



Fairbanks North Star Borough

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Comprehensive Annual Financial Report For the Year Ended June 30, 2013





FAIRBANKS NORTH STAR BOROUGH

Fairbanks, Alaska

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013

Luke T. Hopkins, Borough Mayor

Prepared by
Financial Services Department:

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INTRODUCTORY SECTION

General Information about the Borough

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GENERAL INFORMATION ABOUT THE BOROUGH

The Fairbanks North Star Borough is a second-class borough incorporated on January 1, 1964 under the provisions of the State of Alaska Borough Act (1963), as amended. The Borough covers 7,361 square miles within the Tanana River valley of the interior region of Alaska. The Borough population is 100,343¹ and has an assessed valuation of \$9.05 billion², of which \$951.7 million² is related to the trans-Alaska oil pipeline system. There are two first-class cities located within the Borough's boundaries: North Pole with 2,162¹ residents and Fairbanks with a population of 32,070¹. 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 in 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, Canada. 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 2,344 regular staff (full and part-time). Fall 2013 enrollment reached 9,256 students (4,283 full-time and 4,973 part-time), and UAF currently has 1,178 students enrolled in graduate studies. In fiscal year 2013, 1,288 students graduated from an academic program. UAF expended \$114 million in research in fiscal year 2013. The university has an exceptional museum which received 74,385 visitors in fiscal year 2013. 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.

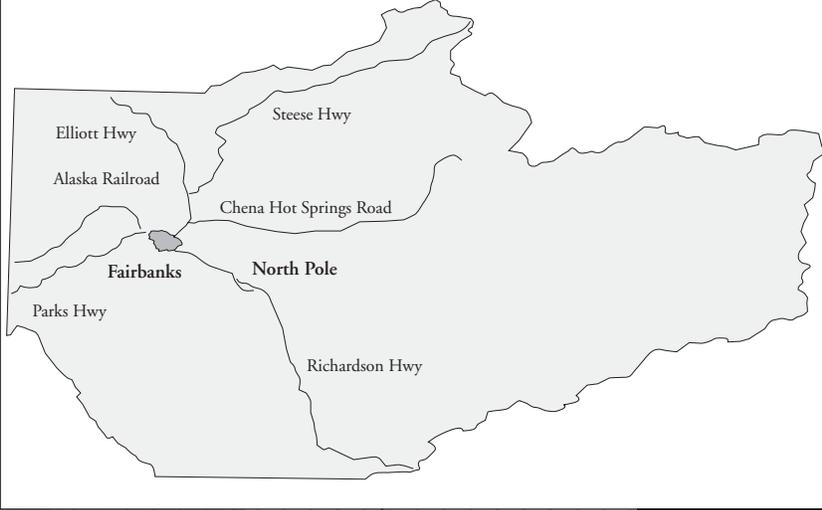
The Fairbanks area provides a rich offering of arts, cultural, and recreational activities throughout the year. The Borough operates an outstanding library and over 100 parks. A major attraction among the parks is the 44-acre Pioneer Park -- a look at yesteryear -- with historic buildings, a stern-wheeler 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, 14 lodges, and several recreational vehicle parks and campgrounds supply accommodations in the area.

¹ population figures per Alaska Department of Commerce, Community, and Economic Development – 2012 Certified Municipal Populations

² for 2013 tax year

FAIRBANKS NORTH STAR BOROUGH



Alaska

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

Nome

Fairbanks

Anchorage

Valdez

Cordova

Bethel

Seward

Homer

Bering Sea

Gulf of Alaska



Fairbanks North Star Borough

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December 20, 2013

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

I present to you the Comprehensive Annual Financial Report (CAFR) of the Fairbanks North Star Borough (Borough) for the fiscal year ended June 30, 2013. 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 my 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 2012-13 financial statements. Cook & Haugeberg rendered "clean" opinions, called unmodified 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, 2013 provided no instances of material weaknesses or significant deficiencies in internal control, or any violations of applicable laws and regulations. There is one instance of noncompliance which the Borough discovered and has since corrected. 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, 2013."

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, transferred to it, 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 (911); solid waste disposal (landfill); parks and recreation; public transportation system; limited health and social services; tourism marketing funded by hotel-motel room taxes; and natural gas utility beginning November 15, 2012.

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

The Borough is financially accountable for the Fairbanks North Star Borough School District, even though the School District is governed by an independently elected school board. Therefore, the School District is a component unit of the Borough and 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.

The Interior Alaska Natural Gas Utility (IGU)

Effective November 15, 2012, the Borough acquired its natural gas utility power via transfers from the City of Fairbanks and the City of North Pole and established the Interior Alaska Natural Gas Utility (IGU) "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". See the **Borough Initiatives**, *Efforts to Lower Energy Costs* subsection, below.

As a wholly-owned instrumentality, the IGU is a component unit of the Borough, but is legally independent and separate. (See Note 1. A. to the financial statements.) The board of directors has full authority to independently manage and operate the IGU. Directors on the initial board were appointed by the Mayors of the Borough and the two Cities and confirmed by the respective legislative bodies. Once initial staggered terms are expired, the board will be comprised of four members elected at large and three appointed and confirmed by the respective local governments.

General obligation bonds may not be issued without voter approval and the Borough is not liable for the debts or liabilities of the IGU, although the Assembly may authorize such liability in the future. Deficit budgets must be approved by the Assembly, but only to the extent of the total budget amount. Earnings are retained by the IGU. In its initial "short year", the IGU had minimal financial activity and its directors volunteered their services in the period from inception to June 30, 2013.

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 experienced only moderate effects of the national and global recession. Since 1987, Fairbanks has had only a single year of employment contraction, a 1.0 percent loss in jobs in 2009. Fairbanks resumed its employment growth in 2010, gaining 2.4 percent over 2009, and ended the year with more jobs than at the start of the recession. Growth in 2011 was much smaller, a 0.8 percent gain over 2010, but 2012 ended with a gain of 1.3 percent. The 2012 increase reflects average annual employment of 39,600 workers. The Alaska Department of Labor forecasts the labor force to grow to an average annual of 39,900 jobs for 2013 and for the first nine months of 2013, 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 29 percent of total borough employment (7 percent federal, 14 percent State, 8 percent local). The federal government (excluding uniformed military personnel) is the largest employer in the borough; the borough has seen a slight reduction in federal employment. 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. Fall semester opening enrollment is down slightly, trending with the decline in unemployment as expected. Grant-funded research expenditures for the Fairbanks campus were \$117.4 million in fiscal year 2012, down from \$124.0 million in 2011. Much of this loss is due to the May 2011 end of an annual \$12 million long-term U.S. Department of Defense contract for the Arctic Region Supercomputing Center, the consequence of federal budget cuts. The new \$107 million Margaret Murie life sciences facility opened in April 2013, ahead of schedule and under budget. Groundbreaking for the new \$108.6 million engineering building occurred in March 2013, with an anticipated opening in mid-2015.

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, the Bentley Mall, and Fred Meyer East are currently the seventh, ninth, eleventh, and twelfth largest taxable properties in the Borough, respectively. Last week, the national outdoor retailer REI announced the spring 2014 opening of a Fairbanks store, to be located in a vacant retail building, for which they will hire approximately 50 employees.

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 Federal Funding to the Borough and School District** section, below). See MD&A and Note 17. A. to the financial statements for information about the Borough's litigation with Alyeska over the State's assessed valuation of TAPS. In the airline industry, Delta Air Lines is adding a direct summer route between Seattle and Fairbanks; Whitehorse-based Air North will be flying nine weekly summer flights between Fairbanks and Dawson City, Yukon territory, Canada; and Japan Airlines added three charter flights this winter season for a total of 18 flights from six different cities in Japan.

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. 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 up to that date.

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. Patient care in the new \$68 million CAIHC facility (which is also exempt from property taxes) began in November 2012.

Approximately ten percent of the borough workforce is employed in the leisure and hospitality sector. Hotel-motel room receipts (based on bed taxes remitted) have wavered since the large decrease in 2009 that followed the 2008 financial crash. There was an increase in 2010, 2011 was flat, and 2012 saw another increase. While summer receipts have not reattained the levels of 2008, winter receipts have increased each year, due especially to Japanese tourists coming to see the aurora borealis. For 2013, the first (winter) quarter was up again, but the next two (summer) quarters were down eight percent. The Westmark Fairbanks Hotel and Fairbanks Princess Riverside Lodge are the eighth and tenth largest taxable properties in the Borough, respectively. In October, the Princess Lodge announced its closure for much of the winter, due to high heating costs and increased competition. On the positive side, the Alaska Federation of Natives (AFN) hosted its annual convention in Fairbanks in October 2013 and will return for their 2016 convention; the estimated economic impact to the community of this year's

convention was \$4 million. In March, the Fairbanks area will host 2,000 athletes and their coaches for the 2014 Arctic Winter Games, a circumpolar, nine-contingent, seven-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, respectively. In June 2012, the two Alaska-based companies announced an agreement to combine their cellular network infrastructure ("The Alaska Wireless Network"), allowing them to compete with the national companies, including Verizon. Verizon spent over two years constructing its 25-tower Fairbanks area network, along with networks in other populated areas of the state, for entrance into the Alaska market. In June 2013, Verizon began offering data-only services. Verizon expects to offer voice service by the end of 2014.

The remaining employment sectors in the services-producing domain are professional and business services (6.8 percent), financial activities (3.3 percent), and other services (3.1 percent). The construction, mining and logging, and manufacturing sectors comprise the goods-producing domain, and represent 6.8 percent, 4.3 percent, and 1.4 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 at Fort Knox is expected to continue to 2022. The Pogo gold mine, just seven miles outside the Borough's southern boundary, is expected to operate at least through 2019. At both Fort Knox and Pogo, active continuing exploration is ongoing to prolong the life of each mine; prospects at Pogo are probable. Another very large gold deposit is located near Livengood, about 70 miles north of Fairbanks, and is believed to be about twice the size of Fort Knox. The feasibility study completed in July 2013 estimated a mine life of 14 years and determined that gold prices at \$1,500 per ounce would be needed under the development assumptions used. With an office in Fairbanks, International Tower Hill Mines Ltd. continues to evaluate several cost-saving measures outlined in the study, along with ways to increase the yield.

Like the rest of the nation and the state, construction has slowed in the borough. However, in addition to the construction projects previously mentioned, other projects are also underway on roads within the borough, on the University campus, and for a variety of other facilities throughout the borough and on the two military installations. 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).

In February 2012, the Air Force announced its fiscal year 2013 budget request, including the transfer of all F-16 aircraft from Eielson to Joint Base Elmendorf-Richardson in the Anchorage area. The Air Force's plans were criticized on several points, primarily the failure to consider the strategic importance of Eielson, the lack of supporting evidence for the projected cost savings, the Air Force's own study finding of insufficient housing available in Anchorage for the transferred personnel, and the economic costs to the Fairbanks area. Throughout the fight to reverse the Air Force's decision, the Borough Mayor coordinated

weekly meetings of government and business leaders. In October 2013, Alaska's Congressional delegation received official word that the Air Force Commander of Pacific Air Forces had completed his review of the strategic assessment of Eielson resulting in the Air Force's decision to keep the F-16s at Eielson.

In addition, the Air Force Commander in July 2013 told defense reporters that Eielson was one of the top four contenders in the Pacific region for the next basing of the F-35 fighter plane. A final decision will be made in 2014.

In June 2013, following community meetings across the country and extensive study and analysis to downsize, the Army announced plans to cut ten U.S.-based brigade combat teams, with some additions for the remaining teams. Fort Wainwright should gain over 550 soldiers from the reorganization. Originally intended to be complete by the end of the 2017 federal fiscal year, in October 2013, the Army accelerated that reorganization target date to the end of federal fiscal year 2015 to generate cost-savings sooner to alleviate the impacts of sequestrations.

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 and is projected to be ready for military vehicle access in summer 2014. In summer 2013, the U.S. Army and U.S. Air Force, through Alaskan Command, signed a record of decision for the modernization and enhancement of the military ground and airspace assets in the Alaska Joint Pacific Alaska Range Complex (JPARC) in the interior of Alaska, following preparation and evaluation of an environmental impact statement.

Real Property Values

Net taxable assessed values (taxable values less exemptions) within the Borough, without TAPS, remained flat, increasing by less than \$1 million from tax year 2012 to 2013. Excluding new construction, TAPS, and exemptions in each year, assessed values increased by just 0.6 percent (\$44 million) from 2012 to 2013, 2013 valuations on new construction (over \$200 million) comprise the smallest percentage of total assessed values in well over a decade, and State-mandated and voter-approved exemptions continue to increase (almost \$23 million for 2013) faster than the rate of valuation increases (excluding TAPS) in the last three years. Fortuitously, the TAPS valuation increased 42.2 percent, by \$282 million, resulting in a 3.6 percent increase in total net taxable assessed value including TAPS.

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 percentage 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 Note 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, 2012, and 2013 tax years.

Unemployment Rate

The average Borough monthly unemployment rate for the twelve months ended September 30, 2013 was 5.6 percent, down from 6.4 percent for the same period last year and approaching pre-recession rates. Borough unemployment remains consistently better than the average statewide rate. Prior to this most recent recession, 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.

Energy Costs

In the first quarter of 2013, Fairbanks had the highest utility costs of 307 urban areas throughout the nation, paying 121 percent above average, according to the Council for Community and Economic Research. In the third quarter of 2012, Fairbanks had the highest utility costs of 304 urban areas, paying 143 percent above average, compared to 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. Winter heating bills in the Borough are often greater than the mortgage or rent payments made by residents.

