edanella Heights Road
$144,774	$30,954	$28,056	$24,157	$54,794
1,713				374
$146,487	$30,954	$28,056	$24,157	$55,168
$	$	$	$931	$11,424
1,713				374
1,713			931	11,798
144,774	30,954	28,056	23,227	43,370
144,774	30,954	28,056	23,227	43,370
$146,487	$30,954	$28,056	$24,157	$55,168

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2012
With Comparative Totals for June 30, 2011

	Ester Lump Road	Ester Volunteer Fire	Fairfields	Fairhill
Assets				
Equity in central treasury cash	$91,454	$157,258	$68,774	$19,002
Taxes receivable		7,448		592
Assets total	$91,454	$164,706	$68,774	$19,594
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$	$	$5,633	$
Interfund payables				
Deferred revenues		7,143		555
Liabilities total		7,143	5,633	555
Fund balances (deficit)				
Restricted	91,454	157,563	63,141	19,039
Fund balances (deficit) total	91,454	157,563	63,141	19,039
Liabilities and fund balances (deficit) total	$91,454	$164,706	$68,774	$19,594

See accompanying notes to financial statements.

Fairwest	Garden	Golden Valley Road	Goldstream Alaska	Goldstream Moose Creek
$205,822	$200,599	$10,046	$55,269	$72,446
	312	744	1,277	
$205,822	$200,912	$10,790	$56,546	$72,446
$5	$5,260	$	$	$
	312	744	1,139	
5	5,572	744	1,139	
205,817	195,339	10,046	55,407	72,446
205,817	195,339	10,046	55,407	72,446
$205,822	$200,912	$10,790	$56,546	$72,446

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2012
With Comparative Totals for June 30, 2011

	Gordon	Granola Estates	Grieme Road	Haystack
Assets				
Equity in central treasury cash	$305,977	$33,067	$83,045	$27,493
Taxes receivable	999	134	432	2,649
Assets total	$306,976	$33,201	$83,477	$30,142
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$	$	$	$10,883
Interfund payables				
Deferred revenues	999	98	432	2,624
Liabilities total	999	98	432	13,507
Fund balances (deficit)				
Restricted	305,977	33,103	83,045	16,636
Fund balances (deficit) total	305,977	33,103	83,045	16,636
Liabilities and fund balances (deficit) total	$306,976	$33,201	$83,477	$30,142

See accompanying notes to financial statements.

Herning Hills	Hopeless	Horseshoe Downs	Jennifer Drive	Jones Road
$67,759	$67,903	$10,647	$9,918	$83,948
751	399	910		676
$68,510	$68,302	$11,558	$9,918	$84,624

$	$1,280	$	$	$
751	399	910		676
751	1,679	910		676
67,759	66,623	10,647	9,918	83,948
67,759	66,623	10,647	9,918	83,948
$68,510	$68,302	$11,558	$9,918	$84,624

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2012
With Comparative Totals for June 30, 2011

	Joy Road	Keeney Road	Kendall	Keystone
Assets				
Equity in central treasury cash	$31,010	$9,732	$70,648	$79,436
Taxes receivable	704	117	334	451
Assets total	$31,715	$9,849	$70,981	$79,887
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$895	$	$	$5,868
Interfund payables				
Deferred revenues	704	117	334	451
Liabilities total	1,599	117	334	6,319
Fund balances (deficit)				
Restricted	30,115	9,732	70,648	73,568
Fund balances (deficit) total	30,115	9,732	70,648	73,568
Liabilities and fund balances (deficit) total	$31,715	$9,849	$70,981	$79,887

See accompanying notes to financial statements.

Kris Kringle	Lakloey Hill	Lee Lane	Loose Moose	Martin
$76,854	$99,078	$24,309	$4,165	$32,723
	229	55	1,100	2,404
$76,854	$99,307	$24,364	$5,265	$35,127

$	$	$	$	$15,840
	229	55	946	2,404
	229	55	946	18,244
76,854	99,078	24,309	4,319	16,883
76,854	99,078	24,309	4,319	16,883
$76,854	$99,307	$24,364	$5,265	$35,127

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2012
With Comparative Totals for June 30, 2011

	McCloud	McGrath Estates	McKinley View	Mellow Woods Road
Assets				
Equity in central treasury cash	$96,666	$196,108	$12,831	$74,725
Taxes receivable	2,697	1,422		
Assets total	$99,363	$197,530	$12,831	$74,725
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$	$7,865	$	$
Interfund payables				
Deferred revenues	2,558	1,408		
Liabilities total	2,558	9,273		
Fund balances (deficit)				
Restricted	96,805	188,258	12,831	74,725
Fund balances (deficit) total	96,805	188,258	12,831	74,725
Liabilities and fund balances (deficit) total	$99,363	$197,530	$12,831	$74,725

See accompanying notes to financial statements.

Miller Hill Extension	Moose Creek	Moose Meadows	Mt. View	Murphy
$87,528	$39,890	$131,493	$87,521	$18,878
1,054	315	2,391	177	475
$88,582	$40,205	$133,884	$87,698	$19,353
$	$	$	$7,726	$1,020
660	315	2,357	177	475
660	315	2,357	7,903	1,495
87,921	39,890	131,528	79,795	17,858
87,921	39,890	131,528	79,795	17,858
$88,582	$40,205	$133,884	$87,698	$19,353

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2012
With Comparative Totals for June 30, 2011

	Musk Ox	Newby Park	North Ridge	North Star Volunteer Fire
Assets				
Equity in central treasury cash	$56,057	$14,594	$32,560	$694,550
Taxes receivable	146	178		52,799
Assets total	$56,202	$14,772	$32,560	$747,349
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$350	$	$	$
Interfund payables				
Deferred revenues	146	178		48,494
Liabilities total	496	178		48,494
Fund balances (deficit)				
Restricted	55,707	14,594	32,560	698,855
Fund balances (deficit) total	55,707	14,594	32,560	698,855
Liabilities and fund balances (deficit) total	$56,202	$14,772	$32,560	$747,349

See accompanying notes to financial statements.

O'Connor Creek	Old Wood Road	Our	Parksridge	Peede Country Estates
$524,112	$31,368	$9,130	$59,238	$24,314
318	656		471	505
$524,430	$32,025	$9,130	$59,709	$24,819
$73,970	$	$	$	$
318	656		471	505
74,288	656		471	505
450,142	31,368	9,130	59,238	24,314
450,142	31,368	9,130	59,238	24,314
$524,430	$32,025	$9,130	$59,709	$24,819

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2012
With Comparative Totals for June 30, 2011

	Pine Stream	Pleasureland	Polar Heights	Potlatch
Assets				
Equity in central treasury cash	$113,331	$23,716	$42,534	$20,721
Taxes receivable	153	855	500	177
Assets total	$113,484	$24,571	$43,034	$20,898
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$	$	$1,872	$
Interfund payables				
Deferred revenues	153	855	500	42
Liabilities total	153	855	2,372	42
Fund balances (deficit)				
Restricted	113,331	23,716	40,661	20,856
Fund balances (deficit) total	113,331	23,716	40,661	20,856
Liabilities and fund balances (deficit) total	$113,484	$24,571	$43,034	$20,898

See accompanying notes to financial statements.

Prospect Park	Reed Acres Road	Ridgecrest	Salchaket Heights	Scenic Heights
$32,266	$60,929 734	$3,019	$8,791 309	$111,272
$32,266	$61,663	$3,019	$9,100	$111,272

$	$	$	$	$
	667		309	
	667		309	
32,266	60,996	3,019	8,791	111,272
32,266	60,996	3,019	8,791	111,272
$32,266	$61,663	$3,019	$9,100	$111,272

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2012
With Comparative Totals for June 30, 2011

	Seavy	Secluded Acres	Serendipity Hill	Six Mile Village Road
Assets				
Equity in central treasury cash	$61,339	$43,174	$37,716	$47,349
Taxes receivable	184	22		728
Assets total	$61,523	$43,196	$37,716	$48,077
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$881	$2,500	$	$
Interfund payables				
Deferred revenues	184	22		494
Liabilities total	1,065	2,522		494
Fund balances (deficit)				
Restricted	60,458	40,674	37,716	47,583
Fund balances (deficit) total	60,458	40,674	37,716	47,583
Liabilities and fund balances (deficit) total	$61,523	$43,196	$37,716	$48,077

See accompanying notes to financial statements.

Smallwood Trail Road	Smith Ranch	Spring Glade	Spruce Acres	Steamboat Landing
$29,934	$148,975	$99,082	$29,046	$20,834
	102	43	574	2,483
$29,934	$149,077	$99,125	$29,619	$23,317
$	$	$1,642	$	$
	102	43	574	1,918
	102	1,685	574	1,918
29,934	148,975	97,440	29,046	21,398
29,934	148,975	97,440	29,046	21,398
$29,934	$149,077	$99,125	$29,619	$23,317

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2012
With Comparative Totals for June 30, 2011

	Steese Volunteer Fire	Straight Creek	Summerwood	Summit Drive
Assets				
Equity in central treasury cash	$487,580	$19,962	$181,870	$383,857
Taxes receivable	30,202	149	849	372
Assets total	$517,782	$20,111	$182,720	$384,229
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$	$	$1,320	$
Interfund payables				
Deferred revenues	28,070	149	786	372
Liabilities total	28,070	149	2,106	372
Fund balances (deficit)				
Restricted	489,712	19,962	180,614	383,857
Fund balances (deficit) total	489,712	19,962	180,614	383,857
Liabilities and fund balances (deficit) total	$517,782	$20,111	$182,720	$384,229

See accompanying notes to financial statements.

Sunny Hills Terrace	Sunrise	Tan Terra	Thomas	Timberlane Road
$155,363	$71,026	$44,612	$13,647	$33,848
	449	8	2,228	45
$155,363	$71,476	$44,620	$15,876	$33,893
$15,151	$	$	$	$
	449	8	764	45
15,151	449	8	764	45
140,212	71,026	44,612	15,112	33,848
140,212	71,026	44,612	15,112	33,848
$155,363	$71,476	$44,620	$15,876	$33,893

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2012
With Comparative Totals for June 30, 2011

	Tungsten	Twenty Three Mile Slough	Ullrhaven	University Fire
Assets				
Equity in central treasury cash	$77,930	$85,489	$20,308	$3,165,870
Taxes receivable	923	5,630		37,470
Assets total	$78,854	$91,119	$20,308	$3,203,340
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$3,556	$910	$	$
Interfund payables				
Deferred revenues	135	5,630		33,237
Liabilities total	3,691	6,540		33,237
Fund balances (deficit)				
Restricted	75,163	84,579	20,308	3,170,103
Fund balances (deficit) total	75,163	84,579	20,308	3,170,103
Liabilities and fund balances (deficit) total	$78,854	$91,119	$20,308	$3,203,340

See accompanying notes to financial statements.

University Heights	University West Street Light	Vienna Wood	Viewpointe	Violet Drive
$77,486	$206,399 669	$38,182	$138,538	$103,423 896
$77,486	$207,068	$38,182	$138,538	$104,319
$350	$15,984	$	$	$11,361
	669			896
350	16,653			12,257
77,136	190,414	38,182	138,538	92,062
77,136	190,414	38,182	138,538	92,062
$77,486	$207,068	$38,182	$138,538	$104,319

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2012
With Comparative Totals for June 30, 2011

	Vista Gold Road	Vue Crest	Whitman	Wildview
Assets				
Equity in central treasury cash	$74,400	$136,572	$25,088	$532,996
Taxes receivable	694	267	75	2,370
Assets total	$75,094	$136,839	$25,163	$535,367
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$22,372	$4,492	$5,640	$12,910
Interfund payables				
Deferred revenues	588	267	75	2,370
Liabilities total	22,960	4,759	5,715	15,280
Fund balances (deficit)				
Restricted	52,134	132,080	19,448	520,086
Fund balances (deficit) total	52,134	132,080	19,448	520,086
Liabilities and fund balances (deficit) total	$75,094	$136,839	$25,163	$535,367

See accompanying notes to financial statements.

		Totals	
Woodland	Yak Road	2012	2011
$7,743	$172,101	$16,554,665	$15,441,569
	538	222,050	220,400
$7,743	$172,639	$16,776,714	$15,661,969
$780	$17,300	$456,361	330,626
			123,401
	459	200,320	204,076
780	17,759	656,682	658,103
6,963	154,880	16,120,033	15,003,866
6,963	154,880	16,120,033	15,003,866
$7,743	$172,639	$16,776,714	15,661,969

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2012
With Comparative Totals for June 30, 2011

	Air Park	Airway	Arctic Fox	Aztec
Revenues				
Taxes	$	$12,447	$4,649	$21,950
Other revenues	3	21	15	32
Revenues total	3	12,468	4,664	21,982
Expenditures				
Current				
Road and other service areas	730	4,509	3,476	13,199
Fire service areas				
Capital outlay				
Expenditures total	730	4,509	3,476	13,199
Excess (deficiency) of revenues over expenditures	(727)	7,959	1,188	8,784
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	(727)	7,959	1,188	8,784
Fund balances (deficit), beginning	8,261	45,058	34,997	72,299
Fund balances (deficit), ending	$7,534	$53,017	$36,186	$81,082

See accompanying notes to financial statements.

Ballaine Lake Sewer & Water	Bear's Den Road	Becker Ridge	Birch Hill	Bluebird Road
$25,162	$	$112,097	$114,312	$6,450
18		84	131	12
25,181		112,181	114,444	6,462
9,725	650	123,859	96,224	2,712
9,725	650	123,859	96,224	2,712
15,456	(650)	(11,677)	18,220	3,750
15,456	(650)	(11,677)	18,220	3,750
32,176	1,248	194,154	272,535	26,320
$47,632	$598	$182,477	$290,755	$30,070

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2012
With Comparative Totals for June 30, 2011

	Borda Road	Brookside	Chena Goldstream Volunteer Fire	Chena Hills Road
Revenues				
Taxes	$28,844	$8,266	$1,037,701	$99,433
Other revenues	52	17	6,187	2,355
Revenues total	28,897	8,283	1,043,888	101,788
Expenditures				
Current				
Road and other service areas	14,216	6,520		123,390
Fire service areas			894,461	
Capital outlay				
Expenditures total	14,216	6,520	894,461	123,390
Excess (deficiency) of revenues over expenditures	14,681	1,764	149,427	(21,602)
Other financing sources (uses)				
Transfers in				
Transfers out			(20,000)	
Other financing sources (uses) total			(20,000)	
Net change in fund balances	14,681	1,764	129,427	(21,602)
Fund balances (deficit), beginning	112,988	39,798	620,557	92,646
Fund balances (deficit), ending	$127,669	$41,562	$749,984	$71,044

See accompanying notes to financial statements.

Chena Hot Springs II	Chena Marina	Chena Point Road	Chena Spur	Cleary Summit
$654	$22,211 29	$109,644 87	$42,249 58	$588
654	22,241	109,731	42,307	588
590	20,482	111,701	48,273	600
590	20,482	111,701	48,273	600
64	1,759	(1,970)	(5,966)	(12)
		(12,000)		
		(12,000)		
64	1,759	(13,970)	(5,966)	(12)
147	46,957	89,884	108,165	1,199
$211	$48,716	$75,914	$102,199	$1,187

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2012
With Comparative Totals for June 30, 2011

	College	College Hills	Cooper Estates	Cordes Drive
Revenues				
Taxes	$511,685	$26,392	$25,921	$25,612
Other revenues	12,465	11	61	17
Revenues total	524,150	26,403	25,982	25,629
Expenditures				
Current				
Road and other service areas	316,545	16,007	16,089	21,957
Fire service areas				
Capital outlay				
Expenditures total	316,545	16,007	16,089	21,957
Excess (deficiency) of revenues over expenditures	207,605	10,396	9,893	3,672
Other financing sources (uses)				
Transfers in				
Transfers out	(50,000)		(15,000)	
Other financing sources (uses) total	(50,000)		(15,000)	
Net change in fund balances	157,605	10,396	(5,107)	3,672
Fund balances (deficit), beginning	2,452,232	10,749	99,371	34,802
Fund balances (deficit), ending	$2,609,837	$21,145	$94,264	$38,474

See accompanying notes to financial statements.