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:

www.interiorenergyproject.com (AIDEA/AEA)

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)

doyonoil.com (Interior exploration by Doyon, Limited)

www.allalaskagasline.com (Alaska Gasline Port Authority)

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

In December 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. As passed by the 2013 Alaska Legislature and signed by the Governor, the "Interior Energy Project" increased to \$362.5 million: \$275 million of loans and bonding authorization through the Alaska Industrial Development and Export Authority (AIDEA)'s sustainable energy transmission and supply development fund (SETS) to bring financing to a partnership for a liquefaction plant on the North Slope and for development of a natural gas distribution system in the Borough, \$57.5 million in State general funds for grants for a liquefied natural gas production and distribution system, and \$30 million of existing gas storage credits. The bill for the \$275 million passed the Legislature unanimously. The Interior Energy Project is anticipated to reduce heating bills by 40 to 50 percent for residential ratepayers and to substantially improve air quality in the region (see **Borough Initiatives**, [PM_{2.5} Air Quality Standards](#))

subsection, below). In June 2013, AIDEA issued a request for proposals for the liquefaction facility. At its November 2013 Board meeting, AIDEA reviewed the three proposals submitted. The Board is scheduled to make its decision at the next meeting in mid-January 2014.

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 2012-13 could not exceed the total amount levied for fiscal year 2011-12, adjusted for inflation with certain defined exclusions. For computational purposes, the fiscal year 2011-12 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 \$10.0 million of reimbursements in fiscal year 2013. 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 2012 session, the legislature appropriated an additional \$25 million for distribution in fiscal year 2013. The total distribution to the Borough for fiscal year 2013 was \$5.3 million, of which \$314,600 was passed through to unincorporated communities within the Borough.

The Borough receives various other recurring amounts from the State and federal governments. The largest of these receipts in fiscal year 2013 were for operations of the Borough's mass transit system (\$840,660), Homeland Security functions and equipment (\$467,200), federal and State payments in lieu of taxes (\$441,520), State telephone/electric co-op taxes (\$423,940), the State's Health & Human Services Community Matching Grant Program (\$413,950), transportation planning and air quality

planning and programs – “FMATS” (\$336,160), federal aid for debt service on ARRA Recovery Zone bonds (\$213,840), various library programs (\$138,860), air quality monitoring (\$125,000), and emergency management planning (\$120,000).

The Borough has also received numerous State and federal non-recurring grants. In fiscal year 2013, the largest of these were State dollars of \$6.6 million for the renovation and reconstruction of Barnette Elementary Magnet School, \$5.0 million for Borough service area roads, \$2.0 million for locker room and other major improvements at the Carlson Center, \$1.3 million for improvements at the Birch Hill Recreation Area, and \$1.0 million for planning, design, and pre-construction work for a natural gas distribution system (see discussion about Efforts to Lower Energy Costs under **Borough Initiatives**, below). Additional capital and other grants from the State totaled \$2.0 million. The largest of the remaining revenues included \$2.2 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); \$1.3 million for major work at Pioneer Park and Tanana Lakes Recreation Area; \$836,890 for operating the Borough's new and expanded bus routes; \$617,140 toward construction of a new emergency operations center; and \$597,400 for a geothermal energy project.

The School District's major sources of State revenues are the public school foundation funding program, at \$119.8 million for fiscal year 2013, and pupil transportation at \$11.8 million. Federal impact aid is received for educating student-dependents of the uniformed military and totaled \$14.8 million in fiscal year 2013.

Long-Term Financial Planning

Reserves

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

Information on the Borough's \$2.9 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 major facilities. This reserve provides steady funding to preserve these facilities, which are valued at about \$682 million. As of June 30, 2013, the Assembly has set aside \$32.4 million in the FMR through the years, of which \$26.8 million has been allocated to fund 152 discrete projects, leaving approximately \$5.6 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. The transfer to the FMR in fiscal year 2013 was \$2.7 million. The transfer to the FMR in fiscal year 2014 will be \$2.4 million. See MD&A, governmental funds financial analysis, for more information about transfers to the FMR.

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, \$2,080,800 has been deposited into the ARF and \$1,310,700 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, 2013, the available balance is almost \$420,100. Over \$203,000 was transferred in fiscal year 2013. For fiscal year 2014, the transfer will be almost \$176,000.

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, 2013, \$4.4 million has been transferred to the SDFMR, of which over \$3.6 million has been used for seven projects, leaving about \$767,000 remaining for future projects. The fiscal year 2013-14 contribution, based on the fiscal year 2012-13 surplus, will be \$800,000.

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.

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 2062.

Operation, closure, and postclosure care of the Solid Waste Facility is an expensive enterprise and continual planning is required. 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.

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), although 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 10.8 percent higher than it would be without exemptions, including both State-mandated exemptions (7.2 percent) and optional exemptions (3.6 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 costs of energy. While the Mayor initially proposed a slight 1.2 percent increase in the fiscal year 2013 areawide mill rate, the Assembly chose to keep it the same as the fiscal year 2012 mill rate. That 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 six fiscal years are lower than any mill rate in the 19-year period from fiscal year 1990 through fiscal year 2008.

The continuation of the same areawide mill rate was possible with only a small \$44,000 draw on fund balance because of the increase in the valuation of TAPS, although this was not known until after the Assembly adopted the fiscal year 2013-14 budget. In prior years, a stable mill rate was achievable due to the annual addition of new construction assessed values and rising values of existing properties. (See **Economy**, Real Property Values subsection, above.) For fiscal year 2013, areawide property taxes were levied \$9.2 million under the tax limit. Fiscal year 2014's levy is \$5.4 million under the limit. Historically, for many years, the Borough has levied significantly under the tax limit, a combined total of \$62.9 million over the last 20 years; compounded, the amount not collected in those 20 years is over \$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 \$20.9 million annually.

Efforts to Lower Energy Costs

For a brief discussion of the forces driving the Borough's efforts to lower energy costs and State actions toward lowering 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 “FNSB Gas Distribution System Analysis” report, financial model, and presentations available on the Borough’s home page at fnsb.us and [PM_{2.5} Air Quality Standards](#), below.)

In August 2012, the Mayor put forward an ordinance to establish the Interior Alaska Natural Gas Utility, known as the Interior Gas Utility or IGU. Its establishment required the transfer of utility powers to the Borough from the City of North Pole and from the City of Fairbanks. In October 2012, the Borough accepted those powers and the IGU was established, effective November 15, 2012. See **PROFILE OF THE FAIRBANKS NORTH STAR BOROUGH, The Interior Alaska Natural Gas Utility (IGU)** section, above.

In November 2012, the IGU 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, the State has created the Interior Energy Project with \$362.5 million of financing toward those goals, assigning the Alaska Industrial Development and Export Authority responsibility for moving the Project forward.

In January 2013, the IGU filed its intent to apply to the Regulatory Commission of Alaska (RCA) for the right to distribute natural gas to the North Pole area and to the Fairbanks area not served by the private, and only other, gas distribution utility in the Borough. The IGU filed that application in May 2013. In April 2013, the private gas distribution utility filed its own application to serve the same areas targeted for service by the IGU. The three-week hearing began September 16, 2013. Today, the RCA issued a final order granting the IGU’s application and denying the private utility’s application.

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}). In 2009, the EPA designated the more populated portions of the borough as a non-attainment area for air quality related to PM_{2.5}. 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 60 to 80 percent from solid fuel heating. 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, supplemented with transportation projects such as new and expanded bus routes and van pools, electrical vehicle plug-ins, and anti-idling programs — funded primarily with federal and State grants. The Borough’s long-term efforts for clean air are focused on bringing clean, affordable natural gas and propane to the Fairbanks area for space heating; see the **Economy, [Energy Costs](#)** subsection, above, and in this section, the [Efforts to Lower Energy Costs](#) sub-section, immediately above.

The federal Clean Air Act and its regulations currently require the State to have submitted to the EPA, by December 14, 2012, its State Implementation Plan (SIP) for bringing the air quality in the nonattainment area into compliance. The Borough and State expected the SIP to be submitted to the EPA in December 2013, one year late. The EPA has since proposed to extend the deadline to December 31, 2014. The

Borough continues to work with the State in monitoring air quality; researching, quantifying, and modeling viable actions for attainment; and the development of the SIP. In September 2013, the State proposed new air quality regulations related to PM_{2.5}. When finalized, the regulations will be included in the SIP. The present timeline plans for the SIP to be submitted to the EPA in June 2014.

No emissions offsets or highway fund sanctions will be enforced if a complete SIP is submitted to the EPA within 18 and 24 months, respectively, of the deadline. Nor will a federal implementation plan be imposed if the SIP is submitted and approved within 24 months. In any case, attainment must still be reached by December 14, 2014 (proposed EPA rule would change this to December 31, 2015), with possible extensions to December 31, 2019. The Borough and State expect an extension will be needed. Modeling completed this fall demonstrates attainment is achievable, with natural gas being available in the community, by 2019.

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 voluntary replacement/repair program for solid fuel burning devices (primarily wood stoves and hydronic heaters), and the operation and maintenance of the Borough's multi-pollutant monitoring site. See, also, Efforts to Lower Energy Costs, above.

North Pole Branch Library

In November 2006, the Borough acquired a \$426,600, nine-acre site in North Pole on which to construct an 18,500 square-foot replacement for the North Pole Branch Library (NPBL). The existing NPBL is a 4,400 square-foot building on less than one acre of land. The site acquisition was funded from the library special revenue fund (see Capital Assets section of MD&A and Note 14 to the financial statements). The official groundbreaking for the new \$13.6 million facility occurred in June 2013. Construction is being funded by \$6.2 million from the library special revenue fund, a \$6.8 million State grant, and a recently awarded \$500,000 "top-off" grant from a private foundation which is contingent on another \$100,000 being contributed by the local community. The new NPBL is expected to open in fall 2014.

Parks and 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 the TLRA. In addition, the Borough actively pursues future grant awards. Most recently, the Borough's project for the construction of landfill Cells 3 and 4 (see **Long-Term Financial Planning**, Solid Waste Facility subsection, above), needs large amounts of gravel, which were extracted from the TLRA creating the foundation for the swimming beach and, with some used to extend the northern access road. In addition, work has begun on the calm water boat launch.

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.

OTHER INFORMATION

Awards

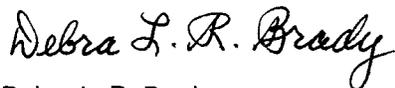
The Borough received the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report for the fiscal year ended June 30, 2012, its twenty-fifth such award. The Certificate 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. I believe the Borough's 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, its twenty-third consecutive award. In order to receive the Award, the Borough published a budget document that met program criteria as a policy document, as a financial plan, as an operations guide, and as a communication medium. Each award is valid for a period of one year only.

Acknowledgments

I give my special thanks to those who contributed to and assisted with the preparation of this report, especially the acting Controller, other members of the Accounting, Administration, and Treasury/Budget divisions of the Financial Services department, and the Personnel/Payroll Manager in the Human Resources department. My appreciation is also extended 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
Chief Financial Officer



Government Finance Officers Association

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, 2012

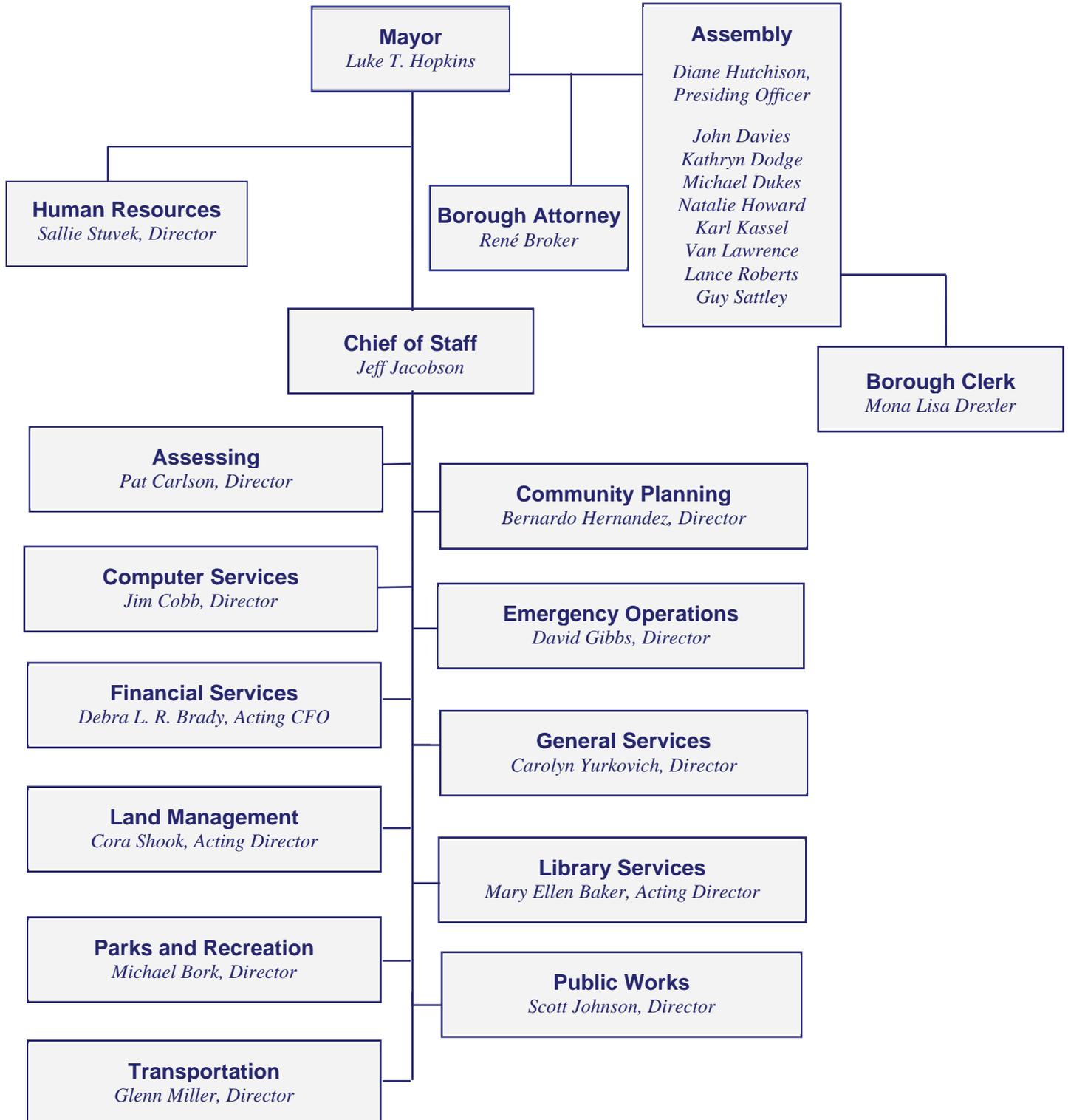
Executive Director/CEO

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Fairbanks North Star Borough

Organization Chart

As of June 30, 2013



Fairbanks North Star Borough

LIST OF PRINCIPAL OFFICIALS

as of June 30, 2013

Borough Assembly

Diane Hutchison, Presiding Officer
Karl Kassel, Deputy Presiding Officer
John Davies
Michael Dukes
Natalie Howard
Kathryn Dodge
Guy Sattley
Lance Roberts
Van Lawrence

Board of Education

Kristina Brophy, President
Heidi Haas, Vice President
John Thies, Treasurer
Sean Rice, Clerk
Sue Hull, Member
Charlie Leonelli, Member
Lisa Gentry, Member
Col. Thomas Daack, Base Representative
Col. Ron Johnson, Post Representative
Colby Freel, 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	Jim Cobb
Director Emergency Operations	David Gibbs
Chief Financial Officer	Debra L. R. Brady (Acting)
Chief Procurement Officer	Carolyn Yurkovich
Director Human Resources	Sallie Stuvek
Director Land Management	Cora Shook (Acting)
Director Library Services	Mary Ellen Baker (Acting)
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
Chief Financial Officer, Mike Fisher
Executive Director of Facilities Management, Dave Norum

FINANCIAL SECTION

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

December 20, 2013

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Assembly
Fairbanks North Star Borough

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, 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, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

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www.ch-cpa.com e-mail: contact@ch-cpa.com

Senior Consultants: James F. Dieringer, Jr., CPA and Michael T. Cook, CPA

FAX 907-452-6184

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to previously 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, 2013 and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds with annual budgets for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements and schedules referred to previously 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, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 operational, 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.

Supplementary and Other Information

Our audit for the year ended June 30, 2013 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 additional information schedules for the year ended June 30, 2013 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 financial statements. The additional information schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements for the year ended June 30, 2013, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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, 2013.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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, 2012 (not presented herein), and have issued our report thereon dated December 14, 2012, which contained unmodified 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 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 2012 financial statements. The additional information schedules have been subjected to the auditing procedures applied in the audit of the 2012 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 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.

Prior Year Comparative Information

We have previously audited the Borough's June 30, 2012 financial statements, and we expressed unmodified opinions on the respective financial statements and schedules of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, the internal service

and fiduciary funds, and the combining and individual nonmajor fund financial statements and schedules in our report dated December 14, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The financial statements include partial prior-year comparative information. 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, 2012, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 20, 2013 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 internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

Cook + Haugeberg LLC

BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis (RSI)

Basic Financial Statements:

Government-wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

MANAGEMENT'S DISCUSSION AND ANALYSIS

(part of the Required Supplementary Information)

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

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FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis For the Year Ended June 30, 2013

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, 2013. 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 position presents information on all of the Borough's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the fiscal year. Changes in net position 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.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2013

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.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2013

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.

FAIRBANKS NORTH STAR BOROUGH

**Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Borough, assets exceeded liabilities by \$605 million at the close of the most recent fiscal year.

Net Position
(shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$149,909	\$149,525	\$21,260	\$17,182	\$171,169	\$166,707
Capital assets	571,755	571,369	33,577	31,496	605,332	602,865
Total assets	<u>721,665</u>	<u>720,894</u>	<u>54,837</u>	<u>48,678</u>	<u>776,501</u>	<u>769,572</u>
Long-term liabilities	125,376	136,813	18,954	17,624	144,330	154,436
Other liabilities	25,564	21,621	2,030	1,598	27,593	23,219
Total liabilities	<u>150,939</u>	<u>158,434</u>	<u>20,984</u>	<u>19,222</u>	<u>171,923</u>	<u>177,656</u>
Net position:						
Net investment in capital assets	490,533	482,778	31,390	31,456	521,922	514,234
Restricted	50,100	52,286	723	679	50,823	52,964
Unrestricted	<u>30,093</u>	<u>27,396</u>	<u>1,740</u>	<u>(2,678)</u>	<u>31,833</u>	<u>24,719</u>
Total net position	<u>\$570,725</u>	<u>\$562,460</u>	<u>\$33,853</u>	<u>\$29,457</u>	<u>\$604,578</u>	<u>\$591,916</u>

By far the largest portion of the Borough's net position (\$521.9 million or 86.3 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 position or future revenues), because the capital assets themselves cannot be used to liquidate these debt obligations.

An additional portion of the Borough's net position (\$50.8 million or 8.4 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 position (\$31.8 million or 5.3 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, unrestricted net position of business-type activities was \$1.7 million, compared to a \$2.7 million deficit at the end of the prior year. All other categories of the Borough's net position 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 position by component (category) beginning with fiscal year 2003-04.

FAIRBANKS NORTH STAR BOROUGH

**Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2013**

Changes in Net Position
(shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$3,943	\$4,180	\$9,386	\$9,057	\$13,329	\$13,237
Operating grants and contributions	3,563	2,361	4,322	4,425	7,885	6,786
Capital grants and contributions	17,542	7,260	3,195	575	20,737	7,836
General revenues:						
Property taxes	110,651	118,827			110,651	118,827
Other taxes	4,601	4,478			4,601	4,478
Grants and contributions not restricted to specific programs	16,407	16,284			16,407	16,284
Other	2,633	1,973	12	25	2,644	1,998
Total revenues	<u>159,339</u>	<u>155,364</u>	<u>16,915</u>	<u>14,083</u>	<u>176,254</u>	<u>169,446</u>
Expenses, netted with indirect expenses allocation:						
General government	22,848	21,972			22,848	21,972
Community planning	1,881	2,095			1,881	2,095
Public works	12,261	12,568			12,261	12,568
Parks and recreation	10,364	9,668			10,364	9,668
Library	6,865	7,248			6,865	7,248
Road and other service areas	7,720	5,708			7,720	5,708
Education	65,472	65,217			65,472	65,217
Emergency operations	6,858	6,089			6,858	6,089
Fire service areas	6,894	6,536			6,894	6,536
Interest on long-term debt	3,647	4,194			3,647	4,194
Transit			10,749	10,906	10,749	10,906
Carlson Center			1,670	1,907	1,670	1,907
Solid waste disposal			6,363	6,068	6,363	6,068
Total expenses, net	<u>144,810</u>	<u>141,294</u>	<u>18,782</u>	<u>18,881</u>	<u>163,592</u>	<u>160,174</u>
Changes in net position before transfers	14,529	14,070	(1,868)	(4,798)	12,662	9,272
Transfers	<u>(6,264)</u>	<u>(5,839)</u>	<u>6,264</u>	<u>5,839</u>		
Changes in net position	8,265	8,231	4,396	1,041	12,662	9,272
Net position, beginning	<u>562,460</u>	<u>554,229</u>	<u>29,457</u>	<u>28,416</u>	<u>591,916</u>	<u>582,645</u>
Net position, ending	<u>\$570,725</u>	<u>\$562,460</u>	<u>\$33,853</u>	<u>\$29,457</u>	<u>\$604,578</u>	<u>\$591,916</u>

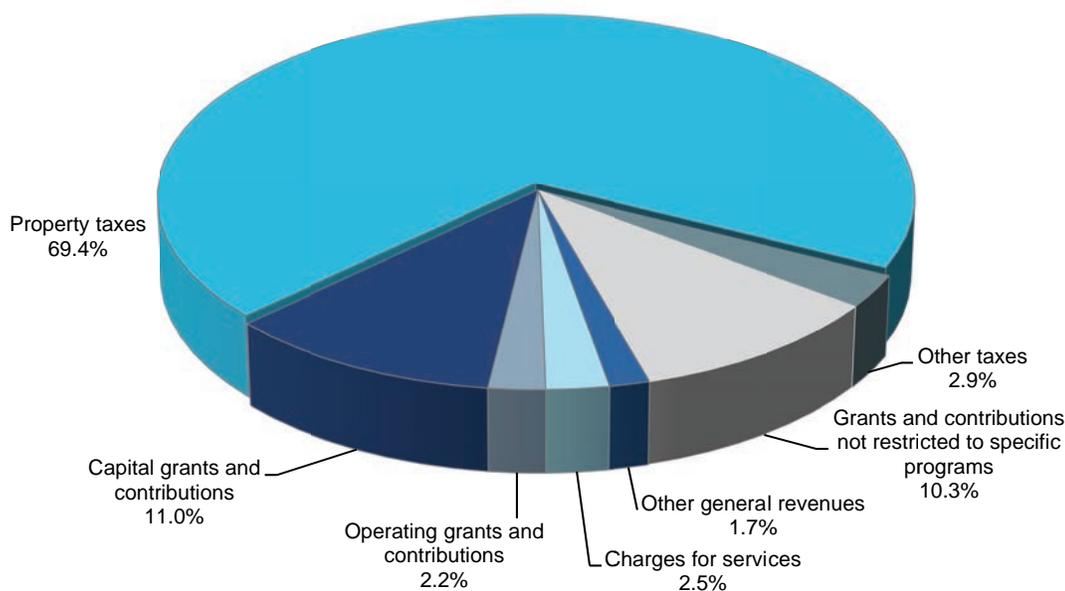
FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2013

During the current fiscal year the Borough's net position increased by \$12.7 million. Significant differences from the prior year's \$9.3 million increase in net position 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 position by \$8.3 million during the current fiscal year compared to the \$8.2 million increase in the prior fiscal year. Key elements of this change are as follows:

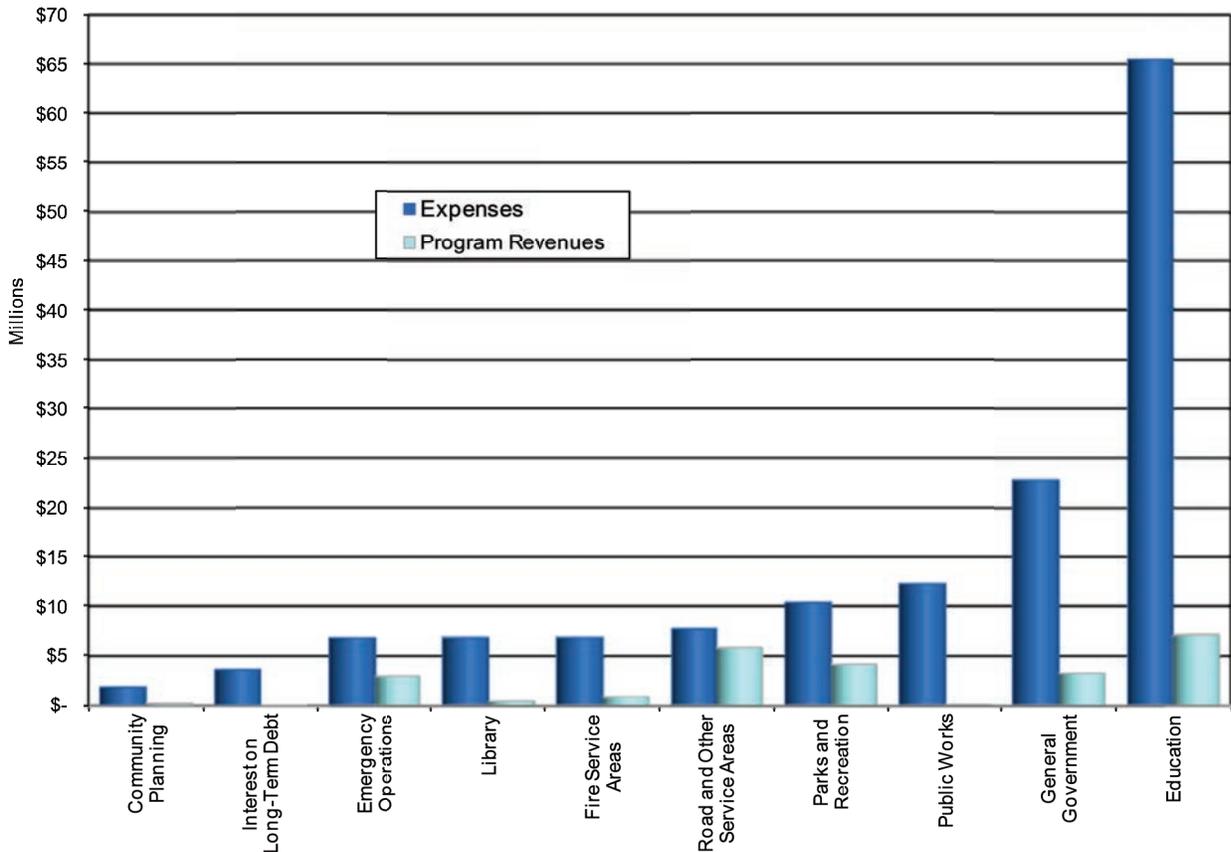
- Property tax revenues of governmental activities decreased by \$8.2 million from the prior fiscal year, with the majority of the decrease being in areawide property tax revenue.
 - In the prior fiscal year, settlement of the trans-Alaska pipeline system (TAPS) valuation litigation for tax years 2007, 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. Additional information on the TAPS valuation litigation, settlements, and appeals can be found in Note 17.A. to the financial statements.
 - The \$1.9 million increase in current year 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.