Cripple Creek	Deep Forest	Diane Subdivision	Drake Estates	Edanella Heights Road
$66,780	$20,813	$3,642	$8,073	$30,806
81	12	23	10	26
66,861	20,825	3,665	8,083	30,832
39,059	16,937	2,119	8,184	30,577
39,059	16,937	2,119	8,184	30,577
27,802	3,888	1,546	(102)	254
(50,000)				
(50,000)				
(22,198)	3,888	1,546	(102)	254
166,973	27,066	26,510	23,328	43,115
$144,774	$30,954	$28,056	$23,227	$43,370

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2012
With Comparative Totals for June 30, 2011

	Ester Lump Road	Ester Volunteer Fire	Fairfields	Fairhill
Revenues				
Taxes	$31,697	$394,995	$15,663	$22,768
Other revenues	39	27,372	28	25
Revenues total	31,736	422,367	15,691	22,794
Expenditures				
Current				
Road and other service areas	26,988		14,914	7,574
Fire service areas		382,751		
Capital outlay				
Expenditures total	26,988	382,751	14,914	7,574
Excess (deficiency) of revenues over expenditures	4,748	39,615	777	15,220
Other financing sources (uses)				
Transfers in				
Transfers out		(225,000)		(46,220)
Other financing sources (uses) total		(225,000)		(46,220)
Net change in fund balances	4,748	(185,385)	777	(31,000)
Fund balances (deficit), beginning	86,706	342,948	62,364	50,039
Fund balances (deficit), ending	$91,454	$157,563	$63,141	$19,039

See accompanying notes to financial statements.

Fairwest	Garden	Golden Valley Road	Goldstream Alaska	Goldstream Moose Creek
$23,297	$40,250	$15,401	$26,629	$53,790
102	78	11	37	36
23,399	40,328	15,413	26,666	53,825
5,533	9,441	5,961	57,009	37,812
5,533	9,441	5,961	57,009	37,812
17,866	30,887	9,452	(30,343)	16,014
		5,290		
(50,000)				
(50,000)		5,290		
(32,134)	30,887	14,742	(30,343)	16,014
237,951	164,452	(4,696)	85,749	56,433
$205,817	$195,339	$10,046	$55,407	$72,446

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2012
With Comparative Totals for June 30, 2011

	Gordon	Granola Estates	Grieme Road	Haystack
Revenues				
Taxes	$54,368	$4,832	$20,486	$38,634
Other revenues	126	14	2,033	41
Revenues total	54,494	4,846	22,519	38,675
Expenditures				
Current				
Road and other service areas	37,850	5,282	9,383	32,429
Fire service areas				
Capital outlay				
Expenditures total	37,850	5,282	9,383	32,429
Excess (deficiency) of revenues over expenditures	16,643	(436)	13,136	6,246
Other financing sources (uses)				
Transfers in				
Transfers out				(20,000)
Other financing sources (uses) total				(20,000)
Net change in fund balances	16,643	(436)	13,136	(13,754)
Fund balances (deficit), beginning	289,333	33,539	69,909	30,389
Fund balances (deficit), ending	$305,977	$33,103	$83,045	$16,636

See accompanying notes to financial statements.

Herning Hills	Hopeless	Horseshoe Downs	Jennifer Drive	Jones Road
$26,424	$23,007	$17,026	$5,566	$62,645
29	29	6	4	36
26,454	23,035	17,032	5,570	62,681
23,293	15,579	16,785	1,557	56,956
23,293	15,579	16,785	1,557	56,956
3,160	7,456	247	4,013	5,725
25,000				
25,000				
28,160	7,456	247	4,013	5,725
39,599	59,166	10,401	5,905	78,223
$67,759	$66,623	$10,647	$9,918	$83,948

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2012
With Comparative Totals for June 30, 2011

	Joy Road	Keeney Road	Kendall	Keystone
Revenues				
Taxes	$7,680	$2,099	$10,682	$15,068
Other revenues	15	4	29	33
Revenues total	7,694	2,103	10,711	15,100
Expenditures				
Current				
Road and other service areas	4,828	1,170	10,372	15,536
Fire service areas				
Capital outlay				
Expenditures total	4,828	1,170	10,372	15,536
Excess (deficiency) of revenues over expenditures	2,866	933	339	(436)
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	2,866	933	339	(436)
Fund balances (deficit), beginning	27,249	8,798	70,308	74,004
Fund balances (deficit), ending	$30,115	$9,732	$70,648	$73,568

See accompanying notes to financial statements.

Kris Kringle	Lakloey Hill	Lee Lane	Loose Moose	Martin
$13,660	$35,959	$6,189	$6,320	$33,044
31	56	12	5	30
13,690	36,016	6,201	6,326	33,074
5,529	22,297	10,948	17,368	33,392
5,529	22,297	10,948	17,368	33,392
8,161	13,719	(4,747)	(11,042)	(319)
	(42,100)			(38,060)
	(42,100)			(38,060)
8,161	(28,381)	(4,747)	(11,042)	(38,379)
68,693	127,460	29,056	15,361	55,262
$76,854	$99,078	$24,309	$4,319	$16,883

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2012
With Comparative Totals for June 30, 2011

	McCloud	McGrath Estates	McKinley View	Mellow Woods Road
Revenues				
Taxes	$19,968	$67,942	$7,202	$15,785
Other revenues	41	81	14	32
Revenues total	20,009	68,023	7,216	15,817
Expenditures				
Current				
Road and other service areas	14,025	65,327	3,420	10,383
Fire service areas				
Capital outlay				
Expenditures total	14,025	65,327	3,420	10,383
Excess (deficiency) of revenues over expenditures	5,985	2,696	3,796	5,434
Other financing sources (uses)				
Transfers in				
Transfers out			(23,360)	
Other financing sources (uses) total			(23,360)	
Net change in fund balances	5,985	2,696	(19,564)	5,434
Fund balances (deficit), beginning	90,821	185,562	32,394	69,291
Fund balances (deficit), ending	$96,805	$188,258	$12,831	$74,725

See accompanying notes to financial statements.

Miller Hill Extension	Moose Creek	Moose Meadows	Mt. View	Murphy
$62,712	$22,354	$74,866	$26,341	$14,582
50	29	129	54	17
62,762	22,383	74,996	26,395	14,600
42,233	29,681	102,178	23,581	17,840
42,233	29,681	102,178	23,581	17,840
20,528	(7,298)	(27,183)	2,814	(3,240)
				39,060
(16,350)			(45,000)	(39,060)
(16,350)			(45,000)	
4,178	(7,298)	(27,183)	(42,186)	(3,240)
83,743	47,188	158,710	121,981	21,098
$87,921	$39,890	$131,528	$79,795	$17,858

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2012
With Comparative Totals for June 30, 2011

	Musk Ox	Newby Park	North Ridge	North Star Volunteer Fire
Revenues				
Taxes	$35,199	$16,487	$11,613	$1,731,505
Other revenues	27	6	14	65,445
Revenues total	35,226	16,493	11,627	1,796,949
Expenditures				
Current				
Road and other service areas	49,690	9,131	8,900	
Fire service areas				1,542,419
Capital outlay				
Expenditures total	49,690	9,131	8,900	1,542,419
Excess (deficiency) of revenues over expenditures	(14,463)	7,362	2,726	254,531
Other financing sources (uses)				
Transfers in				
Transfers out				(125,000)
Other financing sources (uses) total				(125,000)
Net change in fund balances	(14,463)	7,362	2,726	129,531
Fund balances (deficit), beginning	70,170	7,233	29,833	569,324
Fund balances (deficit), ending	$55,707	$14,594	$32,560	$698,855

See accompanying notes to financial statements.

O'Connor Creek	Old Wood Road	Our	Parksridge	Peede Country Estates
$260,690	$12,982	$3,762	$12,164	$5,859
117	14	4	24	9
260,807	12,996	3,766	12,189	5,869
118,921	12,513	2,846	8,327	2,810
118,921	12,513	2,846	8,327	2,810
141,886	483	920	3,862	3,059
141,886	483	920	3,862	3,059
308,256	30,885	8,210	55,376	21,255
$450,142	$31,368	$9,130	$59,238	$24,314

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2012
With Comparative Totals for June 30, 2011

	Pine Stream	Pleasureland	Polar Heights	Potlatch
Revenues				
Taxes	$21,767	$7,396	$23,502	$12,388
Other revenues	45	29	15	8
Revenues total	21,812	7,425	23,517	12,397
Expenditures				
Current				
Road and other service areas	14,220	1,928	20,597	6,838
Fire service areas				
Capital outlay				
Expenditures total	14,220	1,928	20,597	6,838
Excess (deficiency) of revenues over expenditures	7,592	5,497	2,921	5,559
Other financing sources (uses)				
Transfers in			12,966	
Transfers out		(50,000)		
Other financing sources (uses) total		(50,000)	12,966	
Net change in fund balances	7,592	(44,503)	15,887	5,559
Fund balances (deficit), beginning	105,739	68,219	24,774	15,297
Fund balances (deficit), ending	$113,331	$23,716	$40,661	$20,856

See accompanying notes to financial statements.

Prospect Park	Reed Acres Road	Ridgecrest	Salchaket Heights	Scenic Heights
$7,581	$8,581	$2,112	$4,484	$18,197
13	24	1	4	46
7,594	8,605	2,113	4,488	18,243
4,224	4,626	1,868	3,905	13,923
4,224	4,626	1,868	3,905	13,923
3,370	3,979	245	583	4,321
3,370	3,979	245	583	4,321
28,896	57,016	2,774	8,209	106,951
$32,266	$60,996	$3,019	$8,791	$111,272

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2012
With Comparative Totals for June 30, 2011

	Seavy	Secluded Acres	Serendipity Hill	Six Mile Village Road
Revenues				
Taxes	$11,201	$7,741	$6,580	$9,376
Other revenues	24	18	15	19
Revenues total	11,225	7,760	6,595	9,395
Expenditures				
Current				
Road and other service areas	7,413	10,601	3,269	5,124
Fire service areas				
Capital outlay				
Expenditures total	7,413	10,601	3,269	5,124
Excess (deficiency) of revenues over expenditures	3,812	(2,841)	3,326	4,271
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	3,812	(2,841)	3,326	4,271
Fund balances (deficit), beginning	56,646	43,516	34,389	43,312
Fund balances (deficit), ending	$60,458	$40,674	$37,716	$47,583

See accompanying notes to financial statements.

Smallwood Trail Road	Smith Ranch	Spring Glade	Spruce Acres	Steamboat Landing
$6,620	$42,411	$29,479	$6,084	$16,970
12	3,559	41	16	26
6,632	45,971	29,521	6,100	16,996
3,616	22,277	17,379	3,738	12,302
3,616	22,277	17,379	3,738	12,302
3,016	23,693	12,142	2,361	4,694
			(9,860)	(41,960)
			(9,860)	(41,960)
3,016	23,693	12,142	(7,499)	(37,266)
26,918	125,282	85,298	36,545	58,664
$29,934	$148,975	$97,440	$29,046	$21,398

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2012
With Comparative Totals for June 30, 2011

	Steese Volunteer Fire	Straight Creek	Summerwood	Summit Drive
Revenues				
Taxes	$1,401,547	$18,051	$39,005	$115,368
Other revenues	29,258	10	72	162
Revenues total	1,430,806	18,061	39,077	115,530
Expenditures				
Current				
Road and other service areas		18,626	15,284	113,948
Fire service areas	1,250,511			
Capital outlay				
Expenditures total	1,250,511	18,626	15,284	113,948
Excess (deficiency) of revenues over expenditures	180,295	(564)	23,794	1,582
Other financing sources (uses)				
Transfers in	150,000			
Transfers out	(428,000)			
Other financing sources (uses) total	(278,000)			
Net change in fund balances	(97,705)	(564)	23,794	1,582
Fund balances (deficit), beginning	587,417	20,527	156,820	382,275
Fund balances (deficit), ending	$489,712	$19,962	$180,614	$383,857

See accompanying notes to financial statements.

Sunny Hills Terrace	Sunrise	Tan Terra	Thomas	Timberlane Road
$30,108	$11,567	$28,816	$12,524	$7,574
64	36	23	6	33
30,172	11,603	28,839	12,530	7,607
25,576	3,895	38,034	10,976	5,027
25,576	3,895	38,034	10,976	5,027
4,596	7,708	(9,195)	1,554	2,581
77,000				
77,000				
81,596	7,708	(9,195)	1,554	2,581
58,615	63,318	53,808	13,558	31,267
$140,212	$71,026	$44,612	$15,112	$33,848

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2012
With Comparative Totals for June 30, 2011

	Tungsten	Twenty Three Mile Slough	Ullrhaven	University Fire
Revenues				
Taxes	$45,663	$38,740	$4,174	$2,393,949
Other revenues	35	44	8	23,330
Revenues total	45,698	38,784	4,182	2,417,279
Expenditures				
Current				
Road and other service areas	26,386	51,478	2,760	
Fire service areas				1,791,817
Capital outlay				
Expenditures total	26,386	51,478	2,760	1,791,817
Excess (deficiency) of revenues over expenditures	19,312	(12,694)	1,422	625,462
Other financing sources (uses)				
Transfers in		13,684		14,847
Transfers out		(16,560)		(33,990)
Other financing sources (uses) total		(2,876)		(19,143)
Net change in fund balances	19,312	(15,570)	1,422	606,319
Fund balances (deficit), beginning	55,851	100,150	18,886	2,563,784
Fund balances (deficit), ending	$75,163	$84,579	$20,308	$3,170,103

See accompanying notes to financial statements.

University Heights	University West Street Light	Vienna Wood	Viewpointe	Violet Drive
$54,576	$62,376	$28,101	$17,174	$62,739
101	87	30	56	43
54,677	62,463	28,131	17,229	62,781
21,962	77,887	12,089	7,771	55,577
21,962	77,887	12,089	7,771	55,577
32,715	(15,424)	16,042	9,458	7,204
				638
		(42,500)		
		(42,500)		638
32,715	(15,424)	(26,458)	9,458	7,842
44,421	205,838	64,640	129,080	84,219
$77,136	$190,414	$38,182	$138,538	$92,062

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2012
With Comparative Totals for June 30, 2011

	Vista Gold Road	Vue Crest	Whitman	Wildview
Revenues				
Taxes	$40,507	$31,060	$4,174	$187,494
Other revenues	30	55	10	214
Revenues total	40,537	31,115	4,184	187,708
Expenditures				
Current				
Road and other service areas	41,728	21,483	8,055	116,646
Fire service areas				
Capital outlay				
Expenditures total	41,728	21,483	8,055	116,646
Excess (deficiency) of revenues over expenditures	(1,192)	9,632	(3,871)	71,061
Other financing sources (uses)				
Transfers in				106,342
Transfers out				
Other financing sources (uses) total				106,342
Net change in fund balances	(1,192)	9,632	(3,871)	177,403
Fund balances (deficit), beginning	53,325	122,448	23,319	342,683
Fund balances (deficit), ending	$52,134	$132,080	$19,448	$520,086

See accompanying notes to financial statements.

		Totals	
Woodland	Yak Road	2012	2011
$2,627	$79,331	$10,736,292	$10,166,587
3	114	175,917	231,128
2,630	79,445	10,912,209	10,397,715
2,086	47,851	2,938,889	2,286,330
		5,861,960	5,486,188
			10,147
2,086	47,851	8,800,849	7,782,665
544	31,594	2,111,360	2,615,050
		444,827	2,573
		(1,440,020)	(715,164)
		(995,193)	(712,591)
544	31,594	1,116,167	1,902,459
6,419	123,285	15,003,866	13,101,406
$6,963	$154,880	$16,120,033	$15,003,866

DEBT SERVICE FUND

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

FAIRBANKS NORTH STAR BOROUGH

Debt Service Fund

Comparative Balance Sheet
June 30, 2012 and 2011

	2012	2011
Assets		
Equity in central treasury cash	$	$1,428,267
Other assets	722,521	
Assets total	$722,521	$1,428,267
Liabilities and Fund Balance		
Liabilities		
Interfund payables	$146,520	$
Liabilities total	146,520	
Fund balance		
Committed	576,001	1,428,267
Fund balance total	576,001	1,428,267
Liabilities and fund balance total	$722,521	$1,428,267

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

Debt Service Fund

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
June 30, 2012 and 2011

	2012	2011
Revenues		
Other revenues	$	$1
Expenditures		
Debt service		
Other debt service costs	316,702	200,902
Principal retirement of bonds	9,790,000	8,755,000
Interest on bonds	5,591,788	5,213,007
Payment to refunded bond escrow agent	29,644,200	14,875,000
Expenditures total	45,342,690	29,043,909
Excess (deficiency) of revenues over expenditures	(45,342,689)	(29,043,908)
Other financing sources (uses)		
Transfers in	14,484,800	14,979,722
Bond issuance	26,565,000	13,680,000
Premium on bond debt	3,440,624	1,294,921
Other financing sources (uses) total	44,490,424	29,954,644
Net change in fund balance	(852,266)	910,736
Fund balance, beginning	1,428,267	517,531
Fund balance, ending	$576,001	$1,428,267

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2012

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance from Budget-Positive (Negative)
Revenues					
Other revenues	$	$	$	$	$
Expenditures					
Debt service					
Other debt service costs	316,702	316,702		316,702	
Principal retirement of bonds	9,790,000	9,790,000		9,790,000	
Interest on bonds	5,591,788	5,591,788		5,591,788	
Payment to refunded bond escrow agent		29,644,200		29,644,200	(29,644,200)
Expenditures total	15,698,490	45,342,690		45,342,690	(29,644,200)
Excess (deficiency) of revenues over expenditures	(15,698,490)	(45,342,689)		(45,342,689)	(29,644,200)
Other financing sources (uses)					
Transfers in	14,484,800	14,484,800		14,484,800	
Bond issuance		26,565,000		26,565,000	26,565,000
Premium on bond debt		3,440,624		3,440,624	3,440,624
Other financing sources (uses) total	14,484,800	44,490,424		44,490,424	30,005,624
Net change in fund balance	($1,213,690)	(852,266)	$	($852,266)	$361,424
Fund balance, beginning		1,428,267			
Fund balance, ending		$576,001			

See accompanying notes to financial statements.