FAIRBANKS NORTH STAR BOROUGH

**Management’s Discussion and Analysis (continued)
For the Year Ended June 30, 2013**

- Capital grants and contributions increased by \$10.3 million from the prior fiscal year. Of this amount, \$5.8 million is a State grant for phase III of the total renovation of Barnette Magnet School also discussed in the Governmental Funds and Capital Assets sections of this MD&A. Another \$2.3 million is for increased State grant revenue received for road service areas’ routine road maintenance and road improvements.
- Expenses increased by \$3.4 million from the prior year. Of this amount, \$2.0 million was increased spending for road service areas made possible by the State grants available to the road service areas. This funding was much needed, as maintaining adequate roads is a challenge in the Fairbanks area due to harsh winter conditions.

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



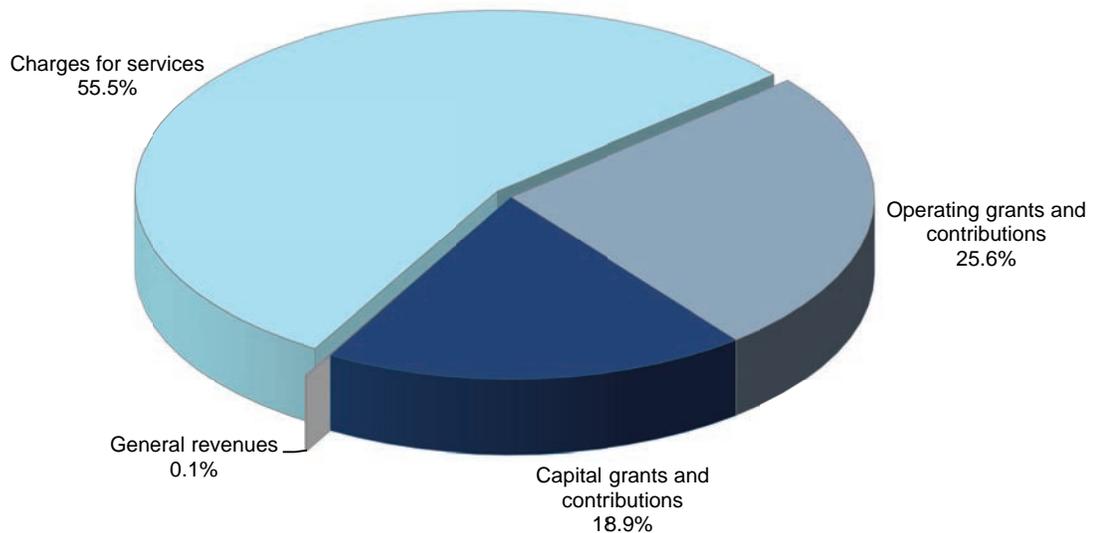
- Other significant differences from the prior year are discussed in the Governmental Funds section of this MD&A.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2013

Business-type activities

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



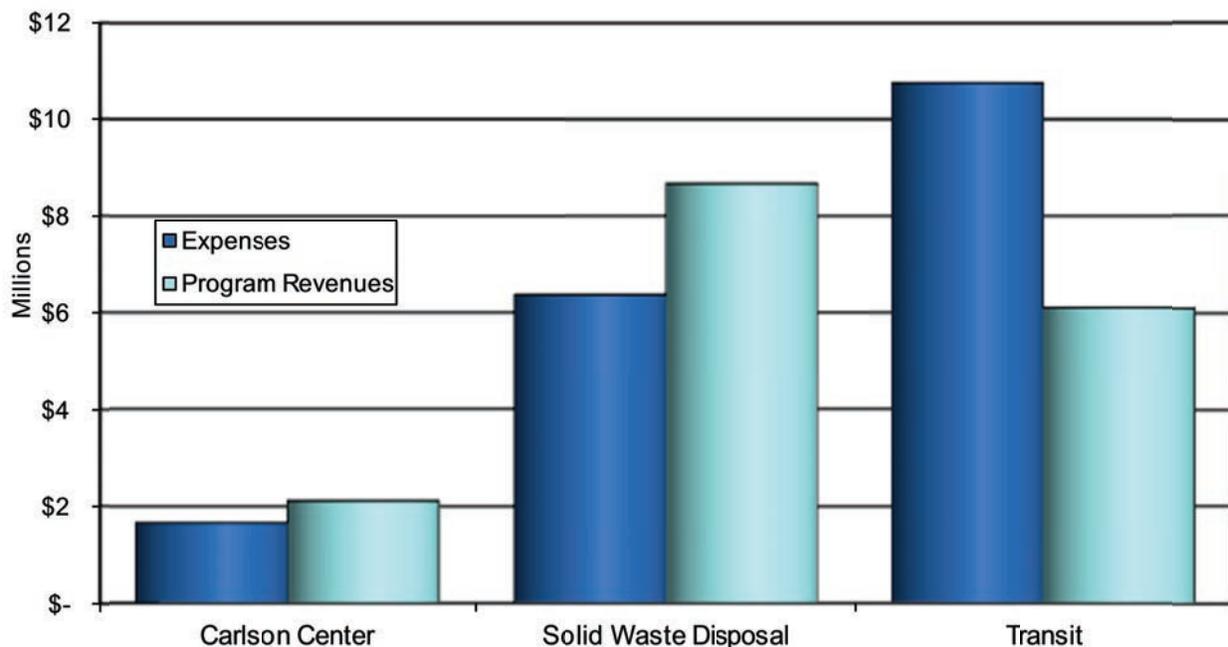
The business-type activities, including transfers not shown in the charts, increased the Borough's net position by \$4.4 million in the current fiscal year, compared to the \$1.0 million increase in the prior fiscal year. Key elements of this difference are as follows:

- Capital grants and contributions for the Carlson Center increased by \$1.9 million. This increase is from State grants received for renovating the Carlson Activity Center's locker rooms and multi-use areas. The locker rooms are over 20 years old, are too small for hosting the various sports teams that use the facility, and were in need of both an upgrade and expansion. This project will also address safety issues and other needs expressed by users of the facility.
- Solid waste disposal's net position increased by \$2.3 million in the current fiscal year. This is a result of setting the solid waste tipping fee at a level that allows accumulation of funds for future landfill closure and postclosure care costs. The \$3.3 million increase in cash also includes the \$1.0 million drawdown on the Alaska Department of Environmental Conservation (ADEC) loan for partial landfill closure expenses. Another \$1.1 million was drawn down on the ADEC loan for landfill expansion, and was spent and capitalized as construction work in progress. The ADEC loans are also discussed in the Long-Term Debt section of this MD&A.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2013

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.

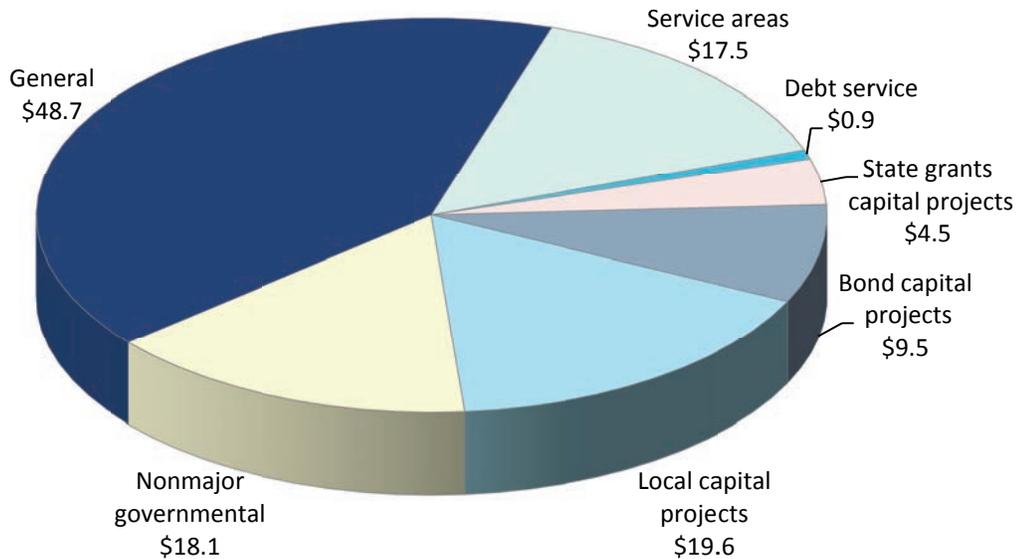
As of the end of the current fiscal year, all of the Borough's governmental funds combined reported ending fund balances of \$118.9 million, a decrease of \$4.0 million from the prior year's governmental funds fund balance. Approximately 47 percent (\$55.6 million) of ending fund balances is restricted by specific authoritative definition, to indicate that it is subject to externally enforceable legal restrictions. Another 32 percent (\$37.5 million) has been committed for various purposes by Assembly action, which remains binding unless removed in the same manner. Approximately 3 percent (\$3.9 million) is assigned to reflect the

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2013

Borough's intended use of those resources. The remaining \$21.9 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 \$4.0 million decrease in governmental funds fund balance during the current fiscal year include the following:

- Fund balance of the bond capital projects fund decreased by \$6.6 million and cash decreased by \$7.1 million. This was a result of spending bond funds for their intended purposes, including renovation, upgrades, and major maintenance at various schools. The largest current year expenditures were \$2.9 million for the Lathrop High School class/gym wing improvements and \$1.1 million to replace North Pole Middle School's roof.
- Fund balance of the service areas special revenue fund increased by \$1.4 million and cash increased by \$1.2 million. This was due to a number of factors, such as, State funding was available for routine road maintenance and road improvements in the state grants capital projects fund which resulted in a reduction of expenditures in the service areas fund. In addition, many service areas raised their mill

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2013

rates by a vote of their citizens, and most service areas experienced some increase in assessed values due to new construction, both of which resulted in increased property tax revenue for service areas. Service areas generally accumulate funds over several years to be used for road improvement projects, new fire trucks, additions/improvements to fire stations, and other capital projects.

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 \$21.9 million, fund balance of \$26.9 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 19.7 percent, assigned fund balance represents 3.4 percent, and unassigned fund balance represents 19.0 percent of that same amount, while total fund balance represents 42.4 percent.

The total fund balance of the Borough's general fund increased by only \$2,000 during the current fiscal year, compared to a \$12.5 million increase in the prior year. The major differences from the prior year's amount are as follows:

- In the prior fiscal year the Borough's general fund received \$9.3 million in property tax revenue and related interest and penalties from settlement of the tax years 2007, 2008, and 2009 trans-Alaska pipeline system (TAPS) valuation litigation by the State Superior Court. In addition, in the prior fiscal year the Borough's general fund received \$1.0 million for recovery of attorney fees from the tax year 2006 TAPS valuation litigation. No additional funds were received during the current fiscal year as a result of TAPS valuation litigation. Information on the TAPS valuation litigation, settlements, and related appeals can be found in Note 17.A. to the financial statements.
- General fund transfers to the Borough's facilities maintenance reserve in the local capital projects fund were \$3.7 million in the current fiscal year, compared to none in the prior fiscal year. The original budget appropriation to the facilities maintenance reserve was \$1.0 million in the current fiscal year, with another \$2.7 million, which represents two-thirds of the fiscal year 2011-12 net general fund lapse (with certain limitations), transferred to the reserve in accordance with Borough Code.

Differences in general fund assets and liabilities include a \$3.7 million increase in the advance tax payments liability primarily due to the \$282 million increase in TAPS assessed value in tax year 2013 (for fiscal year 2013-14 property tax revenue paid in advance in the current fiscal year); and a \$2.4 million increase in interfund receivables, mostly as a result of advance funding of reimbursable state grant expenditures in the capital projects and special revenue state grant funds. These factors combined with other asset and liability variances resulted in a \$1.8 million net increase in general fund cash.

In the state grants capital projects fund, both revenues from the State and expenditures increased significantly from the prior fiscal year. This is due to awards from the State legislature for projects requested by the Borough. The largest current year expenditures included phase III of the total renovation of Barnette Magnet School, originally built over 50 years ago as an elementary school and past the end of its estimated 50 year useful life; the needed reconstruction of the Pioneer Park water and sewer systems which have been in continuous use for over 40 years; various improvements to the Birch Hill Recreation Area in preparation for the

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2013

2014 Arctic Winter Games, an international biennial celebration of circumpolar sports and culture to be held in Fairbanks in March 2014, the first time the Games have been held in Fairbanks since 1988; and ongoing road service area routine annual road maintenance and road improvements.

It should be noted that although fund balance of the governmental funds decreased by \$4.0 million from the prior fiscal year, governmental activities net position increased by \$8.3 million, for a net difference of \$12.3 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 position. In governmental activities, capital outlay expenditures become additions to capital assets and reduce net position 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 \$729,000. Conversely, the net effect of other transactions involving capital assets increased net position by \$1.0 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 position of the transit enterprise fund at the end of the current fiscal year amounted to \$1.8 million, Carlson Center enterprise fund amounted to \$730,000, solid waste disposal enterprise fund was an \$878,000 deficit, and the vehicle and equipment fleet internal service fund was \$785,000. The total increase in net position of the enterprise funds was \$4.4 million, consisting of a \$425,000 increase for the transit enterprise fund, a \$1.6 million increase for the Carlson Center enterprise fund, and a \$2.3 million increase for the solid waste disposal enterprise fund. Net position of the internal service fund increased by \$122,000.