CAPITAL PROJECTS FUNDS

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

NONMAJOR CAPITAL PROJECTS FUNDS

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

* * * * *

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

* * * * *

Capital Purchases Fund - This fund is used to account for local funds used for purchases of a capital nature.

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 Fund - This fund is used to account for local funds used for multi-fiscal year capital projects.

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Capital Projects Funds

Combining Balance Sheet
June 30, 2012

	Federal Pass-Through Grants	Federal Grants	Capital Purchases	Total Nonmajor Capital Projects Funds
Assets				
Equity in central treasury cash	$91,831	$	$1,914,838	$2,006,669
Due from governmental agencies	257,604	13,181		270,785
Assets total	$349,435	$13,181	$1,914,838	$2,277,454
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$226,350	$4,472	$14,300	$245,123
Interfund payables	22,887	8,709		31,595
Liabilities total	249,237	13,181	14,300	276,718
Fund balances (deficit)				
Restricted	100,198		808,415	908,613
Committed			1,092,123	1,092,123
Fund balances (deficit) total	100,198		1,900,538	2,000,736
Liabilities and fund balances (deficit) total	$349,435	$13,181	$1,914,838	$2,277,454

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2012

	Federal Pass-Through Grants	Federal Grants	Capital Purchases	Total Nonmajor Capital Projects Funds
Revenues				
Intergovernmental revenues	$439,767	$31,538	$	$471,305
Other revenues			28,865	28,865
Revenues total	439,767	31,538	28,865	500,169
Expenditures				
Current				
General government		11,787	33,626	45,413
Public works			13,493	13,493
Parks and recreation		10,668		10,668
Education			669	669
Capital outlay	532,970		252,088	785,058
Expenditures total	532,970	22,456	299,876	855,301
Excess (deficiency) of revenues over expenditures	(93,203)	9,082	(271,011)	(355,132)
Other financing sources (uses)				
Transfers in	98,280		436,886	535,166
Other financing sources (uses)	98,280		436,886	535,166
Net change in fund balances	5,077	9,082	165,875	180,034
Fund balances (deficit), beginning	95,120	(9,082)	1,734,664	1,820,702
Fund balances (deficit), ending	$100,198	$	$1,900,538	$2,000,736

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

Capital Projects Funds

Project-length Schedule of Revenues and Expenditures
Budget and Actual
Beginning of Projects to June 30, 2012

	Nonmajor Capital Projects Funds		
	Federal Pass-Through Grants	Federal Grants	Capital Purchases
Total project expenditure budget	$3,904,324	$1,044,588	$3,736,395
Revenues and other financing sources			
Taxes	$	$	$
Intergovernmental			
State	1,208,402		
Federal	9,290	168,339	
Local			30,921
Transfers in and prior years' operating transfers in	719,345	662,671	3,730,272
Bond issuance and premium on bond debt			
Revenues and other financing sources total	$1,937,037	$831,010	$3,761,193
Expenditures and other financing uses	$1,836,840	$831,010	$1,860,655

See accompanying notes to financial statements.

Major Capital Projects Funds			
State Grants	Bond Projects	Local Projects	2012 Project-to-Date Totals
$65,450,154	$58,107,569	$69,021,390	$201,264,420
$	$	$46,679	$46,679
31,571,370		5,250,000	38,029,772
			177,629
12,670	2,258,790	2,339,629	4,642,010
917,768		61,438,378	67,468,434
	47,466,718		47,466,718
$32,501,808	$49,725,508	$69,074,686	$157,831,242
$27,090,139	$33,653,826	$50,313,358	$115,585,828

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PROPRIETARY FUNDS

Enterprise Funds

Internal Service Fund

ENTERPRISE FUNDS

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

MAJOR ENTERPRISE FUNDS

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

* * * * *

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, 2012 and 2011

	2012	2011
Assets		
Current assets		
Equity in central treasury cash	$1,627,357	$1,982,013
Restricted equity in central treasury cash	247,824	83,468
Accounts receivable	12,638	14,183
Restricted due from governmental agencies	1,046,537	1,312,675
Inventories	184,092	206,442
Current assets total	3,118,449	3,598,780
Noncurrent assets		
Capital assets - non-depreciable		
Land and land improvements	595,234	595,234
Construction work in progress	82,158	23,758
Capital assets - depreciable		
Buildings	4,032,842	4,032,842
Improvements other than buildings	268,627	268,627
Equipment	4,636,247	4,682,890
Intangible assets - software	204,769	204,769
Accumulated depreciation	(4,144,706)	(3,755,410)
Noncurrent assets (net) total	5,675,171	6,052,711
Assets total	$8,793,620	$9,651,491

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Net Assets
June 30, 2012 and 2011

	2012	2011
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$93,534	$96,729
Wages and payroll taxes	259,389	165,761
Accrued compensated absences	245,834	222,252
Accrued self-insurance losses	31,020	66,197
Deposits from others	7,928	4,800
Payable from restricted assets		
Accounts payable	96,966	177,331
Interfund payable	853,867	1,072,994
Unearned revenues	26,516	2,483
Current liabilities total	1,615,053	1,808,546
Long-term liabilities		
Accrued compensated absences	67,669	60,446
Accrued self-insurance losses	42,215	84,059
Long-term liabilities total	109,884	144,505
Liabilities total	1,724,937	1,953,052
Net assets		
Invested in capital assets	5,675,171	6,052,711
Restricted for		
Grants	317,012	143,335
Unrestricted	1,076,500	1,502,394
Net assets total	7,068,683	7,698,440
Liabilities and net assets total	$8,793,620	$9,651,491

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Revenues, Expenses and Changes in Net Assets
June 30, 2012 and 2011

	2012	2011
Operating revenues		
Fares	$275,996	$381,075
Advertising	30,251	18,593
Charges for services	627,059	411,215
Operating revenues total	933,305	810,882
Operating expenses		
Wages and benefits	5,185,549	4,843,404
Fuels, lubricants, and parts	909,998	709,284
Other commodities	12,737	4,398
Contractual services	2,284,226	1,072,606
Utilities	160,600	120,066
Professional services	466,513	550,807
Depreciation	524,396	457,597
Training, dues, and professional expenses	61,943	46,709
Repairs and maintenance	149,760	109,122
Supplies	56,969	51,070
Intragovernmental charges	1,098,617	892,746
Operating expenses total	10,911,310	8,857,808
Operating income (loss)	(9,978,005)	(8,046,926)

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Revenues, Expenses and Changes in Net Assets
June 30, 2012 and 2011

	2012	2011
Non-operating revenues (expenses)		
Grants revenue	$4,337,777	$2,290,786
Investment income	354	803
Gain (loss) on sales of capital assets	8,010	(24,676)
Miscellaneous revenue (expense)	5,112	2,316
Non-operating revenues (expenses) total	4,351,252	2,269,229
Income (loss) before contributions and transfers	(5,626,752)	(5,777,697)
Transfers in	5,645,310	4,506,004
Transfers out	(1,001,874)	
Capital contributions	353,559	704,275
Change in net assets	(629,757)	(567,418)
Net assets, beginning	7,698,440	8,265,857
Net assets, ending	$7,068,683	$7,698,440

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Net Assets
June 30, 2012 and 2011

	2012	2011
Assets		
Current assets		
Equity in central treasury cash	$801,155	$848,412
Restricted equity in central treasury cash	1,183,428	613,545
Accounts receivable	78,407	97,704
Restricted accounts receivable	3,067	6,593
Restricted due from governmental agencies	101,332	97,277
Current assets total	2,167,389	1,663,531
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	75,000	
Capital assets - depreciable		
Buildings	16,788,377	16,757,312
Improvements other than buildings	1,608,028	1,608,028
Equipment	1,567,305	1,567,305
Accumulated depreciation	(7,762,126)	(7,254,503)
Noncurrent assets (net) total	12,906,406	13,307,964
Assets total	$15,073,795	$14,971,495

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Net Assets
June 30, 2012 and 2011

	2012	2011
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$7,115	$74,423
Wages and payroll taxes	2,068	1,581
Accrued compensated absences	1,130	3,161
Payable from restricted assets		
Interfund payable	101,332	97,277
Unearned revenues	825,000	200,000
Current liabilities total	936,646	376,442
Long-term liabilities		
Accrued compensated absences		1,169
Long-term liabilities total		1,169
Liabilities total	936,646	377,611
Net assets		
Invested in capital assets	12,906,406	13,307,964
Restricted for		
Asset replacement	361,495	420,138
Unrestricted	869,249	865,782
Net assets total	14,137,150	14,593,884
Liabilities and net assets total	$15,073,795	$14,971,495

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Revenues, Expenses and Changes in Net Assets
June 30, 2012 and 2011

	2012	2011
Operating revenues		
Charges for services	$87,267	$109,186
Operating revenues total	87,267	109,186
Operating expenses		
Wages and benefits	31,080	66,983
Other commodities	144,600	9,072
Contractual services	613,863	960,981
Professional services	27,181	51,764
Depreciation	507,623	504,239
Training, dues, and professional expenses	8	46
Repairs and maintenance	2,300	1,740
Supplies	1,294	51,748
Management contractor fee	157,218	186,166
Intragovernmental charges	423,374	447,500
Operating expenses total	1,908,542	2,280,239
Operating income (loss)	(1,821,275)	(2,171,052)

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Revenues, Expenses and Changes in Net Assets
June 30, 2012 and 2011

	2012	2011
Non-operating revenues (expenses)		
Investment income	$659	$495
Miscellaneous revenue (expense)	1,769	1,281
Non-operating revenues (expenses) total	2,428	1,776
Income (loss) before contributions and transfers	(1,818,847)	(2,169,276)
Transfers in	1,183,310	1,140,080
Capital contributions	178,802	672,408
Change in net assets	(456,735)	(356,788)
Net assets, beginning	14,593,884	14,950,672
Net assets, ending	$14,137,150	$14,593,884

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Net Assets
June 30, 2012 and 2011

	2012	2011
Assets		
Current assets		
Equity in central treasury cash	$12,304,203	$11,915,693
Accounts receivable (net of allowance for uncollectibles 2012 - $10,250; 2011 - $10,288)	489,363	442,208
Interfund receivable		95,485
Due from governmental agencies	52,821	
Restricted due from governmental agencies		340,000
Inventories	20,610	14,017
Current assets total	12,866,998	12,807,403
Noncurrent assets		
Long-term receivables (net of allowance for uncollectibles 2012 - $216,507; 2011 - $207,668)		
Capital assets - non-depreciable		
Land and land improvements	746,003	746,003
Construction work in progress	96,296	391,642
Capital assets - depreciable		
Land	346,044	346,044
Buildings	7,950,088	6,616,901
Improvements other than buildings	16,871,527	16,992,749
Equipment	3,668,796	3,668,796
Accumulated depreciation	(16,764,320)	(15,820,918)
Noncurrent assets (net) total	12,914,434	12,941,218
Assets total	$25,781,432	$25,748,621

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Net Assets
June 30, 2012 and 2011

	2012	2011
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$192,844	$330,158
Wages and payroll taxes	85,369	59,144
Accrued interest payable	1,111	
Accrued compensated absences	75,103	52,820
Accrued self-insurance losses	34,646	53,466
Interfund payable	44,925	
Payable from restricted assets		
Interfund payable		340,000
Loans payable		1,271,522
Current liabilities total	433,999	2,107,110
Long-term liabilities		
Accrued compensated absences	22,963	21,120
Accrued self-insurance losses	55,412	87,274
Loans payable	40,246	
Landfill closure and postclosure care	17,007,601	17,419,219
Long-term liabilities total	17,126,223	17,527,614
Liabilities total	17,560,221	19,634,724
Net assets		
Invested in capital assets, net of related debt	12,874,188	11,669,696
Unrestricted (deficit)	(4,652,977)	(5,555,800)
Net assets total	8,221,210	6,113,897
Liabilities and net assets total	$25,781,432	$25,748,621

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Revenues, Expenses and Changes in Net Assets
June 30, 2012 and 2011

	2012	2011
Operating revenues		
Charges for services	$8,123,831	$7,370,161
Operating revenues total	8,123,831	7,370,161
Operating expenses		
Wages and benefits	1,728,825	1,900,676
Fuels, lubricants, and parts	276,207	264,799
Other commodities	3,945	
Contractual services	1,450,579	2,330,988
Utilities	192,552	142,671
Professional services	434,746	567,669
Depreciation	1,128,524	1,472,944
Training, dues, and professional expenses	13,295	17,717
Repairs and maintenance	364,437	355,088
Supplies	70,293	66,548
Landfill closure and postclosure care costs	(411,618)	(206,722)
Intragovernmental charges	809,904	837,761
Operating expenses total	6,061,688	7,750,139
Operating income (loss)	2,062,142	(379,978)

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Revenues, Expenses and Changes in Net Assets
June 30, 2012 and 2011

	2012	2011
Non-operating revenues (expenses)		
Interest expense	($19,073)	($37,864)
Investment income	9,228	11,416
Miscellaneous revenue (expense)	77	1,638
Non-operating revenues (expenses) total	(9,768)	(24,810)
Income (loss) before contributions and transfers	2,052,375	(404,788)
Capital contributions	54,939	340,000
Change in net assets	2,107,314	(64,788)
Net assets, beginning	6,113,897	6,178,685
Net assets, ending	$8,221,210	$6,113,897

INTERNAL SERVICE FUND

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

Vehicle and Equipment Fleet Internal Service Fund – This fund is used to account for the acquisition and financing of Borough vehicles and equipment.

FAIRBANKS NORTH STAR BOROUGH

Internal Service Fund - Vehicle and Equipment Fleet

Comparative Statement of Net Assets
June 30, 2012 and 2011

	2012	2011
Assets		
Current assets		
Equity in central treasury cash	$920,155	$833,170
Current assets total	920,155	833,170
Noncurrent assets		
Capital assets - depreciable		
Equipment	6,711,018	6,472,565
Accumulated depreciation	(3,241,165)	(3,260,472)
Noncurrent assets (net) total	3,469,854	3,212,092
Assets total	$4,390,009	$4,045,262
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$11,299	$9,050
Capital leases payable	475,957	369,209
Current liabilities total	487,256	378,259
Long-term liabilities		
Capital leases payable	938,153	781,743
Long-term liabilities total	938,153	781,743
Liabilities total	1,425,409	1,160,003
Net assets		
Invested in capital assets, net of related debt	2,055,744	2,061,140
Unrestricted	908,856	824,120
Net assets total	2,964,600	2,885,259
Liabilities and net assets total	$4,390,009	$4,045,262

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

Internal Service Fund - Vehicle and Equipment Fleet

Comparative Statement of Revenues, Expenses and Changes in Net Assets
June 30, 2012 and 2011

	2012	2011
Operating revenues		
Charges for services	$583,080	$564,890
Operating revenues total	583,080	564,890
Operating expenses		
Other commodities		3,850
Contractual services		685
Depreciation	417,279	431,553
Repairs and maintenance	5,360	4,182
Interest expense - capital leases	53,197	54,241
Intragovernmental charges	46,200	51,728
Operating expenses total	522,036	546,239
Operating income (loss)	61,044	18,651
Non-operating revenues (expenses)		
Gain (loss) on sales of capital assets	20,595	103,551
Miscellaneous revenue (expense)		7,448
Non-operating revenues (expenses) total	20,595	110,999
Income (loss) before contributions and transfers	81,640	129,650
Transfers out	(11,948)	
Capital contributions	9,649	105,381
Change in net assets	79,340	235,032
Net assets, beginning	2,885,259	2,650,228
Net assets, ending	$2,964,600	$2,885,259

See accompanying notes to financial statements.

FIDUCIARY FUND

Agency Fund

AGENCY FUND

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

Taxes Agency Fund – This fund is used to account for property taxes collected by the Borough as an agent for the Cities of Fairbanks and North Pole.