Although the solid waste disposal enterprise fund has \$15.6 million in cash, it has a deficit in unrestricted net position of \$878,000. This difference is mostly due to the \$16.1 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.

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 position and the proprietary funds statement of revenues, expenses, and changes in net position, in the Basic Financial Statements and RSI section of this report.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2013

GENERAL FUND BUDGETARY HIGHLIGHTS

The \$4.0 million increase from the general fund's original operating budget to the final amended operating budget for expenditures and transfers out included the following item:

- Transfers from the operating general fund to the capital projects funds increased by \$2.9 million from the original budget. The most significant transfer was \$2.7 million to the facilities maintenance reserve, which represents two-thirds of the fiscal year 2011-12 net general fund lapse (with certain limitations), made in accordance with Borough Code.

During the current fiscal year, positive actual variances from the final budget increased general fund operating fund balance by \$4.9 million, from the \$3.3 million budgeted decrease in fund balance to the actual fund balance increase of \$1.6 million. The most significant budget-to-actual difference was the \$4.2 million expenditure budget lapse.

- Of the \$4.2 million expenditure budget lapse, \$3.2 million was in the personnel services category due to a combination of position vacancies and favorable claims experience for self-insured healthcare costs.
 - Salary costs were lower due to various factors, most related to the large number of retirements and other staff turnover during the current fiscal year. Some vacated positions were vacant for only a short time and then filled at lower entry-level rates of pay, which reduced salary costs. Other positions were vacant for longer periods and some remained unfilled at year-end, due to a lack of qualified applicants or the impact of higher competing local wage levels for applicants that were qualified.
 - Healthcare benefit costs, which are very unpredictable from year to year, were significantly under-budget in the current fiscal year due to less healthcare claims than anticipated. Position vacancies also contributed to lower overall benefit costs.
- In addition, all general fund departments and functions lapsed funds in most other expenditure categories roughly in line with past years' experiences.

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, 2013, amounts to \$605 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, and construction in progress. The total increase in the Borough's investment in capital assets for the current fiscal year was \$2.5 million (0.4 percent), a \$0.4 million increase (0.1 percent) for governmental activities and a \$2.1 million increase (6.6 percent) for business-type activities.

FAIRBANKS NORTH STAR BOROUGH

**Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2013**

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

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
All land and land improvements*	\$255,890	\$254,568	\$1,892	\$1,898	\$257,782	\$256,466
Buildings	247,358	256,030	17,283	17,813	264,641	273,843
Improvements other than buildings	44,090	44,748	5,874	6,429	49,964	51,177
Equipment	9,577	9,104	4,251	4,909	13,828	14,013
Works of art	157	157	121	121	278	278
Library materials	2,177	2,124			2,177	2,124
Intangible assets – software		112		73		185
Construction in progress	12,507	4,526	4,157	253	16,665	4,779
Total	\$571,755	\$571,369	\$33,577	\$31,496	\$605,332	\$602,865

* 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:
 - \$1.5 million for Birch Hill Recreation Area improvements, funded with a State grant. The improvements included 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.
 - \$1.4 million phase I of the renovation of Ryan Middle School, financed with general obligation bonds. Phase I completed the renovation design and the rebuild of the parking lot.
 - \$1.2 million Emergency Operations Center (EOC), financed with federal pass-through and State grants. This project constructed a 1,700 square foot EOC, which is an addition to Steese Fire Station #1. The new EOC is a state-of-the-art facility which the Borough will use to conduct disaster coordination activities within the Borough's boundaries.

- Work continues on the following facilities/projects:
 - \$13.0 million replacement of the North Pole Branch Library building with a new 18,500 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 to the project and \$6.8 million is funded with a State grant.
 - \$9.4 million phase II of the renovation of Ryan Middle School, financed with general obligation bonds. Phase II of the renovation concentrates on the gymnasium wing to include replacement of lighting systems; upgrade of the heating, ventilation, and air conditioning system; electrical

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2013

- system; lateral force resisting system; and building envelope; abatement of hazardous materials; and realignment of interior spaces according to the educational specification.
- \$7.9 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.
 - \$2.6 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 40 years.
 - Planning, design, or construction began on the following facilities:
 - \$3.2 million for the Hez Ray Field and Fairbanks Youth Soccer Association artificial turf fields, financed with a State grant. This project includes planning, design, and construction of artificial turf fields at Hez Ray Field and the Fairbanks Youth Soccer Association Field. Work may include accessory items normally associated with sports fields such as scoreboards, lighting, bleachers, and other necessary improvements. This funding may not be sufficient to fully fund construction at both fields.
 - \$2.0 million rebuild of additional Pioneer Park parking lots, funded by State grants and local sources. This project includes re-grading and re-paving of the Moore Street park entrance and the parking lot of the Centennial Center for the Performing Arts and safety improvements within the park such as sidewalks and lighting.
 - \$1.3 million phase IV of the renovation of Barnette Magnet School, financed with a State grant. Phase IV of the renovation includes additional funding for the final design and construction of the building wing replacement which was started with phase III.
 - Governmental activities construction in progress was \$12.5 million at fiscal year-end.

Business-type activities:

- Work continues on the following facilities/projects:
 - \$10.8 million landfill expansion, cells 3 and 4, financed with an Alaska Department of Environmental Conservation loan and local sources.
 - \$4.6 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 \$117.6 million. The Borough's total long-term debt decreased by \$9.9 million (7.8 percent) during the current fiscal year.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2013

Outstanding Debt (shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$114,120	\$126,040	\$	\$	\$114,120	\$126,040
Solid waste disposal loans			2,188	40	2,188	40
Capital leases payable	1,285	1,414			1,285	1,414
Total	\$115,405	\$127,454	\$2,188	\$40	\$117,593	\$127,494

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

- Issued \$16.67 million of general obligation refunding bonds, at a premium, with true interest cost of 1.58 percent to refund the remaining \$18.41 million of year 2004 and 2005 general obligation school bonds. The 2004 bonds had a true interest cost of 3.79 percent, and the 2005 bonds had a true interest cost of 4.08 percent. This refunding will produce gross debt service savings after all issuance expenses of \$2.98 million.
- Retired an additional \$10.19 million of bond principal.

In business-type activities, the Borough drew down an additional \$1.13 million on the \$8.00 million Alaska Department of Environmental Conservation (ADEC) solid waste landfill expansion (cells 3 and 4) loan, and drew down the first \$1.02 million on the \$3.50 million ADEC loan for partial landfill closure (cells 1 and 2).

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

- Of the \$20.29 million of school bonds approved by voters in October 2011, the Borough issued \$11.50 million in June 2012. Issuance of the remaining authorized bonds is expected during calendar year 2014.
- In October 2013 voters approved two bond propositions totaling \$56.55 million for replacement of one school and capital improvements to five schools in the Borough. Issuance of some portion of these authorized bonds is expected during calendar year 2014.
- In November 2012 the Borough established the Interior Alaska Natural Gas Utility (IGU) as an 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. Additional information on the IGU can be found in Note 1.A. to the financial statements. See the following web sites for further information:
fnsb.us/boards/GasUtilityBoard/default.htm (Borough's Interior Alaska Natural Gas Utility web page),
www.interiorgas.com (Interior Gas Utility).

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2013

- Alyeska Pipeline Service Company has paid tax years 2006 through 2013 taxes under protest (fiscal years 2006-07 through 2013-14), 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. No trial date has been set for tax year 2010, 2011, 2012, or 2013 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 10.51 percent of the Borough's total assessed valuation, based on the State's original 2013 assessed value of Alyeska properties. This is an increase from tax year 2012's 7.65 percent, due to an increase in the State-set valuation for TAPS from \$669 million in tax year 2012 to \$952 million in tax year 2013. 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. In October 2013 it was announced that the Air Force has abandoned those plans.
- Eielson Air Force Base has privatized its on-base housing and the project owner has approached the Borough regarding a payment in lieu of taxes for the privatized housing. Now that the Air Force has decided against moving the F-16 Aggressor Squadron, this process is moving forward.
- An agreement for a payment in lieu of taxes for the privatized transient hotel on Fort Wainwright Army Post has been finalized. The Borough and the City of Fairbanks will begin receiving these payments in fiscal year 2013-14. The Borough and City currently receive payments in lieu of taxes for the privatized single-family residential housing on Fort Wainwright.
- Two bills were introduced in the last State legislative session that would centralize health insurance for all of Alaska's school employees. SB90 and HB196 would require Alaska's 53 school districts to participate in an insurance program administered by the Alaska Department of Administration. School District operating fund health costs total more than \$30 million and are expected to increase at a rate much faster than general inflation. There is much uncertainty if a mandated insurance pool would increase health costs of school employees or slow down the rate of expected increases. The Borough's risk management program currently includes both the Borough and the School District. If the School District is required to participate in a State health insurance program, the administrative cost of the Borough's risk management program allocated to the School District would decrease and the cost allocated to the Borough would increase.
- 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

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis (continued) For the Year Ended June 30, 2013

on the State's education foundation formula for school funding, combined with the School District's increasing salaries, benefits, and other costs. The Borough's direct local contribution to the School District has increased \$13.8 million (40 percent) over the last ten fiscal years (fiscal year 2003-04 to fiscal year 2013-14).

- New construction assessed values added to the tax rolls each year have been fairly steady over the last ten years, both as amounts and as percentages of existing property values, with a spike in tax year 2010, and a dip in 2012 and again in 2013. New construction values help keep the mill rate stable, effectively offsetting real year-over-year cost increases of Borough programs and services. The lower additions to assessed values in tax years 2012 and 2013 have made it more difficult to sustain maintenance-level budgets.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

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

Fund Financial Statements

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

Notes to Financial Statements

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

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FAIRBANKS NORTH STAR BOROUGH

**Statement of Net Position
June 30, 2013**

Assets	Primary Government	
	Governmental Activities	Business- type Activities
Equity in central treasury cash	\$74,248,983	\$18,668,646
Restricted equity in central treasury cash	62,106,908	1,214,567
Taxes receivable (net of allowance for uncollectibles 2013 - \$701,759; 2012 - \$646,943)	2,831,848	
Restricted taxes receivable	474,632	
Accounts receivable (net of allowance for uncollectibles 2013 - \$22,067; 2012 - \$21,460)	941,878	579,734
Restricted accounts receivable (net of allowance for uncollectibles 2013 - \$1,162,870; 2012 - \$1,045,752)	592,707	5,099
Accrued interest receivable	35,475	
Restricted accrued interest receivable	88	
Internal balances (payable from restricted assets: governmental activities - none; business-type activities - \$1,155,185)	1,307,658	(1,307,658)
Due from Borough		
Due from School District	800,000	
Restricted due from School District	132	
Due from governmental agencies	520,579	201,371
Restricted due from governmental agencies	4,339,755	1,665,993
Inventories		231,828
Other assets	1,307,772	
Notes receivable - land sales	401,011	
Long-term receivables (net of allowance for uncollectibles 2013 - \$216,507; 2012 - \$216,507)		
Capital assets (See Note 6)		
Non-depreciable	269,701,796	6,128,169
Depreciable, net of accumulated depreciation	302,053,282	27,449,129
Assets total	721,664,504	54,836,877

See accompanying notes to financial statements.

Primary Government		Component Unit School District
Totals		
2013	2012	
\$92,917,629	\$84,717,488	\$21,940,989
63,321,475	70,196,581	33,650
2,831,848	2,742,453	
474,632	418,764	
1,521,612	779,302	9,554,337
597,806	755,370	
35,475	16,449	
88	258	
800,000	772,605	143,653
132		
721,951	573,917	
6,005,747	2,782,587	
231,828	204,703	936,194
1,307,772	2,211,979	80,877
401,011	534,685	
275,829,966	262,605,216	
329,502,410	340,259,609	4,169,278
776,501,381	769,571,966	36,858,978

FAIRBANKS NORTH STAR BOROUGH

**Statement of Net Position
June 30, 2013**

Liabilities	Primary Government	
	Governmental Activities	Business- type Activities
Advance tax payments	\$12,714,519	\$
Accounts payable	1,485,104	606,594
Due to Borough		
Due to School District	7,521	
Wages and payroll taxes	1,807,556	363,483
Payable from restricted assets		
Accounts payable	3,342,872	495,112
Due to School District	136,132	
Unearned revenues	4,779,816	512,119
Deposits from others	9,888	
Accrued interest payable	1,144,142	52,410
Deposits from others	136,008	
Long-term liabilities (See Note 10)		
Due within one year	13,985,528	427,845
Due in more than one year	111,390,407	18,526,277
	<u>150,939,491</u>	<u>20,983,839</u>
Liabilities total		
Net Position		
Net investment in capital assets	490,532,654	31,389,660
Restricted for		
Employee healthcare and labor relations	2,945,134	
Grant-funded special programs	203,009	
Service areas	19,930,827	
Non-areawide	3,442,218	
Solid waste collection	6,081,233	
Enhanced 911	2,864,956	
Library special revenue (donor-restricted)	6,684,014	
Grant-funded capital projects	4,628,654	
School bond capital projects	3,319,574	
Proprietary fund grants and asset replacement		723,243
Unrestricted	<u>30,092,741</u>	<u>1,740,135</u>
	<u>\$570,725,012</u>	<u>\$33,853,039</u>
Total net position		

See accompanying notes to financial statements.

Primary Government		Component Unit School District
Totals		
2013	2012	
\$12,714,519	\$9,042,201	\$
2,091,698	1,883,722	1,370,283
		800,132
7,521	7,602	
2,171,038	2,172,387	1,631,263
3,837,984	3,687,559	
136,132	46,904	
5,291,934	4,643,024	33,650
9,888	9,888	
1,196,552	1,234,997	
136,008	490,770	
14,413,372	13,920,154	7,806,732
129,916,684	140,516,312	1,923,669
171,923,330	177,655,519	13,565,729
521,922,314	514,233,751	4,169,278
2,945,134	3,093,979	
203,009	365,180	
19,930,827	18,306,186	
3,442,218	3,211,286	
6,081,233	5,326,631	
2,864,956	2,618,940	
6,684,014	8,682,964	
4,628,654	5,619,584	
3,319,574	5,060,852	
723,243	678,507	
31,832,876	24,718,588	19,123,971
<u>\$604,578,051</u>	<u>\$591,916,447</u>	<u>\$23,293,249</u>

FAIRBANKS NORTH STAR BOROUGH

**Statement of Activities
For the Year Ended June 30, 2013**

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government					
Governmental activities					
General government	\$26,509,532	(\$3,661,689)	\$972,077	\$2,197,219	\$97,365
Community planning	1,880,390	445		242,660	7,527
Public works	13,621,755	(1,360,633)	53,457		45,470
Parks and recreation	10,345,673	18,151	1,281,648	179,619	2,715,035
Library	6,863,575	1,817	76,887	157,636	201,971
Road and other service areas	7,112,882	607,400		20,017	5,823,908
Education	65,471,531			24,880	7,116,139
Emergency operations	6,307,646	550,058	1,558,882	736,431	671,443
Fire service areas	6,874,623	19,371		4,725	862,691
Interest on long-term debt	3,647,107				
Total governmental activities	<u>148,634,716</u>	<u>(3,825,080)</u>	<u>3,942,950</u>	<u>3,563,186</u>	<u>17,541,549</u>
Business-type activities					
Transit	9,920,037	828,800	1,064,697	4,227,762	812,443
Carlson Center	1,236,044	434,436		94,311	2,030,569
Solid waste disposal	5,461,698	901,459	8,320,996		352,484
Total business-type activities	<u>16,617,780</u>	<u>2,164,695</u>	<u>9,385,693</u>	<u>4,322,073</u>	<u>3,195,497</u>
Total primary government	<u>\$165,252,495</u>	<u>(\$1,660,385)</u>	<u>\$13,328,643</u>	<u>\$7,885,260</u>	<u>\$20,737,046</u>
Component unit					
School District	<u>\$252,609,497</u>	<u>\$1,660,385</u>	<u>\$1,832,792</u>	<u>\$66,613,379</u>	<u>\$69,419</u>

General revenues
 Property taxes
 Hotel-motel taxes
 Alcoholic beverage taxes
 Tobacco excise taxes
 Grants and contributions not restricted to specific programs
 Foundation program
 Other federal and state aid
 Unrestricted investment earnings
 Borough direct appropriation
 Other
 Transfers

 Total general revenues and transfers

 Change in net position
 Net position, beginning
 Net position, ending

See accompanying notes to financial statements.

Net (Expense) Revenue and
Changes in Net Assets

Primary Government		Totals		Component Unit
Governmental Activities	Business-type Activities	2013	2012	School District
(\$19,581,182)	\$	(\$19,581,182)	(\$19,145,168)	\$
(1,630,648)		(1,630,648)	(2,028,732)	
(12,162,196)		(12,162,196)	(12,502,334)	
(6,187,522)		(6,187,522)	(6,675,170)	
(6,428,899)		(6,428,899)	(6,925,257)	
(1,876,357)		(1,876,357)	(2,158,999)	
(58,330,512)		(58,330,512)	(63,521,062)	
(3,890,949)		(3,890,949)	(3,814,606)	
(6,026,578)		(6,026,578)	(6,527,270)	
(3,647,107)		(3,647,107)	(4,193,718)	
(119,761,950)		(119,761,950)	(127,492,315)	
	(4,643,934)	(4,643,934)	(5,293,193)	
	454,400	454,400	(1,640,702)	
	2,310,322	2,310,322	2,110,566	
	(1,879,211)	(1,879,211)	(4,823,329)	
(119,761,950)	(1,879,211)	(121,641,162)	(132,315,644)	
				(185,754,292)
110,650,804		110,650,804	118,827,272	
2,031,249		2,031,249	1,923,485	
1,104,640		1,104,640	1,051,664	
1,464,783		1,464,783	1,503,265	
16,406,955		16,406,955	16,283,827	119,814,989
				19,464,610
93,696	11,654	105,350	116,322	
2,538,930	53	2,538,983	1,881,709	47,000,000
(6,263,996)	6,263,996			995,646
128,027,062	6,275,703	134,302,764	141,587,545	187,275,245
8,265,111	4,396,492	12,661,603	9,271,901	1,520,953
562,459,901	29,456,546	591,916,447	582,644,546	21,772,296
\$570,725,012	\$33,853,039	\$604,578,051	\$591,916,447	\$23,293,249

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FAIRBANKS NORTH STAR BOROUGH

Governmental Funds

**Balance Sheet
June 30, 2013**

	General	Service Areas	Debt Service
Assets			
Equity in central treasury cash	\$60,014,352	\$17,761,037	\$172,428
Taxes receivable (net of allowance for uncollectibles - \$701,759)	2,831,848	251,065	
Accounts receivable (net of allowance for uncollectibles - \$1,174,687)	38,803		
Accrued interest receivable	35,475		
Interfund receivable	4,395,313		
Due from School District			
Due from governmental agencies	520,579		
Other assets	86,290		723,409
Notes receivable - land sales	401,011		
Assets total	\$68,323,672	\$18,012,102	\$895,836
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$1,185,354	\$275,306	\$
Wages and payroll taxes	1,383,759		
Accrued self-insurance losses	1,300,506		
Interfund payables			
Due to School District	7,521		
Deposits from others	136,008		
Deferred revenues	2,760,643	231,013	
Unearned revenues	102,059		
Advance tax payments	12,714,519		
Liabilities total	19,590,367	506,319	
Fund balances (deficit)			
Restricted	310,491	17,505,783	
Committed	22,621,457		895,836
Assigned	3,926,435		
Unassigned	21,874,921		
Fund balances (deficit) total	48,733,305	17,505,783	895,836
Liabilities and fund balances (deficit) total	\$68,323,672	\$18,012,102	\$895,836

See accompanying notes to financial statements.

<u>State Grants Capital Projects</u>	<u>Bond Capital Projects</u>	<u>Local Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$8,762,859	\$10,435,520	\$19,666,285	\$18,655,091	\$135,467,572
		428	223,139	3,306,480
			592,707	631,510
54,891	88			35,563
		800,000	132	4,450,204
3,227,347			1,112,408	800,132
				4,860,334
				809,699
				401,011
<u>\$12,045,097</u>	<u>\$10,435,608</u>	<u>\$20,466,713</u>	<u>\$20,583,476</u>	<u>\$150,762,504</u>
\$1,028,678	\$949,972	\$762,023	\$507,126	\$4,708,459
				1,383,759
				1,300,506
2,166,774		54,891	871,983	3,093,648
88,446	11,557		36,129	143,653
			9,888	145,895
		399	514,137	3,506,193
4,217,413			562,402	4,881,874
				12,714,519
<u>7,501,311</u>	<u>961,529</u>	<u>817,313</u>	<u>2,501,665</u>	<u>31,878,505</u>
4,543,785	9,474,079	6,906,446	16,842,256	55,582,840
		12,742,954	1,239,555	37,499,803
				3,926,435
				21,874,921
<u>4,543,785</u>	<u>9,474,079</u>	<u>19,649,400</u>	<u>18,081,811</u>	<u>118,883,999</u>
<u>\$12,045,097</u>	<u>\$10,435,608</u>	<u>\$20,466,713</u>	<u>\$20,583,476</u>	<u>\$150,762,504</u>

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Governmental Funds

**Reconciliation of Balance Sheet
to the Statement of Net Position
June 30, 2013**

Fund balances - total governmental funds		\$ 118,883,999
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets cost	\$ 817,321,769	
Less accumulated depreciation	<u>(249,154,109)</u>	
		568,167,660
Deferred bond issuance costs are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
		1,221,482
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 position.		
		3,038,174
Earned revenues that are not available to pay current period expenditures are reported as deferred revenues in the funds.		
		4,495,252
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	(114,120,000)	
Deferred premiums on bonds	(6,577,150)	
Deferred refunding bonds difference	328,785	
Accrued interest payable on bonds	(1,144,142)	
Accrued compensated absences	(2,845,638)	
Other payables	<u>(723,409)</u>	
		<u>(125,081,554)</u>
Net position of governmental activities		<u><u>\$570,725,012</u></u>

See accompanying notes to financial statements.

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FAIRBANKS NORTH STAR BOROUGH

Governmental Funds

**Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2013**

	<u>General</u>	<u>Service Areas</u>	<u>Debt Service</u>
Revenues			
Taxes	\$94,341,274	\$11,207,230	\$
Intergovernmental revenues	16,054,592		
Charges for services	2,131,961		
Land sales and interest on land notes receivable	185,168		
Other revenues	1,520,407	88,257	1
Revenues total	<u>114,233,402</u>	<u>11,295,487</u>	<u>1</u>
Expenditures			
Current			
General government	19,920,436		
Community planning	1,616,412		
Public works	6,121,382		
Parks and recreation	6,770,222		
Library	5,358,350		
Road and other service areas		2,301,709	
Education	47,000,000		
Emergency operations	1,798,544		
Fire service areas		6,152,865	
Capital outlay	418,813		
Debt service			
Principal retirement			10,185,000
Interest and other debt service costs			5,104,569
Payment to refunded bond escrow agent			18,497,025
Expenditures total	<u>89,004,159</u>	<u>8,454,574</u>	<u>33,786,594</u>
Excess (deficiency) of revenues over expenditures	<u>25,229,243</u>	<u>2,840,913</u>	<u>(33,786,593)</u>
Other financing sources (uses)			
Transfers in	613,871	207,800	15,389,157
Transfers out	(25,840,956)	(1,662,962)	
Bond issuance			16,670,000
Premium on bond debt			2,047,271
Other financing sources (uses) total	<u>(25,227,085)</u>	<u>(1,455,162)</u>	<u>34,106,429</u>
Net change in fund balances	2,158	1,385,750	319,835
Fund balances (deficit), beginning	48,731,147	16,120,033	576,001
Fund balances (deficit), ending	<u>\$48,733,305</u>	<u>\$17,505,783</u>	<u>\$895,836</u>

See accompanying notes to financial statements.

State Grants Capital Projects	Bond Capital Projects	Local Capital Projects	Other Governmental Funds	Total Governmental Funds
\$	\$	\$8,186	\$9,380,165	\$114,936,855
14,876,186			5,191,157	36,121,935
			2,459,681	4,591,641
				185,168
3,742	1,946	1,022,546	171,262	2,808,160
14,879,927	1,946	1,030,732	17,202,264	158,643,760
		19,473	3,038,332	22,978,241
			255,747	1,872,159
		142,633	6,089,637	12,353,651
95,009		1,403,587	255,730	8,524,547
		682,628	171,787	6,212,766
4,867,175		549,231		7,718,115
184,966	5,592,818	744,497	417,844	53,940,126
11,515			4,765,885	6,575,943
318,568		70,110	78,900	6,620,443
10,266,275	508,754	1,977,811	1,344,637	14,516,290
				10,185,000
				5,104,569
				18,497,025
15,743,508	6,101,572	5,589,970	16,418,499	175,098,875
(863,580)	(6,099,626)	(4,559,237)	783,765	(16,455,116)
		5,326,628	2,140,072	23,677,528
(4,304)	(497,977)	(879,318)	(1,050,368)	(29,935,886)
				16,670,000
				2,047,271
(4,304)	(497,977)	4,447,310	1,089,703	12,458,913
(867,884)	(6,597,603)	(111,927)	1,873,469	(3,996,203)
5,411,669	16,071,682	19,761,327	16,208,342	122,880,202
\$4,543,785	\$9,474,079	\$19,649,400	\$18,081,811	\$118,883,999

(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, 2013**

Net change in fund balances - total governmental funds			(\$3,996,203)
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		\$14,516,290	
Depreciation expense		<u>(15,245,182)</u>	(728,892)
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 position.			
			997,591
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
			4,094,240
Tax revenues that were reported as resources in the funds but were earned in prior fiscal years are not reported in the statement of activities.			
			(2,839,806)
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 position. 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		(16,670,000)	
Premiums on debt		(2,047,271)	
Debt service refunding		18,497,025	
Deferred bond issuance costs		207,800	
Debt principal payments		10,185,000	
Accrued interest and amortization		<u>1,119,065</u>	11,291,619
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.			
			(656,516)
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 position of the internal service fund is reported with governmental activities.			
			122,472
The internal service fund lookback adjustment results in a balance between governmental and business-type activities.			
			<u>(19,394)</u>
Change in net position of governmental activities			<u><u>\$8,265,111</u></u>