FAIRBANKS NORTH STAR BOROUGH

Agency Fund - Taxes

Statement of Changes in Assets and Liabilities
Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Assets				
Equity in central treasury cash	$199,924	$15,302,911	$15,358,301	$144,534
Property tax liens receivable	377,583	15,166,388	15,181,301	362,670
Assets total	$577,507	$30,469,299	$30,539,602	$507,204
Liabilities				
Due to other governmental agencies for collected taxes	$7,149	$15,186,409	$15,165,526	$28,033
Due to other governmental agencies for uncollected taxes	377,583	15,166,388	15,181,301	362,670
Advance tax payments	192,775	116,502	192,775	116,502
Liabilities total	$577,507	$30,469,299	$30,539,602	$507,204

See accompanying notes to financial statements.

ADDITIONAL INFORMATION

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

Cash and Investment Balances Classified by Depository
All Funds and School District
June 30, 2012
With Comparative Totals for June 30, 2011

	Fair Value of Cash Invested (a)	Outstanding Checks and Cash on Hand	Totals 2012	Totals 2011
Change and petty cash funds	$	$60,998	$60,998	$16,616
Dreyfus Government Cash Management				25,000
Federated Government Obligations Tax Managed	200,508		200,508	2,500,007
Federated Government Obligations Institutional	3,500,498		3,500,498	2,500,007
Fidelity Institutional Money Market Government Fund	1,009,204		1,009,204	8,908,731
Fidelity Government Class I	151,980		151,980	8,701,485
Goldman Sachs Financial Square Government Fund (b)	146,215		146,215	146,207
Goldman Sachs Financial Square Government Institutional	29,205,330		29,205,330	18,701,804
Invesco Government & Agency Portfolio Cash Management	17,705,231		17,705,231	15,000,088
Invesco Government TaxAdvantage Portfolio Cash Management	17,432,714		17,432,714	16,125,314
JPMorgan US Government Institutional	250,691		250,691	150,270
Morgan Stanley Government Portfolio Institutional	38,514,192		38,514,192	18,204,568
Wells Fargo Advantage Government Municipal Money Market Fund Institutional	400,844		400,844	7,375,452
Certificates of Deposit (c)	15,000,000		15,000,000	15,000,000
Denali State Bank				500
Wells Fargo Bank Alaska N.A.	6,578,262	(4,437,774)	2,140,488	3,564,098
Alaska Municipal League Investment Pool	43,473,462		43,473,462	38,741,797
Cash and temporary investments	173,569,131	(4,376,776)	169,192,355	155,661,944
Less: Fiduciary Fund - Borough	(144,534)		(144,534)	(199,924)
Less: Fiduciary Fund - School District	(53,035)		(53,035)	(51,720)
Cash and temporary investments total	$173,371,562	($4,376,776)	$168,994,786	$155,410,301
Alaska Rule of Civil Procedure No. 67				
Wells Fargo Bank Alaska N.A. (d)	$8,664,352		$8,664,352	

(a) excludes investment in deferred compensation plan

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

(c) Certificate of Deposit Account Registry Service (CDARS)

(d) The Borough received funds from Alyeska Pipeline Service Company as a result of a favorable decision in the trial to settle the assessed valuation dispute for the trans-Alaska pipeline system for the 2006 tax year. The decision is being appealed to the Supreme Court (Notes 4 and 17).

FAIRBANKS NORTH STAR BOROUGH **Schedule 2**

Enterprise Funds
Cash Balances
June 30, 2012

	Operating	Project Appropriations	Total
Transit	$1,148,761	$726,420	$1,875,181
Carlson Center	568,587	1,415,996	1,984,583
Solid waste disposal	7,627,536	4,676,667	12,304,203
Enterprise funds total	$9,344,884	$6,819,083	$16,163,967

Each of the Borough's three enterprise funds are comprised of operating cost centers for which annual budgets are adopted, and of 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, 2012

	Maturity Dates	Interest (Coupon)	Principal	Fair Value
Overnight Investments				
Wells Fargo Bank Alaska N.A.	Open	0.020%	$6,578,262	$6,578,262
Government Securities Money Market Funds				
BNY Goldman Sachs Financial Square Government Fund		0.010	146,215	146,215
Fidelity Institutional Government Fund		0.010	1,009,204	1,009,204
Wells Fargo Securities:				
Federated Government Obligations Tax Managed		0.010	200,508	200,508
Federated Government Obligations Institutional		0.010	3,500,498	3,500,498
Fidelity Government Class I		0.010	151,980	151,980
Goldman Sachs Financial Square Government Institutional		0.050	29,205,330	29,205,330
Invesco Government & Agency Portfolio Cash Management		0.020	17,705,231	17,705,231
Invesco Government TaxAdvantage Portfolio Cash Management		0.020	17,432,714	17,432,714
JPMorgan US Government Institutional		0.001	250,691	250,691
Morgan Stanley Government Portfolio Institutional		0.050	38,514,192	38,514,192
Wells Fargo Advantage Government Municipal Fund Institutional		0.010	400,844	400,844
Government securities money market funds total			108,517,407	108,517,407
External Investment Pool				
Alaska Municipal League Investment Pool		0.020	43,473,462	43,473,462
Certificates of Deposit				
Certificates of Deposit Account Registry Service (CDARS)	07/12/12	0.172	5,000,000	5,000,000
Certificates of Deposit Account Registry Service (CDARS)	10/11/12	0.253	5,000,000	5,000,000
Certificates of Deposit Account Registry Service (CDARS)	04/11/13	0.284	5,000,000	5,000,000
Certificates of deposit total			15,000,000	15,000,000
Investments total			$173,569,131	$173,569,131
Alaska Rule of Civil Procedure No. 67				
Wells Fargo Bank Alaska N.A.			$8,664,352	$8,664,352

Combined Schedule of Delinquent Property Taxes Receivable
By Fund Type
June 30, 2012

	Total	General Fund	Special Revenue Funds	Agency Fund
Delinquent property taxes				
2008 and prior	$240,853	$190,784	$28,783	$21,286
2009	145,887	104,444	21,191	20,252
2010	682,628	502,015	111,656	68,957
Delinquent property taxes total	$1,069,367	$797,243	$161,629	$110,495

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FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt
June 30, 2012 and 2011

	Interest Rates on Remaining Coupons	Payment Dates	Bond Date	Final Maturity Date
General Obligation Bonds Payable:				
2000 Series C - school facilities	4.500%	12-01/06-01	12-19-00	12-01-20
2001 Series D - school facilities	4.125%	08-01/02-01	02-01-01	02-01-21
2002 Series E - school facilities	4.000%	08-01/02-01	12-23-02	08-01-22
2003 Series F - school facilities	3.750%	10-01/04-01	04-14-03	10-01-22
2004 Series G - school facilities	3.250-4.250%	10-01/04-01	03-29-04	10-01-23
2005 Series H - school facilities	4.000-4.375%	10-01/04-01	01-25-05	10-01-24

Remaining Annual Serial Payments (a)	Authorized	Issued	Retired	June 30, 2012 Outstanding	June 30, 2011 Outstanding
$	$9,000,000	$9,000,000	$9,000,000	$	$5,710,000
	9,050,000	9,050,000	9,050,000		5,580,000
	14,000,000	14,000,000	14,000,000		9,940,000
	13,500,000	13,500,000	13,500,000		9,845,000
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)	14,164,000	14,164,000	4,554,000	9,610,000	10,230,000
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)	13,750,000	13,750,000	3,710,000	10,040,000	10,625,000

FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt
June 30, 2012 and 2011

	Interest Rates on Remaining Coupons	Payment Dates	Bond Date	Final Maturity Date
2006 Series I - school facilities	4.250-4.300%	11-01/05-01	01-31-06	11-01-25
2007 Series J - school facilities	4.250-4.500%	11-01/05-01	02-16-07	11-01-26
2007 Refunding Series K - school facilities (1996 Series U)	4.000%	11-01/05-01	02-16-07	11-01-16

Remaining Annual Serial Payments (a)	Authorized	Issued	Retired	June 30, 2012 Outstanding	June 30, 2011 Outstanding
$405,000 (12)	$9,750,000	$9,750,000	$2,035,000	$7,715,000	$8,105,000
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)					
485,000 (12)	12,000,000	12,000,000	2,050,000	9,950,000	10,415,000
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)					
1,065,000 (12)	10,460,000	10,460,000	4,520,000	5,940,000	6,965,000
1,130,000 (13)					
1,170,000 (14)					
1,255,000 (15)					
1,320,000 (16)					

FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt
June 30, 2012 and 2011

	Interest Rates on Remaining Coupons	Payment Dates	Bond Date	Final Maturity Date
2008 Series L - school facilities	3.500-4.500%	11-01/05-01	01-25-08	11-01-27
2010 Series M - school facilities	1.750-5.750%	07-01/01-01	02-26-10	07-01-29

Remaining Annual Serial Payments (a)	Authorized	Issued	Retired	June 30, 2012 Outstanding	June 30, 2011 Outstanding
$430,000 (12)	$11,128,000	$11,128,000	$1,448,000	$9,680,000	$10,095,000
445,000 (13)					
465,000 (14)					
485,000 (15)					
505,000 (16)					
525,000 (17)					
550,000 (18)					
575,000 (19)					
600,000 (20)					
630,000 (21)					
660,000 (22)					
690,000 (23)					
725,000 (24)					
760,000 (25)					
800,000 (26)					
835,000 (27)					
470,000 (12)	11,950,000	11,950,000	835,000	11,115,000	11,950,000
475,000 (13)					
485,000 (14)					
495,000 (15)					
510,000 (16)					
530,000 (17)					
545,000 (18)					
565,000 (19)					
590,000 (20)					
615,000 (21)					
635,000 (22)					
670,000 (23)					
695,000 (24)					
710,000 (25)					
745,000 (26)					
770,000 (27)					
790,000 (28)					
820,000 (29)					

FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt
June 30, 2012 and 2011

	Interest Rates on Remaining Coupons	Payment Dates	Bond Date	Final Maturity Date
2010 Refunding Series N - school facilities - library (1997 Series A)	2.000-5.000%	11-01/05-01	02-26-10	11-01-17
2010 Refunding Series O - school facilities (1999 Series B)	2.000-5.000%	10-01/04-01	12-10-10	04-01-19
2011 Refunding Series P - school facilities (2000 Series C)	2.000-3.000%	12-01/06-01	09-02-11	12-01-20
2011 Refunding Series Q - school facilities (2001 Series D) (2002 Series E) (2003 Series F)	2.000-5.000%	09-01/03-01	11-23-11	09-01-22

Remaining Annual Serial Payments (a)	Authorized	Issued	Retired	June 30, 2012 Outstanding	June 30, 2011 Outstanding
$2,080,000 (12)	$16,860,142	$16,860,142	$3,790,638	$13,069,504	$15,041,986
2,145,000 (13)	619,858	619,858	139,362	480,496	553,014
2,210,000 (14)					
2,300,000 (15)					
2,365,000 (16)					
2,450,000 (17)					
1,390,000 (13)	13,680,000	13,680,000	2,835,000	10,845,000	12,205,000
1,420,000 (14)					
1,475,000 (15)					
1,530,000 (16)					
1,595,000 (17)					
1,675,000 (18)					
1,760,000 (19)					
505,000 (12)	5,565,000	5,565,000	470,000	5,095,000	
510,000 (13)					
530,000 (14)					
540,000 (15)					
560,000 (16)					
580,000 (17)					
600,000 (18)					
625,000 (19)					
645,000 (20)					
1,625,000 (12)	21,000,000	21,000,000		21,000,000	
1,685,000 (13)					
1,745,000 (14)					
1,815,000 (15)					
1,900,000 (16)					
1,995,000 (17)					
2,100,000 (18)					
2,205,000 (19)					
2,320,000 (20)					
1,760,000 (21)					
1,850,000 (22)					

FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt
June 30, 2012 and 2011

	Interest Rates on Remaining Coupons	Payment Dates	Bond Date	Final Maturity Date
2012 Series R - school facilities	2.000-3.100%	11-01/05-01	06-01-12	05-01-32
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
Solid Waste Disposal loan payable Cell 3 - substantial completion estimated at 1/1/15	1.000%	Annual	09-24-97	01-01-19
Capital leases payable	3.080-5.580%	Various	Various	Various
Proprietary long-term debt total				
Long-term debt total				

(a) Years shown are calendar years.

Remaining Annual Serial Payments	Authorized	Issued	Retired	June 30, 2012 Outstanding	June 30, 2011 Outstanding
(a)					
$485,000 (13)	$11,500,000	$11,500,000	$	$11,500,000	$
490,000 (14)					
495,000 (15)					
500,000 (16)					
500,000 (17)					
510,000 (18)					
515,000 (19)					
525,000 (20)					
535,000 (21)					
550,000 (22)					
560,000 (23)					
575,000 (24)					
590,000 (25)					
610,000 (26)					
625,000 (27)					
645,000 (28)					
665,000 (29)					
685,000 (30)					
710,000 (31)					
730,000 (32)					
	197,977,000	197,977,000	71,937,000	126,040,000	127,260,000
	6,172,203	6,172,203	6,172,203		1,271,522
9,912 (16)	8,000,000	40,246		40,246	
10,011 (17)					
10,111 (18)					
10,212 (19)					
Various		2,560,213	1,146,103	1,414,110	1,150,953
	14,172,203	8,772,662	7,318,306	1,454,356	2,422,475
	$212,149,203	$206,749,662	$79,255,306	$127,494,356	$129,682,475

FAIRBANKS NORTH STAR BOROUGH **Schedule 6**

Balances in Major Reserve Accounts
June 30, 2012 and 2011

	2012	2011
Facilities Maintenance (a)	$1,816,816	$4,036,215
Asset Replacement	500,795	664,473
Carlson Center (b)	321,979	231,034
Landfill Closure and Postclosure Care	1,436,205	1,334,316
Hotel-Motel Room Tax (c)	202,217	174,577
Health Care Contingency	3,021,859	2,621,139
Land Revenue Reserve	805,205	1,898,679
School District Facilities Maintenance	209,058	337,799
Reserves total	$8,314,134	$11,298,231

(a) In fiscal year 2010-11, $2,391,799 was transferred in from the general fund as part of a lapse provision required by Borough Code of Ordinances, section 3.01.060A.

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

(c) used primarily for destination marketing

FAIRBANKS NORTH STAR BOROUGH **Schedule 7**

Library Special Revenue Fund
Selected Financial Information
For the Fiscal Year Ended June 30, 2012

	2012
Fund balance restricted for library endowment	$1,052,496
Fund balance committed for library endowment	3,882
Interest revenue	3,882
Balance eligible for spending as stated in FNSBC 3.01.045	1,941

The library fund was established April 30, 1990 to account for the donations received from two trusts created by siblings of the Bentley family. Upon the mandated dissolution of the trusts, assets remaining were transferred to the Bentley Beneficiaries Trust. The "Fairbanks North Star Borough Public Library" was a 15 percent beneficiary of each of these trusts. On December 13, 2011, the Borough received $2,843.34, which represents the final distribution from the Bentley Benefiiaries Trust.

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

Notwithstanding the provisions of FNSBC 3.01.045, the Assembly appropriated $1,000,000 from the library fund in 1996 and 1997 to partially finance an expansion at the Noel Wien Public Library; $370,000 in 2002 and 2003 for the creation and construction of the Cheryl Bidwell Story Garden on the library grounds; $65,000 in 2005 to plan for a remodel/addition of the Noel Wien Library, $75,000 for a library materials security system; $424,979 in 2006 to search and acquire a new site for the North Pole branch, $120,000 for upgrading compact shelving; and $6,220,000 in 2012 for the North Pole branch library replacement, $2,493,437 for the Noel Wien Library roof replacement.

FAIRBANKS NORTH STAR BOROUGH

Schedule 8

John A. Carlson Community Activity Center
Contractor Operations
Fiscal Years Ended June 30, 2012 and 2011

	2012	2011
Operating revenues		
Vending and concession, net of cost	$513,245	$751,675
Arena rental	292,817	315,531
Self-promoted events	120,862	111,210
Signage	165,562	121,274
Equipment rental and service	99,747	84,947
Other	122,610	216,786
	1,314,843	1,601,423
Operating expenses		
Concession supplies and fees	38,642	70,266
Conferences and meetings	16,511	9,704
Contractual services	35,185	47,955
Insurance	49,168	49,648
Contractor management fee	82,248	81,036
Contractor incentive fees	74,974	105,130
Office and operating supplies	31,651	57,854
Professional services	5,342	475
Repairs and maintenance	55,723	61,425
Self-promoted events	15,810	16,503
Utilities	604,708	518,036
Wages and benefits - event labor	313,824	368,969
Wages and benefits - operations	564,214	640,744
	1,888,000	2,027,745
Operating loss	(573,157)	(426,322)
Non-operating revenues (expenses)		
Provision for asset replacement	(87,266)	(109,177)
Net loss	($660,423)	($535,499)

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, 2012

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

(a) The specific stop loss amount per covered individual is $125,000 and $325,000 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 2011-2012 is $1,657 and $1,570 for the Borough and School District, respectively. Medical coverage offered to employees is a lifetime unlimited maximum per individual covered.

(b) covered to statutory limits

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

FAIRBANKS NORTH STAR BOROUGH

Miscellaneous Additional Data
June 30, 2012

Authority of Incorporation:	State of Alaska Borough Act of 1963, as amended
Date of Incorporation:	January 1, 1964
Form of Government:	Second Class Borough, Mayor-Assembly. The Borough Mayor is elected for a three-year term. The Assembly is composed of nine Assembly members elected at large for staggered three-year terms.
Areawide Powers/Activities:	Assessment and Collection of Taxes, Education, Elections, Library, Planning and Zoning, Air Pollution Control, Solid Waste Disposal (landfill), Animal Control, Parks and Recreation, Flood Control, Hospital (not exercised), Transit, Child Care Assistance (pursuant to a grant from the State of Alaska discontinued effective June 30, 2011), Housing Financing, Emergency Communication Services (enhanced 911), and limited Health and Social Services
Non-Areawide Powers/Activities:	Fireworks Control, Emergency Medical Services, Emergency Disaster, and Economic Development 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:	
2010 State general election	69,845
2011 Borough municipal election	69,243
Number of votes cast in:	
2010 State general election	32,080
2011 Borough municipal election	17,091
Percentage of registered voters in:	
2010 State general election	45.9%
2011 Borough municipal election	24.7%

Note: Last State general election was in November 2010.
Last Borough municipal election was in October 2011.

Annual Salaries of Principal Officials of the Borough Government

Borough Mayor	$92,500
Borough Clerk	121,919
Chief of Staff	117,415
Borough Attorney	133,950

Annual Salaries of Principal Officials of the School District

Superintendent of Schools	$154,000
Assistant Superintendent, Secondary Education	139,600
Assistant Superintendent, Elementary Education	139,600
Assistant Superintendent, Facilities Management	139,600
Chief Financial Officer	139,600

Miscellaneous Additional Data
June 30, 2012

Number of School District Personnel (a)	
Districtwide administration	5
Professional staff	67
Principals and assistant principals	43
Certified staff	932
Support staff	695
Number of schools	35

Elementary Schools – District	**Enrollment** (b)
Anne Wien	385
Badger Road	514
Barnette Magnet	404
Chinook Charter School	156
Denali	365
Hunter	392
Joy	423
Ladd	496
Nordale	344
North Pole Elementary	413
Pearl Creek	484
Salcha	83
Ticasuk Brown	510
Two Rivers	88
University Park	525
Watershed Charter School	195
Weller	540
Woodriver	436
Secondary Schools – District	
Effie Kokrine Charter School	153
Hutchison High	363
Lathrop Senior High	1,184
North Pole Middle	652
North Pole Senior High	721
Randy Smith Middle	313
Ryan Middle	396
Star of the North Charter	196
Tanana Middle	501
West Valley Senior High	1,035
Alternative Learning System	114
Elementary Schools – On-Base/Post	
Anderson	283
Arctic Light	570
Crawford	297
Secondary Schools – On-Base	
Ben Eielson Junior/Senior High	436
Guided Independent Study (B.E.S.T.)	273
Fairbanks Youth Facility	20
Total	14,260

(a) Fairbanks North Star Borough School District Approved Budget document for fiscal year 2011-12

(b) 2011-12 20-Day Average Daily Membership Official Enrollment as reported by the Fairbanks North Star Borough School District

STATISTICAL SECTION

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

STATISTICAL SECTION

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

* * * * *

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

* * * * *

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

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

* * * * *

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

* * * * *

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

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

FAIRBANKS NORTH STAR BOROUGH

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

	Fiscal			
	2002-03	2003-04	2004-05	2005-06
Governmental activities				
Invested in capital assets, net of related debt	$418,100,047	$428,457,171	$471,997,696	$472,363,319
Restricted	25,473,768	25,723,025	23,064,355	29,113,034
Unrestricted	9,655,952	9,803,121	9,667,809	8,305,423
Total governmental activities net assets	$453,229,767	$463,983,317	$504,729,859	$509,781,777
Business-type activities				
Invested in capital assets, net of related debt	$18,727,057	$20,814,761	$19,756,608	$24,830,906
Restricted	754,787	671,285	448,714	306,887
Unrestricted	24,938,614	22,261,002	19,338,514	16,153,220
Total business-type activities net assets	$44,420,458	$43,747,048	$39,543,836	$41,291,013
Primary government				
Invested in capital assets, net of related debt	$436,827,105	$449,271,932	$491,754,304	$497,194,225
Restricted	26,228,555	26,394,310	23,513,069	29,419,921
Unrestricted	34,594,566	32,064,123	29,006,323	24,458,643
Total primary government net assets	$497,650,225	$507,730,365	$544,273,696	$551,072,789
Component Unit: School District				
Invested in capital assets, net of related debt	$3,501,604	$3,613,084	$3,918,778	$4,235,371
Restricted	958,054	960,355		
Unrestricted	21,362,399	19,756,987	22,426,155	16,687,930
Total Component Unit net assets	$25,822,057	$24,330,426	$26,344,933	$20,923,301

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

Table I

Year					
2006-07	2007-08	2008-09	2009-10 (a)	2010-11	2011-12
$472,797,399	$476,565,063	$487,414,214	$493,418,704	$489,022,291	$482,777,987
45,210,932	48,144,782	47,678,853	46,093,672	45,974,529	52,285,602
9,762,506	7,591,655	2,991,349	8,711,560	19,231,946	27,396,313
$527,770,837	$532,301,500	$538,084,417	$548,223,936	$554,228,766	$562,459,901
$25,308,779	$30,494,592	$31,738,913	$31,212,287	$31,030,372	$31,455,764
259,648	424,453	586,075	557,235	563,473	678,507
20,119,274	19,465,432	12,013,314	(2,378,977)	(3,178,064)	(2,677,725)
$45,687,701	$50,384,477	$44,338,302	$29,390,545	$28,415,781	$29,456,546
$498,106,178	$507,059,656	$519,153,127	$524,630,990	$520,052,662	$514,233,751
45,470,580	48,569,234	48,264,929	46,650,907	46,538,002	52,964,109
29,881,780	27,057,087	15,004,446	6,332,583	16,053,882	24,718,588
$573,458,538	$582,685,977	$582,422,502	$577,614,480	$582,644,546	$591,916,447
$4,080,319	$3,967,368	$2,941,680	$4,180,344	$4,449,676	$4,391,797
18,453,760	18,535,860	20,059,660	20,954,280	20,747,031	17,380,499
$22,534,079	$22,503,228	$23,001,340	$25,134,624	$25,196,707	$21,772,296

FAIRBANKS NORTH STAR BOROUGH

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

	2002-03	2003-04	2004-05	Fiscal 2005-06
Expenses			(a)	
Governmental Activities:				
General government	$13,893,304	$11,548,950	$13,596,394	$15,583,246
Community planning	1,500,120	1,462,714	1,624,308	1,879,673
Public works	6,439,381	6,520,291	7,328,230	8,842,658
Parks and recreation	6,908,554	7,325,198	6,660,529	7,478,378
Library	3,931,771	4,131,145	4,393,299	4,776,959
Direct services	1,711,839	1,712,564		
Road and other service areas	2,017,469	2,068,273	2,140,423	2,011,343
Education	43,971,771	44,421,662	49,459,962	53,694,197
Emergency operations	1,819,191	2,144,597	5,738,694	4,796,649
Fire service areas	3,724,833	4,110,260	4,538,706	4,854,626
Interest on long-term debt	6,092,230	6,468,535	6,532,239	6,437,366
Total governmental activities expense	92,010,463	91,914,188	102,012,783	110,355,095
Business-type activities:				
Transit	3,837,677	4,313,750	5,387,277	6,052,940
Land	1,312,753	1,332,310	1,114,019	2,009,504
Carlson Center	1,328,056	1,301,112	1,400,313	1,570,809
Solid waste disposal	6,081,306	5,799,063	8,850,961	6,087,732
Total business-type activities expense	12,559,793	12,746,234	16,752,570	15,720,985
Total primary government expense	$104,570,256	$104,660,422	$118,765,354	$126,076,080
Component units:				
School District expenses	$142,947,476	$143,307,386	$154,861,311	$169,311,838
Program Revenues				
Governmental Activities:				
Charges for Services				
General government	$472,039	$473,530	$615,595	$640,713
Public works	85,005	104,357	108,732	119,708
Parks and recreation	904,023	1,028,517	1,023,574	1,003,199
Library	31,510	44,592	32,522	28,995
Direct services	188,945	158,240		
Emergency operations	377,849	374,016	938,942	973,475
Operating grants and contributions	9,374,227	3,898,701	2,444,643	6,041,259
Capital grants and contributions	3,677,239	12,276,934	45,145,996	5,687,000
Total governmental activities program revenues	15,110,837	18,358,888	50,310,004	14,494,348
Business-type activities:				
Charges for services				
Transit	1,179,823	1,216,183	1,267,108	1,206,101
Land	1,023,703	1,079,834	653,142	1,894,329
Carlson Center	20,000			
Solid waste disposal	4,886,820	4,826,157	5,379,272	5,331,961
Operating grants and contributions	420,810	794,314	1,320,715	2,206,461
Capital grants and contributions	18,986	270,008	262,275	2,223,778
Total business-type activities program revenues	7,550,142	8,186,496	8,882,512	12,862,631
Total primary government program revenues	$22,660,978	$26,545,384	$59,192,514	$27,356,978

Year 2006-07	2007-08	2008-09	2009-10 (b)	2010-11	2011-12
$16,144,958	$16,373,018	$19,296,522	$20,760,267	$21,863,878	$21,971,871
2,011,929	1,948,949	1,875,392	2,263,729	2,295,159	2,094,665
8,567,422	9,622,350	10,563,903	10,781,943	11,667,694	12,568,035
9,090,178	9,324,514	9,257,309	9,733,515	9,336,208	9,668,480
5,125,795	4,966,535	5,591,433	5,979,887	6,173,512	7,247,930
2,656,458	3,816,780	4,393,522	5,711,907	5,173,543	5,707,825
56,771,562	59,958,407	61,898,187	62,819,397	63,404,301	65,216,545
5,235,955	5,468,214	5,732,871	5,862,703	5,987,348	6,089,052
4,968,182	4,938,156	5,398,620	6,115,495	6,173,408	6,535,660
6,128,977	6,550,818	6,052,131	5,484,528	5,302,775	4,193,718
116,701,416	122,967,742	130,059,889	135,513,371	137,377,828	141,293,781
6,245,393	6,623,980	7,282,170	7,844,619	8,878,240	10,905,695
1,166,463	1,264,690	1,333,141			
1,360,931	1,622,048	1,596,110	1,557,872	2,278,941	1,906,771
6,484,640	5,913,299	11,235,460	5,974,645	7,779,315	6,068,204
15,257,426	15,424,017	21,446,881	15,377,135	18,936,496	18,880,669
$131,958,842	$138,391,759	$151,506,770	$150,890,505	$156,314,324	$160,174,450
$175,241,013	$206,099,005	$206,735,507	$223,158,805	$233,201,957	$245,679,952
$773,783	$928,108	$995,973	$910,610	$1,199,254	$1,244,583
123,915	69,393	52,268	52,318	43,602	50,849
1,005,680	1,154,422	1,106,668	1,120,921	1,223,243	1,219,837
44,579	58,947	93,804	77,233	90,904	84,516
1,041,582	1,091,326	1,111,970	1,129,474	1,196,018	1,580,414
5,086,603	4,245,873	3,653,545	2,337,538	2,163,092	2,360,782
14,069,248	6,061,315	19,787,620	4,601,870	5,972,484	7,260,485
22,145,391	13,609,384	26,801,848	10,229,964	11,888,597	13,801,466
1,370,952	1,372,828	1,429,331	1,167,823	810,882	933,114
633,582	898,626	736,617			
5,605,897	6,289,283	5,920,210	6,854,740	7,370,161	8,123,831
1,191,719	1,416,592	2,053,623	1,724,701	2,399,972	4,425,044
1,366,454	4,004,895	76,866	2,802,345	1,716,683	575,352
10,168,604	13,982,223	10,216,647	12,549,610	12,297,698	14,057,341
$32,313,995	$27,591,607	$37,018,494	$22,779,572	$24,186,298	$27,858,807

FAIRBANKS NORTH STAR BOROUGH

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

	2002-03	2003-04	2004-05	Fiscal 2005-06
Component unit: School District			(a)	
Charges for services				
School District program revenues	$2,115,244	$1,938,367	$1,886,887	$1,894,564
Operating grants and contributions	21,809,523	22,496,034	27,208,171	27,354,672
Capital grants and contributions	1,049,171	2,708,367	1,640,256	1,544,726
Total component unit program revenues	$24,973,938	$27,142,768	$30,735,314	$30,793,962
Net revenues (expenses)				
Governmental activities	($76,899,626)	($73,555,300)	($51,702,779)	($95,860,748)
Business-type activities	(5,009,651)	(4,559,739)	(7,870,059)	(2,858,354)
Total primary government net expense	($81,909,277)	($78,115,039)	($59,572,839)	($98,719,102)
Component unit: School District net expense	($117,973,538)	($116,164,618)	($124,125,997)	($138,517,876)
General Revenues and Other Changes in Net Assets				
Governmental activities				
Taxes				
Property taxes	$68,043,555	$72,805,069	$77,031,587	$82,605,092
Hotel-motel taxes	1,377,641	1,483,708	1,531,027	1,551,623
Alcoholic beverage taxes			1,247,562	1,233,545
Tobacco excise taxes			988,813	1,013,728
Unrestricted grants and contributions	11,529,986	12,106,377	12,227,556	13,775,527
Other federal and state aid	1,683,384			
Unrestricted investment earnings	317,601	994,096	2,040,316	3,968,731
Other		143,957	549,821	401,295
Transfers	(2,748,240)	(3,224,357)	(3,167,359)	(3,636,875)
Total governmental activities	$80,203,929	$84,308,849	$92,449,322	$100,912,665
Business-type activities				
Unrestricted grants and contributions	$263,640	$446,012	$50,973	$114,509
Unrestricted investment earnings	452,269	209,102	445,019	852,984
Other	3,013	6,858	3,496	1,161
Transfers	2,748,240	3,224,357	3,167,359	3,636,875
Total business-type activities	$3,467,161	$3,886,329	$3,666,847	$4,605,530
Component unit: School District				
Foundation program	$68,097,408	$65,676,616	$73,052,157	$80,045,140
Other federal and state aid	11,144,790	11,943,538	14,267,731	12,257,249
Borough direct appropriation	33,545,700	34,545,700	36,545,700	38,022,700
Other	3,331,254	2,507,133	2,274,916	2,771,155
Total component unit	$116,119,152	$114,672,987	$126,140,504	$133,096,244
Change in Net Assets				
Governmental activities	$3,304,302	$10,753,550	$40,746,542	$5,051,918
Business-type activities	(1,542,490)	(673,410)	(4,203,212)	1,747,176
Total primary government	$1,761,812	$10,080,140	$36,543,331	$6,799,093
Component Unit: School District	($1,854,386)	($1,491,631)	$2,014,507	($5,421,632)

Notes: (a) Beginning in fiscal year 2005, the direct services function was dissolved and split between the public works function and the emergency operations function.