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, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property tax	\$87,627,494	\$87,627,494	\$88,206,491	\$578,997
Hotel-motel tax	1,700,000	1,700,000	2,028,261	328,261
Alcoholic beverage tax	1,000,000	1,000,000	1,088,021	88,021
Tobacco excise tax	1,450,000	1,450,000	1,464,733	14,733
Interest and penalties on taxes	729,100	729,100	811,268	82,168
Payment in lieu of taxes for privatized military housing	742,500	742,500	742,500	
Taxes total	93,249,094	93,249,094	94,341,274	1,092,180
Intergovernmental revenues				
State of Alaska				
Aid for school construction	10,265,030	10,265,030	9,979,176	(285,854)
Aid to local government	5,348,361	5,348,361	5,348,361	
Other shared revenue and assistance	470,500	470,500	31,998	(438,502)
Federal government				
Payment in lieu of taxes	401,000	401,000	409,639	8,639
Aid for debt service	225,410	225,410	225,418	8
Grants	60,000	60,000	60,000	
Intergovernmental revenues total	16,770,301	16,770,301	16,054,592	(715,709)
Charges for services	2,151,900	2,151,900	2,060,078	(91,822)
Charges to School District	1,792,640	1,792,640	1,660,385	(132,255)
Other revenues				
Charges to other funds	3,657,790	3,657,790	3,573,786	(84,004)
Investment income, including net unrealized investment gains/losses	343,540	343,540	87,162	(256,378)
Indirect charges to grants	600,000	600,000	1,258,998	658,998
Various	55,000	55,950	157,634	101,684
Other revenues total	4,656,330	4,657,280	5,077,581	420,301
Revenues total	118,620,265	118,621,215	119,193,911	572,696

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, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
Expenditures				
Current				
General government				
Non-departmental	\$620,270	\$715,174	\$623,369	\$91,805
Mayor	1,020,208	1,017,708	884,413	133,294
Assembly	1,762,430	1,761,657	1,598,212	163,445
Legal	1,120,770	1,120,770	1,016,391	104,379
Computer services	4,320,520	4,187,030	3,876,135	310,895
Financial services	3,872,920	3,910,900	3,605,915	304,985
Assessing	2,897,610	2,906,364	2,576,562	329,802
General services	1,705,990	1,758,337	1,634,635	123,702
Human resources	3,264,570	3,240,486	3,082,498	157,989
Land management	1,172,630	1,180,877	1,053,708	127,169
General government total	21,757,918	21,799,303	19,951,838	1,847,465
Community planning	1,874,131	1,881,914	1,615,361	266,553
Public works	8,344,170	8,397,060	7,716,604	680,456
Parks and recreation	7,275,439	7,294,488	6,700,381	594,107
Library	5,513,700	5,523,989	5,105,532	418,457
Education	47,000,000	47,000,000	47,000,000	
Emergency operations	2,131,080	2,140,883	1,791,331	349,552
Capital outlay	731,820	949,438	902,413	47,025
Expenditures total	94,628,258	94,987,076	90,783,462	4,203,614

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, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over expenditures	\$23,992,008	\$23,634,139	\$28,410,449	\$4,776,310
Other financing sources (uses)				
Transfers in				
Capital projects funds			52,846	52,846
Enterprise funds			38	38
General fund - multi-year	950,810	992,810	1,061,274	68,464
Transfers out				
Special revenue funds	(214,142)	(215,958)	(215,958)	
Debt service fund	(14,891,180)	(14,891,180)	(14,891,180)	
Capital projects funds	(1,529,020)	(4,451,423)	(4,451,423)	
Enterprise funds	(6,028,094)	(6,258,396)	(6,258,396)	
General fund - multi-year	(1,660,000)	(2,143,712)	(2,143,712)	
Other financing sources (uses) total	(23,371,626)	(26,967,858)	(26,846,511)	121,347
Net change in fund balances	\$620,381	(\$3,333,719)	\$1,563,938	\$4,897,657

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, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Air Park</u>				
Total revenues and transfers in	\$20	\$20	\$5	(\$15)
Total expenditures and transfers out	\$7,430	\$7,430	\$620	\$6,810
<u>Airway</u>				
Total revenues and transfers in	\$13,320	\$13,320	\$13,340	\$20
Total expenditures and transfers out	\$63,673	\$63,673	\$12,561	\$51,112
<u>Arctic Fox</u>				
Total revenues and transfers in	\$5,190	\$5,190	\$4,959	(\$231)
Total expenditures and transfers out	\$40,338	\$40,338	\$2,276	\$38,062
<u>Aztec</u>				
Total revenues and transfers in	\$24,210	\$24,210	\$23,983	(\$227)
Total expenditures and transfers out	\$100,450	\$100,450	\$9,787	\$90,664
<u>Ballaine Lake Sewer & Water</u>				
Total revenues and transfers in	\$27,590	\$27,590	\$32,015	\$4,425
Total expenditures and transfers out	\$69,704	\$69,704	\$13,470	\$56,235
<u>Bear's Den Road</u>				
Total revenues and transfers in	\$	\$	\$	\$
Total expenditures and transfers out	\$550	\$550	\$550	\$
<u>Becker Ridge</u>				
Total revenues and transfers in	\$118,860	\$118,860	\$117,510	(\$1,350)
Total expenditures and transfers out	\$277,565	\$277,565	\$76,372	\$201,193
<u>Birch Hill</u>				
Total revenues and transfers in	\$120,940	\$120,940	\$119,989	(\$951)
Total expenditures and transfers out	\$387,507	\$387,507	\$68,683	\$318,824
<u>Bluebird Road</u>				
Total revenues and transfers in	\$6,730	\$6,730	\$6,677	(\$53)
Total expenditures and transfers out	\$35,454	\$35,454	\$1,905	\$33,549

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, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Borda Road</u>				
Total revenues and transfers in	\$29,990	\$29,990	\$29,830	(\$160)
Total expenditures and transfers out	\$151,661	\$151,661	\$26,079	\$125,582
<u>Brookside</u>				
Total revenues and transfers in	\$8,830	\$8,830	\$8,699	(\$131)
Total expenditures and transfers out	\$48,626	\$48,626	\$4,722	\$43,903
<u>Chena Goldstream Volunteer Fire</u>				
Total revenues and transfers in	\$1,395,420	\$1,395,420	\$1,388,176	(\$7,244)
Total expenditures and transfers out	\$1,959,122	\$1,959,658	\$931,205	\$1,028,453
<u>Chena Hills Road</u>				
Total revenues and transfers in	\$102,910	\$102,910	\$104,028	\$1,118
Total expenditures and transfers out	\$153,372	\$153,372	\$88,014	\$65,358
<u>Chena Hot Springs II</u>				
Total revenues and transfers in	\$530	\$530	\$531	\$1
Total expenditures and transfers out	\$635	\$635	\$530	\$105
<u>Chena Marina</u>				
Total revenues and transfers in	\$23,430	\$23,430	\$24,734	\$1,304
Total expenditures and transfers out	\$67,460	\$60,121	\$12,457	\$47,664
<u>Chena Point Road</u>				
Total revenues and transfers in	\$122,050	\$122,104	\$120,542	(\$1,562)
Total expenditures and transfers out	\$173,554	\$173,599	\$87,488	\$86,111
<u>Chena Spur</u>				
Total revenues and transfers in	\$45,060	\$45,060	\$46,348	\$1,288
Total expenditures and transfers out	\$138,247	\$138,247	\$10,514	\$127,733
<u>Cleary Summit</u>				
Total revenues and transfers in	\$540	\$540	\$551	\$11
Total expenditures and transfers out	\$1,619	\$1,619	\$540	\$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, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>College</u>				
Total revenues and transfers in	\$541,330	\$541,330	\$533,239	(\$8,091)
Total expenditures and transfers out	\$2,992,901	\$3,042,901	\$428,360	\$2,614,541
<u>College Hills</u>				
Total revenues and transfers in	\$26,690	\$26,690	\$26,380	(\$310)
Total expenditures and transfers out	\$42,497	\$42,497	\$11,198	\$31,299
<u>Cooper Estates</u>				
Total revenues and transfers in	\$29,430	\$29,430	\$29,713	\$283
Total expenditures and transfers out	\$117,808	\$117,808	\$6,558	\$111,250
<u>Cordes Drive</u>				
Total revenues and transfers in	\$26,810	\$26,810	\$26,331	(\$479)
Total expenditures and transfers out	\$57,922	\$57,922	\$32,963	\$24,959
<u>Cripple Creek</u>				
Total revenues and transfers in	\$71,610	\$71,610	\$70,905	(\$705)
Total expenditures and transfers out	\$202,062	\$202,062	\$33,779	\$168,283
<u>Deep Forest</u>				
Total revenues and transfers in	\$19,640	\$19,640	\$19,584	(\$56)
Total expenditures and transfers out	\$43,374	\$43,374	\$8,995	\$34,379
<u>Diane Subdivision</u>				
Total revenues and transfers in	\$3,820	\$3,820	\$3,734	(\$86)
Total expenditures and transfers out	\$31,112	\$31,112	\$3,469	\$27,643
<u>Drake Estates</u>				
Total revenues and transfers in	\$8,430	\$8,430	\$8,378	(\$52)
Total expenditures and transfers out	\$29,971	\$29,971	\$3,360	\$26,611
<u>Edanella Heights Road</u>				
Total revenues and transfers in	\$32,610	\$32,610	\$42,101	\$9,491
Total expenditures and transfers out	\$69,458	\$69,458	\$46,820	\$22,638

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, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Ester Lump Road</u>				
Total revenues and transfers in	\$33,380	\$33,380	\$33,090	(\$290)
Total expenditures and transfers out	\$118,158	\$118,158	\$17,123	\$101,035
<u>Ester Volunteer Fire</u>				
Total revenues and transfers in	\$419,470	\$419,470	\$420,864	\$1,394
Total expenditures and transfers out	\$493,139	\$493,139	\$409,064	\$84,074
<u>Fairfields</u>				
Total revenues and transfers in	\$16,560	\$16,560	\$16,338	(\$222)
Total expenditures and transfers out	\$76,389	\$76,389	\$10,178	\$66,211
<u>Fairhill</u>				
Total revenues and transfers in	\$24,310	\$24,310	\$24,555	\$245
Total expenditures and transfers out	\$38,487	\$39,734	\$25,448	\$14,286
<u>Fairwest</u>				
Total revenues and transfers in	\$24,940	\$24,940	\$174,423	\$149,483
Total expenditures and transfers out	\$75,769	\$225,769	\$155,414	\$70,355
<u>Garden</u>				
Total revenues and transfers in	\$42,260	\$42,260	\$41,870	(\$390)
Total expenditures and transfers out	\$229,147	\$229,147	\$25,284	\$203,863
<u>Golden Valley Road</u>				
Total revenues and transfers in	\$17,100	\$17,100	\$17,774	\$674
Total expenditures and transfers out	\$24,707	\$24,707	\$8,270	\$16,437
<u>Goldstream Alaska</u>				
Total revenues and transfers in	\$28,790	\$28,790	\$28,748	(\$42)
Total expenditures and transfers out	\$78,439	\$78,439	\$5,748	\$72,691
<u>Goldstream Moose Creek</u>				
Total revenues and transfers in	\$57,220	\$57,220	\$57,086	(\$134)
Total expenditures and transfers out	\$118,222	\$118,222	\$51,842	\$66,380

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, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Gordon</u>				
Total revenues and transfers in	\$57,710	\$57,710	\$57,153	(\$557)
Total expenditures and transfers out	\$352,145	\$352,145	\$78,534	\$273,610
<u>Granola Estates</u>				
Total revenues and transfers in	\$5,950	\$5,950	\$5,701	(\$249)
Total expenditures and transfers out	\$37,863	\$37,863	\$4,167	\$33,696
<u>Grieme Road</u>				
Total revenues and transfers in	\$22,410	\$22,410	\$22,179	(\$231)
Total expenditures and transfers out	\$100,973	\$100,973	\$12,019	\$88,955
<u>Haystack</u>				
Total revenues and transfers in	\$40,530	\$40,530	\$39,396	(\$1,134)
Total expenditures and transfers out	\$49,060	\$49,060	\$24,200	\$24,859
<u>Herning Hills</u>				
Total revenues and transfers in	\$27,880	\$27,880	\$28,496	\$616
Total expenditures and transfers out	\$90,063	\$90,063	\$36,227	\$53,836
<u>Hopeless</u>				
Total revenues and transfers in	\$24,330	\$24,330	\$23,589	(\$741)
Total expenditures and transfers out	\$86,087	\$81,087	\$14,230	\$66,857
<u>Horseshoe Downs</u>				
Total revenues and transfers in	\$22,480	\$22,480	\$21,638	(\$842)
Total expenditures and transfers out	\$27,831	\$27,831	\$18,539	\$9,292
<u>Jennifer Drive</u>				
Total revenues and transfers in	\$5,760	\$5,760	\$5,752	(\$8)
Total expenditures and transfers out	\$14,526	\$14,526	\$1,993	\$12,533
<u>Jones Road</u>				
Total revenues and transfers in	\$66,610	\$66,610	\$65,558	(\$1,052)
Total expenditures and transfers out	\$137,236	\$137,236	\$26,392	\$110,844