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

Year 2006-07	2007-08	2008-09	2009-10 (b)	2010-11	2011-12
$2,034,531	$2,162,538	$2,365,595	$2,216,143	$2,128,703	$2,127,984
27,084,712	55,175,797	50,760,894	52,835,590	54,664,159	59,782,158
676,148	511,057	2,515,129	369,871	69,000	378,803
$29,795,391	$57,849,392	$55,641,618	$55,421,604	$56,861,862	$62,288,945
($94,556,026)	($109,358,359)	($103,258,041)	($125,283,407)	($125,489,229)	($127,492,315)
(5,088,821)	(1,441,793)	(11,230,235)	(2,827,526)	(6,638,797)	(4,823,329)
($99,644,847)	($110,800,152)	($114,488,276)	($128,110,932)	($132,128,026)	($132,315,644)
($145,445,622)	($148,249,613)	($151,093,889)	($167,737,201)	($176,340,095)	($183,391,007)
$88,584,284	$93,330,750	$93,707,963	$98,489,612	$115,170,486	$118,827,272
1,696,639	1,824,832	1,660,803	1,698,466	1,695,265	1,923,485
1,329,319	1,434,006	1,384,156	1,358,690	1,001,201	1,051,664
994,039	983,683	1,077,166	1,684,657	1,521,730	1,503,265
18,660,580	15,069,990	14,124,381	16,604,140	14,154,365	16,283,827
5,897,632	5,959,023	1,639,379	165,512	75,424	106,081
172,986	327,873	356,210	2,990,559	3,521,672	1,866,550
(4,790,392)	(5,041,135)	(5,022,034)	12,266,595	(5,646,084)	(5,838,695)
$112,545,086	$113,889,022	$108,928,023	$135,258,232	$131,494,059	$135,723,450
$3,574,961	$308,995	$41,495	$	$	$
1,108,130	759,665	228,395	25,152	12,714	10,241
12,026	28,773	4,854	8,493	5,235	15,159
4,790,392	5,041,135	5,022,034	(12,266,595)	5,646,084	5,838,695
$9,485,509	$6,138,567	$5,296,777	($12,232,950)	$5,664,033	$5,864,095
$90,029,160	$85,688,097	$96,001,077	$109,730,232	$112,387,761	$113,227,755
11,405,933	19,037,350	11,418,547	13,862,337	16,403,207	18,195,860
40,022,700	42,222,700	44,222,700	45,522,700	46,522,700	47,359,300
3,819,360	1,270,615	680,263	755,216	1,088,510	1,183,681
$145,277,153	$148,218,762	$152,322,587	$169,870,485	$176,402,178	$179,966,596
$17,989,060	$4,530,663	$5,669,982	$9,974,825	$6,004,830	$8,231,135
4,396,688	4,696,774	(5,933,457)	(15,060,475)	(974,764)	1,040,766
$22,385,748	$9,227,438	($263,475)	($5,085,650)	$5,030,066	$9,271,901
($168,469)	($30,851)	$1,228,698	$2,133,284	$62,083	($3,424,411)

FAIRBANKS NORTH STAR BOROUGH

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

					Fiscal
	2002-03	2003-04	2004-05	2005-06	2006-07 (a)
General Fund					
Restricted					
Committed					
Assigned					
Unassigned					
Total general fund					
All Other Governmental Funds					
Restricted					
Committed					
Unassigned					
Total all other governmental funds					
General Fund					
Reserved	$316,869	$1,345,345	$1,308,728	$2,445,532	$1,746,549
Unreserved, designated	3,760,820	2,904,310	3,820,591	4,034,592	6,771,813
Unreserved, undesignated	13,711,517	12,714,117	13,395,095	12,257,177	17,063,104
Total general fund	$17,789,206	$16,963,772	$18,524,414	$18,737,301	$25,581,466
All Other Governmental Funds					
Reserved	$25,707,427	$27,481,832	$4,920,774	$10,232,691	$6,632,400
Unreserved, reported in:					
Annual special revenue funds	13,032,304	14,675,852	15,820,582	18,014,755	21,049,041
Other special revenue funds	2,929,846	3,175,386	4,388,926	5,155,174	6,159,683
Debt service funds	8,606	112,317	114,129	13,600	288,099
Capital projects funds	15,591,940	9,260,685	17,482,996	18,170,915	35,075,210
Total all other governmental funds	$57,270,123	$54,706,072	$42,727,407	$51,587,135	$69,204,433

Notes: (a) The increase in general fund unreserved, undesignated was the result of increased property tax revenue and additional state fiscal relief funding. All other governmental funds (capital projects) fund balance increased as a result of issuing $12.0 million in new bonds.

(b) The increase in fiscal year 2008 governmental funds reserved balance was caused by encumbrances in capital projects funds. The Borough had commitments for renovations in several schools.

(c) Beginning in fiscal year 2010, the Land enterprise fund was transferred from business-type activities to governmental activities with balances moved to general fund, other special revenue funds, and capital projects funds.

(d) Beginning in fiscal year 2011, the Borough implemented GASB Statement No. 54 and elected not to restate prior year fund balances.

Table III

Year				
2007-08	2008-09	2009-10	2010-11	2011-12
(b)		(c)	(d), (e)	(f), (g)
			$344,454	$375,978
			14,213,903	24,171,856
			5,271,233	4,825,609
			16,442,029	19,357,703
			$36,271,620	$48,731,147
			$51,802,246	$61,975,055
			13,899,708	12,174,001
			(9,082)	
			$65,692,872	$74,149,055
$286,354	$233,114	$224,738		
7,067,050	8,072,713	7,942,322		
17,665,754	14,169,609	16,954,927		
$25,019,157	$22,475,436	$25,121,987		
$23,880,617	$13,950,338	$8,764,443		
24,774,630	27,358,102	28,963,892		
7,021,689	4,629,847	6,123,687		
416,380	428,038	517,531		
20,506,225	21,673,821	25,990,019		
$76,599,541	$68,040,147	$70,359,572		

(e) The general fund added $8.6 million from the court-ordered settlement of the Trans Alaska Pipeline Systems' assessed value for the 2006-07 fiscal year.

(f) See (e) above. For the 2007-08, 2008-09, and 2009-10 fiscal years, $10.5 million was received from court-ordered settlements.

(g) All other governmental funds (capital projects) fund balance increased as a result of issuing $11.5 million in new bonds.

FAIRBANKS NORTH STAR BOROUGH

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

	2002-03	2003-04	2004-05 (a)	Fiscal 2005-06
Revenues				
Taxes	$69,311,055	$73,888,994	$81,125,145	$86,260,935
Intergovernmental revenues	19,745,905	15,338,100	15,504,905	19,767,388
Charges for services	1,966,643	2,069,176	2,580,450	2,661,083
Other revenues	4,601,887	12,383,871	4,647,584	7,783,449
Revenues total	95,625,490	103,680,141	103,858,084	116,472,855
Expenditures				
Current				
General government	13,640,156	11,328,660	12,459,675	14,688,581
Community planning	1,495,477	1,453,595	1,503,538	1,812,730
Public works	6,453,081	6,508,813	7,074,498	8,750,017
Parks and recreation	5,609,152	5,981,705	5,066,744	5,814,749
Library	3,408,590	3,613,451	3,575,982	4,044,681
Direct services (a)	1,677,568	1,679,730		
Road and other service areas	2,017,469	2,068,273	2,140,423	2,019,189
Education	36,372,671	36,495,627	40,394,679	43,386,995
Emergency operations	1,750,861	1,954,598	3,818,549	4,542,640
Fire service areas	3,171,411	3,589,662	4,014,101	4,314,473
Capital outlay	14,091,370	29,274,457	28,747,744	6,472,046
Debt service				
Principal retirement	7,390,000	8,290,000	9,639,000	10,645,000
Interest and other debt service costs	5,740,463	6,512,649	6,482,728	6,591,969
Expenditures total	102,818,269	118,751,220	124,917,661	113,083,071
Excess (deficiency) of revenues over expenditures	(7,192,779)	(15,071,079)	(21,059,577)	3,389,784
Other financing sources (uses)				
Transfers in	18,225,240	19,831,265	22,473,615	32,020,697
Transfers out	(21,270,250)	(23,061,662)	(25,568,541)	(35,797,855)
Bond issuance	27,812,638	14,164,000	13,750,000	9,750,000
Premium on bond debt		158,149	175,853	110,458
Payment to refunded bond escrow agent				
Other financing sources (uses) total	24,767,628	11,091,752	10,830,927	6,083,300
Net change in fund balances	17,574,849	(3,979,327)	(10,228,650)	9,473,084
Fund balances (deficit), beginning	57,484,479	75,059,328	71,080,001	60,851,352
Fund balances (deficit), ending	$75,059,328	$71,080,001	$60,851,352	$70,324,436
Debt service as a percentage of noncapital expenditures	14.80%	16.54%	16.76%	16.17%

Notes: (a) Beginning in fiscal year 2005, the direct services function was dissolved and split between the public works function and the emergency operations function.

Table IV

Year 2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
$92,771,899	$97,420,541	$98,097,157	$102,653,387	$119,624,335	$123,539,053
32,031,536	20,714,305	33,740,365	22,484,328	20,692,580	24,160,189
2,835,267	2,849,476	3,097,501	3,430,485	3,711,819	4,260,781
8,771,600	8,717,887	3,961,466	3,808,139	3,469,576	3,995,395
136,410,302	129,702,209	138,896,488	132,376,340	147,498,310	155,955,419
15,824,328	17,219,384	18,701,474	19,986,947	21,255,283	21,998,449
1,967,873	2,098,840	1,873,065	2,234,446	2,289,171	2,102,001
8,487,852	10,184,809	10,682,814	10,822,062	11,771,404	12,557,660
7,526,894	8,021,967	7,589,790	8,044,732	7,674,175	7,831,194
4,431,108	4,649,316	4,944,300	5,275,861	5,521,826	6,593,577
2,656,562	3,817,022	4,393,833	5,717,742	5,173,201	5,718,078
45,984,740	49,137,624	50,993,244	51,838,473	51,900,649	54,076,498
5,013,710	5,292,665	5,185,352	5,643,297	5,727,956	5,842,947
4,183,744	4,570,079	5,286,090	5,587,701	5,613,105	5,986,544
7,507,952	6,638,611	21,455,853	8,504,052	4,373,537	3,076,629
9,315,000	10,165,000	7,903,000	8,380,000	8,755,000	9,790,000
6,601,766	6,421,184	6,262,825	5,834,083	5,413,909	5,908,490
119,501,528	128,216,500	145,271,640	137,869,397	135,469,215	141,482,067
16,908,774	1,485,709	(6,375,152)	(5,493,057)	12,029,095	14,473,352
24,684,907	38,733,398	25,534,095	31,663,332	28,400,978	33,868,738
(29,424,785)	(44,623,126)	(30,262,058)	(32,953,416)	(34,047,062)	(39,695,484)
22,460,000	11,128,000		29,430,000	13,680,000	38,065,000
207,567	108,817		1,869,007	1,294,921	3,848,305
(10,375,000)			(19,100,000)	(14,875,000)	(29,644,200)
7,552,689	5,347,090	(4,727,963)	10,908,922	(5,546,163)	6,442,358
24,461,463	6,832,799	(11,103,115)	5,415,865	6,482,932	20,915,710
70,324,436	94,785,899	101,618,698	90,065,694	95,481,559	101,964,492
$94,785,899	$101,618,698	$90,515,583	$95,481,559	$101,964,492	$122,880,202
14.21%	13.64%	11.44%	10.99%	10.81%	11.34%

FAIRBANKS NORTH STAR BOROUGH

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

Calendar Year	Residential Property	Commercial Property	Industrial Property	Pipeline and Personal Property
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 (b)	4,118,775,754	875,014,529	733,298,427	377,817,080
2007 (c)	4,595,949,320	943,261,759	767,721,675	369,500,480
2008 (c)	4,863,123,964	1,033,947,976	812,797,405	508,804,970
2009 (c)	4,904,177,806	1,084,908,136	925,518,536	694,077,720
2010	4,920,676,560	1,140,775,454	1,169,072,197	744,241,210
2011	5,092,908,211	1,219,689,461	1,220,419,599	705,617,790

Source: Borough Assessing department

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

(a) This column includes tax-exempt property.

(b) Fiscal year 2006-07 has not been adjusted for the Superior Court's October 26, 2010 decision increasing the Trans Alaska Pipeline System's assessed value. The decision is being appealed to the Supreme Court (Notes 4 and 18).

(c) Fiscal years 2007-08, 2008-09, and 2009-10 have not been adjusted for the Superior Court's December 30, 2011 decision increasing the Trans Alaska Pipeline System's assessed value.

Table V

Vacant Land	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value (a)
$277,175,320	$375,715,896	$4,192,796,465	13.693	$4,317,501,674	97.112%
281,742,922	402,570,639	4,452,200,413	13.693	4,588,376,599	97.032
312,728,247	438,116,409	4,801,263,799	13.606	5,020,392,059	95.635
317,147,285	479,593,358	5,260,020,645	13.219	5,522,981,852	95.239
312,650,776	652,965,644	5,764,590,922	12.923	6,102,033,479	94.470
367,089,029	691,802,402	6,351,719,861	12.209	6,732,886,695	94.339
377,730,452	721,729,006	6,874,675,761	11.287	7,410,674,986	92.767
373,581,218	769,391,011	7,212,872,405	11.186	7,705,203,789	93.610
374,354,328	810,393,521	7,538,726,228	11.432	7,976,571,504	94.511
377,340,540	847,484,868	7,768,490,733	11.294	8,245,058,799	94.220

FAIRBANKS NORTH STAR BOROUGH

Direct and Overlapping Property Tax Rates and Levies
Last Ten Calendar Years

	Tax Rates - Millage									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Direct										
Borough areawide	13.693	13.693	13.606	13.219	12.923	12.209	11.287	11.186	11.432	11.294
Overlapping Special Borough Taxing Jurisdictions										
Non-areawide	0.525	0.523	0.435	0.425	0.418	0.409	0.400	0.393	0.400	0.511
Solid Waste Collection District	1.187	1.187	1.183	1.167	1.150	1.126	1.103	1.121	1.141	1.194
Airway S.A.	1.251	1.214	1.210	1.173	1.120	1.089	1.089	1.207	1.256	1.287
Arctic Fox S.A.	2.325	2.167	2.272	2.089	1.944	1.864	1.804	1.861	1.787	1.708
Aztec S.A.	1.580	1.555	1.576	1.531	1.431	1.339	1.257	1.259	1.319	1.342
Ballaine Lake S.A.	11.744	11.543	11.758	13.268	13.775	12.828	12.413	12.671	13.162	14.920
Becker Ridge S.A.	1.527	1.490	1.500	1.412	1.359	1.346	1.376	1.450	1.486	1.496
Birch Hill S.A.	2.083	2.025	1.986	1.910	1.861	1.832	1.814	1.939	1.995	2.023
Bluebird Road S.A.	2.326	2.329	2.408	2.228	2.187	2.004	2.054	2.333	2.447	2.792
Borda Road S.A.	1.195	1.166	1.152	1.159	1.131	1.067	1.079	1.119	1.171	1.157
Brookside S.A.	0.487	0.495	0.482	0.465	0.457	0.435	0.437	0.479	0.498	0.503
Chena Goldstream Fire S.A.	1.639	1.627	1.615	1.544	1.483	1.434	1.473	1.547	1.603	1.644
Chena Hills Road S.A.	1.051	1.067	1.068	1.032	1.001	0.987	0.985	1.047	1.060	1.076
Chena Hot Springs II S. A.				2.991	0.681	0.888	0.698	0.713	0.732	0.746
Chena Marina S.A.	0.493	0.471	0.893	0.880	0.825	0.792	0.756	0.796	0.830	0.857
Chena Point Road S.A.	1.708	1.710	1.705	2.957	3.176	3.154	2.958	3.064	3.065	3.128
Chena Spur S.A.	0.893	0.893	0.897	1.729	2.354	2.407	2.329	2.606	2.671	2.679
Cleary Summit S.A.				0.365		0.189	0.183	0.190	0.191	0.158
College S.A.	1.480	1.418	1.391	1.342	1.292	1.249	1.257	1.391	1.437	1.427
College Hills S.A.	0.927	0.923	0.922	0.881	0.789	0.754	0.785	0.835	0.871	0.912
Cooper Estates S.A.	3.149	2.927	3.045	3.040	2.709	2.717	2.614	2.821	2.899	2.915
Cordes Drive S.A.	1.338	1.403	1.337	1.232	1.150	1.060	1.074	1.112	1.201	1.232
Cripple Creek S.A.	1.868	1.835	1.754	1.691	1.679	1.477	1.520	1.601	1.636	1.668
Deep Forest S.A. (a)	0.865	0.944	6.229	6.017	0.759	0.714	0.707	0.724	0.743	0.758
Diane Subdivision S.A.	0.359	0.362	0.351	0.336	0.322	0.303	0.310	0.333	0.348	0.345
Drake Estates S.A. (b)		1.931	2.120	1.885	1.783	0.688	0.719	0.762	0.760	0.753
Edanella Heights Road S.A.	0.984	0.945	0.977	1.292	1.281	1.273	1.249	1.388	1.425	1.457
Ester Lump Road S.A.	2.000	2.053	2.021	1.922	1.881	1.710	1.741	1.773	3.093	3.160
Ester Volunteer Fire S.A.	2.634	2.657	2.590	2.492	2.501	2.270	2.384	2.444	2.568	2.619
Fairfields S.A.	0.861	0.824	0.812	0.762	0.707	0.683	0.675	0.713	0.752	0.750
Fairhill S.A.	1.332	1.295	1.211	1.173	1.170	1.163	1.093	1.188	2.255	2.294
Fairwest S.A.	2.024	1.999	1.971	1.939	1.878	1.850	1.789	1.896	1.948	1.903
Garden S.A.	1.205	1.116	1.158	1.136	1.103	1.074	1.035	1.089	1.126	1.099
Golden Valley Road S.A.	3.224	2.728	2.618	2.565	2.695	2.665	4.285	4.483	4.555	4.704
Goldstream-Alaska S.A.	1.536	1.498	1.512	1.430	2.294	2.109	2.171	2.246	2.333	2.422
Goldstream Moose Creek S.A. (c)	2.064	1.988	1.873	1.763	1.723	1.586	1.635	1.598	1.682	1.694
Gordon S.A.	1.289	1.281	1.245	1.199	1.167	1.112	1.028	1.096	1.143	1.135
Granola Estates S.A.	1.253	1.216	1.210	1.298	1.323	1.117	1.089	1.239	1.281	1.321
Grieme Road S.A.	3.542	3.137	3.144	3.466	3.486	3.418	3.466	3.780	3.833	3.852
Haystack S.A.	3.175	3.309	3.285	3.219	3.106	2.875	2.901	3.231	3.324	3.615
Herning Hills S.A.	1.469	1.511	1.482	1.376	1.382	1.318	1.258	1.368	1.394	1.441
Hopeless S.A.					0.869	0.833	0.838	0.889	0.941	0.940
Horseshoe Downs S.A.	1.577	2.633	2.591	2.522	2.384	2.278	2.297	2.447	3.376	3.315

See notes on Sheet 3 of 3.

Tax Levies (in 000's)									
2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
$60,682	$64,568	$69,324	$74,094	$79,537	$82,628	$82,551	$86,102	$92,077	$93,726
1,496	1,588	1,424	1,543	1,672	1,812	1,921	1,991	2,126	2,773
3,683	3,916	4,194	4,536	4,912	5,319	5,636	6,038	6,422	6,870
9	9	10	10	11	12	12	14	14	15
4	4	5	5	5	5	5	5	6	5
13	14	16	17	19	18	20	21	23	26
18	18	19	22	25	26	26	28	29	34
59	64	70	82	90	98	105	113	116	122
59	63	68	75	87	100	104	111	116	122
5	5	6	6	6	6	7	7	8	9
16	19	21	23	25	27	28	29	30	30
6	7	7	7	8	8	9	9	10	10
521	572	637	710	779	853	933	1,007	1,057	1,111
39	45	54	63	71	80	88	95	100	103
			1	1	1	1	1	1	1
7	7	15	17	19	20	21	22	24	25
15	18	24	48	60	86	90	95	99	112
9	10	10	23	35	38	39	43	45	47
			1		1	1	1	1	1
356	370	390	419	447	474	493	530	544	561
20	21	22	21	22	23	25	27	28	29
12	13	16	18	20	23	24	26	28	29
13	15	17	18	20	21	24	26	27	28
29	32	37	41	46	52	55	62	66	70
11	15	46	46	17	18	19	20	21	21
3	3	3	3	3	3	3	4	4	4
	10	12	13	15	7	7	8	8	8
16	16	17	26	27	29	31	34	34	36
13	14	14	15	15	17	18	20	35	38
195	207	228	255	277	318	344	379	401	427
13	14	14	14	14	15	15	16	17	17
10	10	10	11	11	12	12	13	25	25
17	17	18	19	21	23	24	26	26	26
10	10	12	20	26	32	36	39	4	43
4	4	5	6	7	7	12	13	15	16
9	9	11	11	22	23	24	26	27	29
12	30	33	36	40	42	45	49	52	54
25	26	29	35	39	47	50	54	57	60
3	3	4	4	4	5	5	6	6	6
6	7	9	11	13	15	16	19	20	22
15	16	18	19	21	27	34	37	38	41
17	19	20	21	23	25	26	28	28	30
				19	20	22	23	24	25
5	9	10	10	11	11	12	13	19	20

FAIRBANKS NORTH STAR BOROUGH

Direct and Overlapping Property Tax Rates and Levies
Last Ten Calendar Years

	Tax Rates - Millage									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Jennifer Drive S.A.	0.575	0.571	0.500	1.745	1.695	1.533	1.554	1.654	1.742	1.816
Jones Road S.A.	1.820	1.762	1.697	1.641	1.570	1.447	1.470	1.522	1.630	1.689
Joy Road S.A.	1.508	1.424	1.401	1.355	1.274	1.186	1.189	1.265	1.271	1.271
Keeney Road S.A.	0.706	0.670	0.646	0.676	0.549	0.552	0.545	0.561	0.616	0.657
Kendall S.A.	0.993	0.941	0.958	0.958	0.939	0.874	0.854	0.903	0.957	1.021
Keystone S.A.	3.373	3.166	2.976	3.203	3.125	3.065	3.002	3.088	3.184	3.328
Kris Kringle S.A.	3.719	3.942	2.077	2.053	1.938	1.871	1.911	2.023	2.091	2.139
Lakloey Hill S.A.	1.173	1.172	1.130	1.074	1.030	0.992	0.933	1.003	1.036	1.059
Lee Lane S.A.	1.701	1.650	1.649	1.684	1.598	1.615	1.561	1.623	1.673	1.641
Loose Moose S.A.	0.981	0.926	0.918	0.901	0.875	0.786	0.808	0.905	1.002	0.982
Martin S.A.	6.094	6.267	5.934	5.857	7.714	8.034	8.555	8.190	8.588	8.833
McCloud S.A.	9.164	8.620	8.237	14.807	14.746	14.787	15.075	15.055	9.972	10.458
McGrath Estates S.A.	1.322	1.440	1.431	1.231	1.207	1.176	1.212	1.302	1.342	1.381
McKinley View S.A.	2.510	2.191	2.055	1.910	1.808	1.644	1.692	1.590	2.831	2.847
Mellow Woods Road S.A.	1.275	1.360	1.330	1.303	1.253	1.161	1.194	1.242	1.329	1.271
Miller Hill Extension S.A.	2.493	2.516	5.597	4.829	4.607	4.354	4.400	4.481	4.808	4.945
Moose Creek S.A.	0.394	0.559	0.572	0.475	0.421	0.434	0.373	0.350	0.344	0.380
Moose Meadows S.A.			0.886	0.856	0.818	0.784	0.774	0.829	0.869	0.877
Mt. View S.A.	1.278	1.262	1.247	1.137	1.143	1.083	1.119	1.191	1.297	1.358
Murphy S.A.	1.761	1.647	1.593	1.622	1.571	1.456	1.506	1.564	1.618	1.642
Musk Ox S.A.	1.369	1.344	1.320	1.239	1.174	1.133	1.163	1.290	1.337	1.354
Newby Park S.A.	0.459	0.495	0.477	0.435	0.722	0.656	0.676	0.710	0.758	0.767
North Ridge S.A.	4.446	3.858	3.921	4.552	4.534	4.500	4.009	4.298	4.423	4.507
North Star Fire S.A.	1.374	1.488	1.462	1.316	1.257	1.205	1.153	1.198	1.241	1.258
O'Connor Creek S.A.	15.176	15.693	16.029	16.419	12.475	13.939	9.770	7.831	7.389	8.875
Old Wood Road S.A.	1.813	2.045	1.988	1.666	1.672	1.619	1.733	1.771	1.786	1.790
Our S.A	0.970	1.015	0.986	0.887	0.929	0.860	0.838	0.828	1.092	1.087
Parksridge S.A.	1.600	1.600	1.584	1.538	1.558	1.428	1.446	1.552	1.576	1.602
Peede Country Estates S.A.	1.554	1.499	1.475	1.488	1.402	1.345	1.287	1.409	1.482	1.326
Pine Stream S.A.	1.028	0.989	0.975	0.955	0.902	0.911	0.928	0.981	1.022	1.001
Pleasureland S.A.	1.090	1.047	0.998	0.989	0.976	0.916	0.881	0.962	0.995	0.970
Polar Heights S.A.	1.081	1.172	1.166	1.110	1.027	1.014	0.926	0.926	0.952	1.016
Potlatch S.A. (d)	2.496	2.430	3.514	3.260	2.374	2.277	2.436	4.553	2.705	2.665
Prospect Park S.A.	0.891	0.961	0.891	0.737	1.142	1.083	1.095	1.121	1.140	1.258
Reed Acres Road S.A.	1.371	1.380	1.359	1.302	1.259	1.145	1.146	1.206	1.260	1.355
Ridgecrest S.A.	0.938	0.928	0.887	0.907	0.899	0.890	0.840	0.975	1.078	1.099
Salchaket Heights S.A.	4.543	4.668	4.292	4.444	4.590	4.806	4.966	5.162	3.863	3.972
Scenic Heights S.A.	1.573	1.584	1.527	1.395	1.377	1.370	1.415	1.497	1.589	1.600
Seavy S.A.	0.446	0.444	0.418	0.366	0.349	0.335	0.294	0.299	0.303	0.311
Secluded Acres S.A.	1.585	1.431	1.442	1.428	1.451	1.416	1.310	1.365	1.396	1.452
Serendipity Hill S.A.	3.377	3.287	3.153	3.077	3.029	2.716	2.998	3.069	3.154	2.901
Six Mile Village Road S.A.	1.378	1.408	1.354	1.280	1.226	1.223	1.167	1.234	1.255	1.232
Smallwood Trail Road S.A.	0.680	0.787	0.743	0.625	0.613	0.600	0.596	0.673	0.742	0.751
Smith Ranch S.A.							1.299	1.372	1.417	1.343
Spring Glade S.A.	1.041	1.008	0.893	0.827	0.826	0.779	0.813	0.850	0.877	0.898
Spruce Acres S.A.	1.665	1.647	1.698	1.633	1.568	1.515	1.470	1.614	1.692	1.610

See notes on Sheet 3 of 3.

Tax Levies (in 000's)

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
$1	$1	$1	$4	$4	$5	$5	$5	$6	$6
36	37	37	44	49	53	57	61	64	67
5	5	5	6	6	6	7	8	8	9
2	2	2	2	2	2	2	2	2	3
7	7	9	10	10	10	12	12	13	14
8	8	8	10	11	11	11	12	15	16
16	17	10	11	11	12	12	13	14	15
23	25	26	28	31	33	36	39	39	41
4	4	4	5	5	5	5	6	6	7
5	5	5	5	6	6	7	7	8	8
7	7	9	11	16	21	22	23	29	34
9	9	11	23	24	25	29	31	20	21
46	53	58	55	58	61	65	69	72	74
4	4	4	5	5	5	5	5	8	8
12	14	15	15	16	16	18	18	19	19
16	16	37	41	44	49	51	57	61	64
10	13	14	13	13	14	15	15	16	17
		48	53	59	65	69	74	77	81
21	22	23	24	26	27	28	30	32	34
5	6	7	9	10	11	12	12	14	15
19	20	21	22	23	24	25	41	42	43
7	8	9	9	15	16	17	17	18	19
4	4	5	8	8	10	10	11	11	13
867	1,019	1,110	1,135	1,269	1,387	1,484	1,596	1,739	1,831
83	85	87	90	95	106	107	112	118	130
7	9	9	8	8	10	11	12	13	14
2	2	2	3	3	3	4	4	4	4
5	5	5	7	8	9	10	11	12	13
4	4	4	4	5	5	5	5	6	6
14	14	15	18	19	21	22	23	24	25
5	5	6	6	7	7	7	8	8	8
13	14	15	16	17	17	18	19	20	21
9	9	7	11	9	10	15	16	12	12
4	5	5	4	7	8	8	8	8	9
5	6	6	6	7	8	8	8	9	10
1	2	2	2	2	2	2	2	3	3
2	2	2	2	2	2	2	2	4	5
14	15	16	16	17	18	18	19	20	21
7	8	9	8	9	9	9	10	10	10
5	6	6	7	7	7	8	8	8	8
5	6	6	6	6	6	7	7	7	8
4	5	5	8	8	8	9	9	10	10
3	4	5	5	5	5	5	6	7	7
						36	40	45	47
18	20	20	22	24	26	27	29	31	32
4	5	5	5	6	6	6	7	7	7

FAIRBANKS NORTH STAR BOROUGH

Direct and Overlapping Property Tax Rates and Levies
Last Ten Calendar Years

	Tax Rates - Millage									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Steamboat Landing S.A.	1.260	1.251	1.317	1.237	1.171	1.176	1.192	1.307	1.386	1.339
Steese Volunteer Fire S.A.	1.937	1.861	1.809	1.733	1.693	1.628	1.600	1.690	1.739	1.789
Straight Creek S.A	3.373	3.444	3.315	3.155	3.393	2.963	3.926	3.776	3.867	4.096
Summerwood S.A.	2.716	2.658	2.506	2.357	2.340	2.185	2.258	2.395	2.470	2.560
Summit Drive S.A.	1.085	1.060	1.037	1.483	1.450	1.375	1.381	1.447	1.496	1.542
Sunny Hills Terrace S.A.	2.378	2.377	2.432	2.380	2.355	2.249	2.367	2.498	2.702	2.772
Sunrise S.A.	2.467	2.357	2.349	2.069	2.078	1.865	1.926	2.031	2.136	2.171
Tan Terra S.A.	0.970	0.977	0.926	0.859	1.624	1.559	1.559	1.478	1.553	1.592
Thomas S.A.	1.284	1.297	1.209	2.538	2.442	2.485	2.460	2.759	2.842	2.791
Timberlane Road S.A.	1.556	1.470	1.485	1.420	1.347	1.251	1.274	1.371	1.485	1.464
Tungsten S.A.	2.752	2.778	2.737	2.681	2.687	2.682	2.648	2.814	2.875	2.921
Twenty Three Mile Slough S.A.	2.455	2.445	2.489	3.718	3.887	3.698	3.986	3.977	4.587	3.424
Ullrhaven S.A.	1.926	1.916	1.835	1.758	1.910	1.787	1.658	1.827	1.714	1.706
University Fire S.A.	2.326	2.300	2.285	2.215	2.163	2.108	2.138	2.301	2.370	2.464
University Heights S.A.	1.697	1.652	1.600	1.550	1.533	1.475	1.520	1.617	1.725	1.742
University West Street Light S.A.	0.528	0.500	0.485	0.468	0.443	0.418	0.419	0.447	0.467	0.472
Vienna Wood S.A.	1.148	0.960	0.904	0.878	0.856	0.815	0.772	0.794	0.815	0.836
Viewpointe S.A.	1.076	1.069	1.021	0.972	0.971	0.956	0.982	1.019	1.056	1.104
Violet Drive S.A.	2.203	2.191	2.118	2.780	2.711	2.667	2.572	2.798	2.912	2.990
Vista Gold Road S.A.	2.959	2.883	2.733	2.580	2.459	2.298	2.390	2.377	2.462	2.549
Vue Crest S.A.	1.510	1.467	1.463	1.418	1.389	1.310	1.303	1.429	1.479	1.497
Whitman S.A.	1.625	1.616	1.623	1.553	1.485	1.424	1.369	1.442	1.428	1.385
Wildview S.A.	3.021	3.078	2.896	2.776	2.790	2.579	2.651	2.898	2.999	2.975
Woodland S.A.	1.222	1.204	1.189	1.089	0.999	0.980	0.964	1.036	1.073	1.068
Yak Road S.A.	0.956	0.965	0.934	0.900	0.888	0.889	0.900	0.976	0.984	1.009
Overlapping Separate City Governments										
City of Fairbanks	6.511	6.516	7.171	6.804	6.700	6.594	5.991	5.927	5.803	5.843
City of North Pole	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000

Source: Borough Treasury and Budget division

Notes: Alaska Statue 29.45.090 limits the amount of taxes levied to 3% of the assessed value of the property within the municipality. Furthermore, no municipality, or combination of municipalities occupying the same geographic area, may levy taxes which result in tax revenues from all sources exceeding $1,500 a year for each person residing in the Borough or which exceed the product of 225% of the average per capita full and true value in the state multiplied by the number of residents of the taxing municipality. However, there is no taxing limitation for debt service per Alaska Statute 29.45.100. With some exceptions, the total amount of tax that can be levied during a year cannot exceed the total amount approved for the preceding year by more than a percentage determined by adding the percentage increase in the Consumer Price Index for Fairbanks from the preceding year per FNSB 3.08.141.

Air Park S.A. and Bear's Den Road S.A. do not levy taxes.

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

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

Tax Levies (in 000's)									
2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
$8	$9	$10	$12	$13	$15	$17	$18	$19	$20
736	800	862	935	1,018	1,097	1,172	1,279	1,380	1,452
8	8	9	9	10	13	18	19	18	19
21	23	26	28	30	32	34	38	39	42
42	45	48	79	89	99	108	115	121	129
20	21	23	25	27	28	30	33	35	36
8	9	9	10	11	11	12	12	13	13
8	8	9	9	19	19	20	27	29	31
4	4	4	10	10	11	11	12	13	13
6	6	7	7	7	7	8	8	9	9
13	17	22	25	26	29	32	42	43	46
9	10	12	19	23	24	29	41	52	43
3	3	3	3	3	4	4	4	4	4
1,432	1,519	1,609	1,727	1,866	2,020	2,135	2,337	2,434	2,590
40	42	44	46	49	52	55	58	62	63
44	46	49	52	57	60	62	66	68	70
11	12	14	16	19	20	21	23	25	25
14	14	15	15	16	17	18	18	19	20
26	27	29	44	48	53	57	61	64	69
23	26	28	29	31	33	35	38	40	42
20	21	22	23	25	27	30	32	33	34
2	3	3	3	3	3	4	4	4	4
97	109	120	131	145	158	171	184	193	202
2	2	2	2	2	2	2	2	2	2
43	48	56	62	66	70	73	78	81	84
8,648	9,227	11,113	11,688	12,619	13,477	13,210	13,701	14,876	14,960
759	789	813	770	815	883	924	959	938	982

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

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

FAIRBANKS NORTH STAR BOROUGH

Table VII

Principal Taxable Properties
Current Tax Year and Nine Years Ago

		2011			2002		
Property	Type of Business	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	$652,120,640	1	7.57%	$263,366,140	1	5.76%
Fairbanks Gold Mining, Inc. (c)	gold mining	390,932,856	2	4.54	230,374,288	2	5.04
Doyon Utilities, LLC	utilities	220,152,076	3	2.56			
Flint Hills Resources, LLC (d)	oil refining	147,119,124	4	1.71	163,621,858	3	3.58
Alaska Communications Systems	communications	48,782,852	5	0.57	36,981,849	5	0.81
GCI Cable Fairbanks, Inc	utilities	41,886,744	6	0.49			
Wal-Mart	shopping center	33,578,595	7	0.39			
Westmark Hotel	hotel	33,251,338	8	0.39			
Alaska Hotel Properties, Inc. (e)	hotel	27,753,848	9	0.32	26,144,998	6	0.57
Fred Meyer Stores, Inc. (west)	shopping center	26,648,312	10	0.31	20,684,455	8	0.45
HEBL Housing (Eielson AFB)	military housing				45,959,881	4	1.01
North Star Alaska Housing Corp.	military housing				25,754,651	7	0.56
Bentley Mall/Barsa Association	shopping center				15,146,780	9	0.33
Home Depot	shopping center				14,287,494	10	0.31
		$1,622,226,385		18.83%	$842,322,394		18.44%

Sources: Borough Treasury and Budget division and Assessing department

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

(a) $8,615,975,601
(b) $4,568,512,361
(c) Fort Knox
(d) MAPCO Alaska Petroleum, Inc. in 2002
(e) Fairbanks Princess Riverside Lodge

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
	(a)	(b)					
2002-03	$60,682,005	$57,377,304	$56,643,449	98.72%	$652,653	$57,296,102	99.86%
2003-04	64,568,352	60,900,931	60,228,158	98.90	587,143	60,815,301	99.86
2004-05	69,324,447	65,291,295	64,576,590	98.91	615,615	65,192,205	99.85
2005-06	74,094,284	69,496,812	68,689,017	98.84	733,564	69,422,581	99.89
2006-07 (c)	79,536,709	74,858,658	73,722,859	98.48	723,936	74,446,795	99.45
2007-08 (d)	82,627,871	77,824,971	76,656,864	98.50	1,144,085	77,800,949	99.97
2008-09 (d)	82,550,860	77,549,577	76,584,056	98.75	958,764	77,542,820	99.99
2009-10 (d)	86,102,429	80,813,908	79,548,208	98.43	145,779	79,693,987	98.61
2010-11	92,077,064	86,709,188	85,555,956	98.67	956,997	86,512,953	99.77
2011-12	93,725,808	87,756,597	86,666,871	98.76		86,666,871	98.76

Source: Borough Treasury and Budget division, Assessing department

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

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.

(a) Taxes levied for the fiscal year are the taxes levied after local exemptions, but before state mandated exemptions are applied.

(b) Net tax levy is the taxes levied for the fiscal year after the application of state exemptions. Fiscal years 2008 through 2011 includes a special retroactive State adjustment for pipeline properties.

(c) Fiscal year 2007 has not been adjusted for the Superior Court's October 23, 2010 decision increasing the trans-Alaska Pipeline System's assessed value. The decision is being appealed to the Supreme Court (Notes 4 and 17).

(d) Fiscal years 2008-2010 have not been adjusted for the Superior Court's March 6, 2012 decision increasing the trans-Alaska Pipeline System's assessed value. The decision is being appealed to the Supreme Court (Notes 4 and 17).

FAIRBANKS NORTH STAR BOROUGH

Table IX

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities		Business-type Activities				
Fiscal Year	General Obligation Bonds	Capital Leases	Loans Payable	Capital Leases	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2002-03	$130,340,000	$989,038	$5,930,095	$126,399	$137,385,532	5.37%	$1,596
2003-04	136,214,000	861,029	6,249,509	91,002	143,415,540	5.42	1,651
2004-05	140,325,000	1,270,358	7,585,945	54,305	149,235,608	5.34	1,676
2005-06	139,430,000	1,478,140	5,865,425	16,261	146,789,826	4.81	1,623
2006-07	142,200,000	1,168,650	6,172,203		149,540,853	4.52	1,652
2007-08	143,163,000	975,952	4,974,449		149,113,401	4.19	1,594
2008-09	135,260,000	1,006,485	3,758,471		140,024,956	3.56	1,481
2009-10	137,210,000	1,249,231	2,524,253		140,983,484	3.66	1,480
2010-11	127,260,000	1,150,953	1,271,522		129,682,475	3.26	1,320
2011-12	126,040,000	1,414,110	40,246		127,494,356		

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

(a) See Table XI, Demographic and Economic Statistics for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Data for calendar year 2011 is not available until April 2013.

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FAIRBANKS NORTH STAR BOROUGH

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

Fiscal Year	Assessment January 1	Assessed Value	Population Calendar Year (a)
2002-03	2002	$4,568,512,361	86,095
2003-04	2003	4,854,771,052	86,885
2004-05	2004	5,239,380,208	89,403
2005-06	2005	5,739,614,003	90,431
2006-07 (c)	2006	6,417,556,566	90,545
2007-08 (d)	2007	7,043,522,263	93,545
2008-09 (d)	2008	7,596,404,767	94,552
2009-10 (d)	2009	7,982,203,416	95,238
2010-11	2010	8,349,119,749	98,279
2011-12	2011	8,615,975,601	

Source: Borough Assessing Department

Notes: (a) See Table XI. Population statistics may vary on an annual basis as adjusted by the State of Alaska. Data for calendar year 2011 is not available until April 2013.

(b) Debt includes only long-term general obligation bonds.

(c) Fiscal year 2006-07 has not been adjusted for the Superior Court's October 26, 2010 decision increasing the Trans Alaska Pipeline System's assessed value. The decision is being appealed to the Supreme Court (Notes 4 and 18).

(d) Fiscal years 2007-08, 2008-09, and 2009-10 have not been adjusted for the Superior Court's December 30, 2011 decision increasing the Trans Alaska Pipeline System's assessed value.

Table X

Gross Bonded Debt (b)	Debt Service Fund	Net General Bonded Debt	Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita (a)
$130,340,000	$8,606	$130,331,394	2.85%	$1,514
136,214,000	112,317	136,101,683	2.80	1,566
140,325,000	114,129	140,210,871	2.68	1,568
139,430,000	13,600	139,416,400	2.43	1,542
142,200,000	288,099	141,911,901	2.21	1,567
143,163,000	416,380	142,746,620	2.03	1,526
135,260,000	428,038	134,831,962	1.77	1,426
137,210,000	517,531	136,692,469	1.71	1,435
127,260,000	1,428,267	125,831,733	1.51	1,280
126,040,000	576,001	125,463,999	1.46	

FAIRBANKS NORTH STAR BOROUGH **Table XI**

Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population (a)	Personal Income in 000's (a)	Per Capita Personal Income (a)	Unemployment Rate (b)
2001	84,814	$2,427,508	$28,622	5.8%
2002	86,095	2,558,537	29,718	6.4
2003	86,885	2,646,374	30,458	6.9
2004	89,043	2,795,293	31,393	6.4
2005	90,431	3,049,235	33,719	5.8
2006	90,545	3,306,539	36,518	5.6
2007	93,545	3,561,463	38,072	6.1
2008	94,552	3,931,091	41,576	6.4
2009	95,238	3,855,493	40,483	7.7
2010	98,279	3,980,726	40,504	8.0

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

Notes:
Population data is available from multiple sources for the State of Alaska, and the numbers can vary widely. The source for this table has been selected because it also provides the personal income and per capita data.

This table has been restated to incorporate new estimates and revisions released in April 2012 by the U.S. Department of Commerce's Bureau of Economic Analysis. Personal income and per capita personal income have been restated back to 2001.

Data for calendar year 2011 is not available until April 2013.

FAIRBANKS NORTH STAR BOROUGH

Table XII

Employment by Industry
Current Year and Nine Years Ago

	2011			2002 (a)		
Type of Employer	Rank	Annual Average Monthly Employment (b)	Percentage of Total Borough Employment	Rank	Annual Average Monthly Employment (b)	Percentage of Total Borough Employment
Government (c)	1	11,950	30.64%	1	11,275	31.94%
Trade, transportation, utilities	2	7,808	20.02	2	7,250	20.54
Educational and health services	3	4,983	12.78	4	3,642	10.32
Leisure and hospitality	4	4,183	10.73	3	3,813	10.80
Construction	5	2,600	6.67	6	2,204	6.24
Professional and business services	6	2,475	6.35	7	1,871	5.30
Information, other services	7	1,650	4.23	5	2,504	7.09
Financial activities	8	1,475	3.78	8	1,283	3.63
Mining and logging (d)	9	1,200	3.08	9	913	2.59
Manufacturing	10	675	1.73	10	542	1.54
		38,999	100.00%		35,297	100.00%

Source: Alaska Department of Labor and Workforce Development (DOLWD), Research and Analysis Section, Fairbanks Metropolitan Statistical Area

Notes: (a) Prior to 2003, data for Fairbanks was produced for state purposes only. Beginning in 2003, the region is classified as a Metropolitan Statistical Area by the federal government and data are produced in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

(b) for the 12 months ended September 30

(c) federal government 3,467
state government 5,467
local government 3,017

(d) Natural resources and mining in 2002

FAIRBANKS NORTH STAR BOROUGH

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

	Full-time Equivalent Employees				
	2003	2004	2005 (a)	2006	2007
General government	109.95	108.40	112.40	116.90	116.30
Community planning	19.00	20.00	20.00	20.00	21.00
Public works	35.66	33.32	40.32	38.32	38.32
Parks and recreation	48.18	47.24	48.64	49.57	53.45
Library	49.35	47.35	47.35	47.35	47.85
Direct services	19.06	20.06			
Emergency operations	3.00	3.00	18.01	19.01	21.00
Fire service areas	5.00	5.00	5.00	5.00	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
Total	350.15	347.66	358.01	362.44	369.90

Source: Borough Treasury and Budget division

Notes:
(a) In fiscal year 2005, the direct services function was dissolved. Rural services (roads) was moved into the public works function and animal control was moved into the emergency operations function.

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

(c) Effective January 1, 2010, the Transit Inspection/Maintenance program for vehicle carbon monoxide emmissions was discontinued. Concurrently, the Borough initiated programs to mitigate fine particulate matter pollutants ($PM_{2.5}$).

(d) In fiscal year 2011, fire service area employees were no longer Borough employees.

(e) In fiscal year 2012, the Child Care Assistance division was eliminated.

Table XIII

as of June 30				
2008	2009	2010	2011	2012
		(b), (c)	(d)	(e)
116.30	114.30	121.30	122.30	115.60
22.00	20.00	20.00	20.00	20.00
40.32	40.32	39.32	40.32	40.32
54.45	55.45	55.45	54.95	54.95
47.85	47.85	47.85	48.35	48.35
21.00	20.50	21.00	21.00	21.00
4.00	4.00	4.00		
44.88	45.88	46.83	45.58	46.26
8.00	8.00			
0.25	0.25	0.25	0.25	0.25
16.06	16.06	16.56	16.56	16.56
375.11	372.61	372.56	369.31	363.29

FAIRBANKS NORTH STAR BOROUGH

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2002-03	2003-04	2004-05	Fiscal 2005-06
General government				
Annual operating budget	$101,787,690	$106,437,380	$112,772,767	$121,996,319
Community planning				
Platting applications processed	230	357	338	338
Zoning and related permits issued	273	247	333	349
Public works				
Average annual dollar value of projects completed	$21 million	$11 million	$23 million	$33 million
Facilities maintenance work orders	2,650	2,940	3,108	3,230
Parks and recreation				
Aquatic facility attendance	243,900	212,126	222,675	225,350
Chena Lakes annual visitors	66,099	108,117	76,131	80,294
Ice arena average daily attendance	423	430	443	358
Pioneer Park annual visitors	257,581	252,920	237,829	259,985
Library				
Items borrowed and used by patrons	518,293	556,747	577,424	566,640
Number of library visits by patrons	301,866	355,483	347,297	363,653
Road and other service areas				
Number of volunteer commissioners	240	259	273	278
Education				
Local support to School District	$33,545,700	$34,545,700	$36,545,700	$38,022,700
Emergency operations				
Ambulance responses	1,589	1,610	1,625	1,632
Animal control call responses	4,415	4,033	4,327	4,458
E-911 calls received (b)	44,966	47,628	46,300	45,900
Fire service areas				
Call outs (calendar year)	829	874	943	1,164
Transit and air quality				
Total ridership	375,201	382,000	399,215	392,024
Paratransit van rides provided	26,196	31,360	20,175	21,014
Vehicle emission tests performed	39,525	39,525	35,940	33,389
Carlson Center				
Event tickets sold	57,290	61,873	62,000	102,064
Solid waste disposal				
Number of tons into the landfill	102,789	106,625	111,602	109,780
Tons of waste paper recycled	1,700	1,179	(c)	1,081

Sources: Various Borough departments, State of Alaska Department of Public Safety

Notes: (a) This column contains budgeted numbers; actuals will not be available until the following year.

(b) In fiscal year 2007-08, began tracking all calls through E-911 rather than only those resulting in service. Starting in fiscal year 2011-12, reduction in call volume is due to implementation of improved call reporting software.

(c) The data is not available.

Year					
2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
					(a)
$124,835,720	$133,920,867	$135,135,900	$142,046,812	$145,622,014	$155,436,415
387	219	194	193	183	132
328	265	165	249	239	343
$34 million	$25 million	$19 million	$23 million	$27 million	$24 million
2,862	2,704	2,703	2,646	2,428	2,396
220,134	227,671	201,532	198,581	219,403	210,000
95,038	88,069	97,990	114,617	119,888	103,404
481	480	479	497	521	565
275,581	265,100	212,448	253,040	275,182	287,000
614,218	662,755	693,954	726,830	691,356	706,700
327,850	344,723	343,411	345,699	332,367	343,465
266	265	283	285	279	267
$40,022,700	$42,222,700	$44,222,700	$45,522,700	$47,359,300	$47,000,000
2,229	2,287	2,410	2,544	2,564	2,600
4,930	3,997	2,983	2,998	3,822	3,000
46,500	116,007	117,323	129,165	118,235	59,097
1,122	1,058	1,084	1,105	1,217	(c)
294,865	292,142	357,964	383,773	391,799	403,553
24,765	30,047	23,069	24,452	23,470	23,500
30,656	28,028	30,842	14,920	(d)	(d)
107,336	109,525	108,313	107,098	106,878	110,327
113,052	115,990	103,950	111,784	108,026	112,000
622	(e)	(e)	(e)	(e)	(e)

(d) The vehicle inspection and maintenance (I/M) program was discontinued December 31, 2009.

(e) The recycling program was suspended.

FAIRBANKS NORTH STAR BOROUGH

Capital Asset Statistics by Function
Last Ten Fiscal Years

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

Sources: various Borough departments

Notes: (a) Certain populated portions of the Borough are designated as a carbon monoxide (CO) maintenance area by the U.S. Environmental Protection Agency (EPA). Following EPA tightening of fine particulate matter ($PM_{2.5}$) air quality standards in 2006, the EPA officially designated certain populated portions of the Borough as a $PM_{2.5}$ non-attainment area in 2009.

Table XV

Year					
2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
21,127	21,138	21,138	22,899	23,055	23,055
5	5	5	5	5	5
14	14	14	14	14	14
43	43	43	43	43	48
5	5	5	5	5	5
8	8	8	8	8	8
133	132	136	136	136	130
30	30	30	30	30	32
3	3	3	3	3	3
8	8	8	8	8	8
48,000	47,480	47,480	47,480	47,480	47,480
27	27	27	27	27	27
347,291	348,380	350,881	368,797	375,040	375,214
63	64	72	62	62	62
470	473	476	476	482	485
19	19	19	19	19	19
10	10	10	10	10	10
6	7	7	7	7	7
6	7	6	6	9	8
62	67	68	69	63	62
14	14	14	14	13	13
9	13	13	13	13	18
12	9	9	8	13	13
8	8	9	6	7	7
2	2	2	2	2	2
30	30	30	35	35	35