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, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Joy Road</u>				
Total revenues and transfers in	\$8,400	\$8,400	\$7,692	(\$708)
Total expenditures and transfers out	\$36,835	\$36,835	\$5,268	\$31,567
<u>Keeney Road</u>				
Total revenues and transfers in	\$2,200	\$2,200	\$2,177	(\$23)
Total expenditures and transfers out	\$11,492	\$11,492	\$1,288	\$10,203
<u>Kendall</u>				
Total revenues and transfers in	\$11,800	\$11,800	\$11,909	\$109
Total expenditures and transfers out	\$80,088	\$80,088	\$5,375	\$74,713
<u>Keystone</u>				
Total revenues and transfers in	\$16,090	\$16,090	\$15,940	(\$150)
Total expenditures and transfers out	\$86,440	\$86,440	\$44,539	\$41,901
<u>Kris Kringle</u>				
Total revenues and transfers in	\$14,300	\$14,300	\$14,160	(\$140)
Total expenditures and transfers out	\$88,294	\$88,294	\$9,158	\$79,137
<u>Lakloey Hill</u>				
Total revenues and transfers in	\$38,400	\$38,400	\$38,348	(\$52)
Total expenditures and transfers out	\$99,798	\$124,798	\$33,895	\$90,903
<u>Lee Lane</u>				
Total revenues and transfers in	\$6,760	\$6,760	\$6,195	(\$565)
Total expenditures and transfers out	\$11,717	\$26,717	\$7,888	\$18,830
<u>Loose Moose</u>				
Total revenues and transfers in	\$6,750	\$6,750	\$6,753	\$3
Total expenditures and transfers out	\$9,719	\$9,719	\$3,095	\$6,624
<u>Martin</u>				
Total revenues and transfers in	\$38,390	\$38,390	\$37,362	(\$1,028)
Total expenditures and transfers out	\$47,595	\$47,595	\$7,551	\$40,044

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, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>McCloud</u>				
Total revenues and transfers in	\$22,780	\$22,780	\$22,205	(\$575)
Total expenditures and transfers out	\$115,029	\$115,029	\$7,100	\$107,929
<u>McGrath Estates</u>				
Total revenues and transfers in	\$72,120	\$72,120	\$71,156	(\$964)
Total expenditures and transfers out	\$125,954	\$225,954	\$79,722	\$146,232
<u>McKinley View</u>				
Total revenues and transfers in	\$7,520	\$7,520	\$7,450	(\$70)
Total expenditures and transfers out	\$18,847	\$18,847	\$2,027	\$16,820
<u>Mellow Woods Road</u>				
Total revenues and transfers in	\$16,580	\$16,580	\$16,449	(\$131)
Total expenditures and transfers out	\$87,989	\$87,989	\$5,499	\$82,490
<u>Miller Hill Extension</u>				
Total revenues and transfers in	\$64,460	\$64,460	\$63,841	(\$619)
Total expenditures and transfers out	\$139,489	\$139,489	\$35,109	\$104,381
<u>Moose Creek</u>				
Total revenues and transfers in	\$16,030	\$16,030	\$45,718	\$29,688
Total expenditures and transfers out	\$40,900	\$37,900	\$29,209	\$8,691
<u>Moose Meadows</u>				
Total revenues and transfers in	\$76,900	\$76,900	\$76,599	(\$301)
Total expenditures and transfers out	\$187,958	\$187,958	\$50,262	\$137,696
<u>Mt. View</u>				
Total revenues and transfers in	\$27,590	\$27,590	\$27,295	(\$295)
Total expenditures and transfers out	\$101,867	\$101,867	\$11,120	\$90,747
<u>Murphy</u>				
Total revenues and transfers in	\$15,030	\$15,030	\$14,803	(\$227)
Total expenditures and transfers out	\$30,550	\$30,510	\$6,400	\$24,110

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, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Musk Ox</u>				
Total revenues and transfers in	\$36,850	\$36,850	\$36,801	(\$49)
Total expenditures and transfers out	\$85,187	\$85,187	\$31,554	\$53,632
<u>Newby Park</u>				
Total revenues and transfers in	\$17,450	\$17,450	\$17,433	(\$17)
Total expenditures and transfers out	\$28,554	\$28,554	\$9,263	\$19,291
<u>North Ridge</u>				
Total revenues and transfers in	\$12,940	\$12,940	\$12,885	(\$55)
Total expenditures and transfers out	\$42,912	\$42,912	\$4,285	\$38,627
<u>North Star Volunteer Fire</u>				
Total revenues and transfers in	\$1,755,070	\$1,755,070	\$1,774,496	\$19,426
Total expenditures and transfers out	\$1,989,986	\$1,990,940	\$1,664,852	\$326,087
<u>O'Connor Creek</u>				
Total revenues and transfers in	\$123,730	\$123,730	\$122,608	(\$1,122)
Total expenditures and transfers out	\$311,080	\$311,080	\$47,656	\$263,424
<u>Old Wood Road</u>				
Total revenues and transfers in	\$14,270	\$14,270	\$14,857	\$587
Total expenditures and transfers out	\$42,784	\$42,784	\$7,678	\$35,106
<u>Our</u>				
Total revenues and transfers in	\$4,010	\$4,010	\$3,995	(\$15)
Total expenditures and transfers out	\$12,338	\$12,338	\$1,961	\$10,377
<u>Parkside</u>				
Total revenues and transfers in	\$12,970	\$12,970	\$12,836	(\$134)
Total expenditures and transfers out	\$68,800	\$68,800	\$47,525	\$21,274
<u>Peede Country Estates</u>				
Total revenues and transfers in	\$7,560	\$7,560	\$7,521	(\$39)
Total expenditures and transfers out	\$30,362	\$30,362	\$2,742	\$27,620

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, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Pine Stream</u>				
Total revenues and transfers in	\$22,230	\$23,180	\$22,872	(\$308)
Total expenditures and transfers out	\$131,153	\$131,913	\$15,747	\$116,166
<u>Pleasureland</u>				
Total revenues and transfers in	\$8,160	\$8,160	\$8,032	(\$128)
Total expenditures and transfers out	\$30,244	\$30,244	\$2,410	\$27,834
<u>Polar Heights</u>				
Total revenues and transfers in	\$19,300	\$19,300	\$18,989	(\$311)
Total expenditures and transfers out	\$47,478	\$47,478	\$10,102	\$37,376
<u>Potlatch</u>				
Total revenues and transfers in	\$12,860	\$12,860	\$12,440	(\$420)
Total expenditures and transfers out	\$31,144	\$31,144	\$5,782	\$25,361
<u>Prospect Park</u>				
Total revenues and transfers in	\$8,000	\$8,000	\$7,936	(\$64)
Total expenditures and transfers out	\$38,666	\$38,666	\$2,372	\$36,295
<u>Reed Acres Road</u>				
Total revenues and transfers in	\$9,440	\$9,440	\$9,842	\$402
Total expenditures and transfers out	\$68,548	\$68,548	\$6,895	\$61,653
<u>Ridgecrest</u>				
Total revenues and transfers in	\$2,180	\$2,180	\$2,181	\$1
Total expenditures and transfers out	\$4,763	\$4,763	\$690	\$4,073
<u>Salchaket Heights</u>				
Total revenues and transfers in	\$4,850	\$4,850	\$5,130	\$280
Total expenditures and transfers out	\$12,671	\$11,368	\$3,678	\$7,690
<u>Scenic Heights</u>				
Total revenues and transfers in	\$19,200	\$19,200	\$18,961	(\$239)
Total expenditures and transfers out	\$104,162	\$116,632	\$60,070	\$56,561

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, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Seavy</u>				
Total revenues and transfers in	\$10,440	\$10,440	\$10,226	(\$214)
Total expenditures and transfers out	\$66,502	\$66,502	\$6,312	\$60,190
<u>Secluded Acres</u>				
Total revenues and transfers in	\$12,920	\$12,920	\$12,822	(\$98)
Total expenditures and transfers out	\$51,244	\$51,244	\$46,014	\$5,230
<u>Serendipity Hill</u>				
Total revenues and transfers in	\$6,900	\$6,900	\$6,815	(\$85)
Total expenditures and transfers out	\$43,236	\$43,236	\$4,849	\$38,387
<u>Six Mile Village Road</u>				
Total revenues and transfers in	\$8,980	\$8,980	\$8,567	(\$413)
Total expenditures and transfers out	\$54,767	\$54,767	\$5,283	\$49,484
<u>Smallwood Trail Road</u>				
Total revenues and transfers in	\$7,050	\$7,050	\$7,000	(\$50)
Total expenditures and transfers out	\$35,574	\$35,374	\$3,844	\$31,530
<u>Smith Ranch</u>				
Total revenues and transfers in	\$8,360	\$8,360	\$8,155	(\$205)
Total expenditures and transfers out	\$155,663	\$151,883	\$22,321	\$129,562
<u>Spring Glade</u>				
Total revenues and transfers in	\$31,220	\$31,220	\$30,827	(\$393)
Total expenditures and transfers out	\$62,416	\$112,416	\$37,775	\$74,641
<u>Spruce Acres</u>				
Total revenues and transfers in	\$6,600	\$6,600	\$6,750	\$150
Total expenditures and transfers out	\$34,326	\$34,326	\$4,521	\$29,805
<u>Steamboat Landing</u>				
Total revenues and transfers in	\$18,510	\$18,510	\$17,672	(\$838)
Total expenditures and transfers out	\$36,206	\$36,206	\$10,265	\$25,941

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, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Steese Volunteer Fire</u>				
Total revenues and transfers in	\$1,396,440	\$1,396,440	\$1,413,741	\$17,301
Total expenditures and transfers out	\$1,491,893	\$1,491,893	\$1,250,945	\$240,948
<u>Straight Creek</u>				
Total revenues and transfers in	\$18,740	\$18,740	\$18,613	(\$127)
Total expenditures and transfers out	\$34,954	\$34,954	\$9,463	\$25,491
<u>Summerwood</u>				
Total revenues and transfers in	\$41,750	\$41,750	\$40,933	(\$817)
Total expenditures and transfers out	\$214,014	\$214,014	\$12,221	\$201,793
<u>Summit Drive</u>				
Total revenues and transfers in	\$123,180	\$123,180	\$122,213	(\$967)
Total expenditures and transfers out	\$476,705	\$476,705	\$102,556	\$374,149
<u>Sunny Hills Terrace</u>				
Total revenues and transfers in	\$32,140	\$32,140	\$34,264	\$2,124
Total expenditures and transfers out	\$165,924	\$165,924	\$40,324	\$125,599
<u>Sunrise</u>				
Total revenues and transfers in	\$12,710	\$12,710	\$12,134	(\$576)
Total expenditures and transfers out	\$81,194	\$81,194	\$11,127	\$70,068
<u>Tan Terra</u>				
Total revenues and transfers in	\$30,990	\$30,990	\$30,821	(\$169)
Total expenditures and transfers out	\$65,404	\$65,404	\$15,182	\$50,222
<u>Thomas</u>				
Total revenues and transfers in	\$12,440	\$12,440	\$11,785	(\$655)
Total expenditures and transfers out	\$25,064	\$25,064	\$6,072	\$18,992
<u>Timberlane Road</u>				
Total revenues and transfers in	\$8,030	\$8,030	\$8,031	\$1
Total expenditures and transfers out	\$40,272	\$40,272	\$2,623	\$37,649

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, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Tungsten</u>				
Total revenues and transfers in	\$48,090	\$48,090	\$59,270	\$11,180
Total expenditures and transfers out	\$113,635	\$113,635	\$62,847	\$50,787
<u>Twenty Three Mile Slough</u>				
Total revenues and transfers in	\$45,560	\$45,560	\$46,299	\$739
Total expenditures and transfers out	\$122,333	\$122,333	\$25,376	\$96,957
<u>Ullrhaven</u>				
Total revenues and transfers in	\$4,360	\$4,360	\$4,322	(\$38)
Total expenditures and transfers out	\$23,796	\$23,796	\$2,082	\$21,714
<u>University Fire</u>				
Total revenues and transfers in	\$2,509,890	\$2,509,890	\$2,512,296	\$2,406
Total expenditures and transfers out	\$5,258,559	\$5,288,565	\$2,872,846	\$2,415,720
<u>University Heights</u>				
Total revenues and transfers in	\$57,610	\$57,610	\$57,437	(\$173)
Total expenditures and transfers out	\$123,224	\$123,224	\$20,194	\$103,030
<u>University West Street Light</u>				
Total revenues and transfers in	\$65,470	\$65,470	\$64,908	(\$562)
Total expenditures and transfers out	\$242,790	\$242,790	\$39,108	\$203,683
<u>Vienna Wood</u>				
Total revenues and transfers in	\$25,110	\$25,110	\$24,969	(\$141)
Total expenditures and transfers out	\$51,290	\$51,290	\$17,097	\$34,194
<u>Viewpointe</u>				
Total revenues and transfers in	\$18,480	\$18,480	\$18,213	(\$267)
Total expenditures and transfers out	\$153,322	\$153,322	\$13,469	\$139,854
<u>Violet Drive</u>				
Total revenues and transfers in	\$67,500	\$67,500	\$67,035	(\$465)
Total expenditures and transfers out	\$146,062	\$146,062	\$36,574	\$109,488

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, 2013**

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget- Positive (Negative)
	Original	Final		
<u>Vista Gold Road</u>				
Total revenues and transfers in	\$42,550	\$42,550	\$42,495	(\$55)
Total expenditures and transfers out	\$86,174	\$86,174	\$36,646	\$49,528
<u>Vue Crest</u>				
Total revenues and transfers in	\$33,440	\$33,440	\$33,384	(\$56)
Total expenditures and transfers out	\$126,647	\$158,832	\$61,213	\$97,619
<u>Whitman</u>				
Total revenues and transfers in	\$4,490	\$4,490	\$4,518	\$28
Total expenditures and transfers out	\$23,040	\$23,040	\$1,770	\$21,269
<u>Wildview</u>				
Total revenues and transfers in	\$197,400	\$197,400	\$199,044	\$1,644
Total expenditures and transfers out	\$678,006	\$678,006	\$103,390	\$574,617
<u>Woodland</u>				
Total revenues and transfers in	\$2,620	\$2,620	\$2,605	(\$15)
Total expenditures and transfers out	\$9,059	\$9,059	\$1,208	\$7,850
<u>Yak Road</u>				
Total revenues and transfers in	\$83,040	\$83,040	\$82,760	(\$280)
Total expenditures and transfers out	\$221,312	\$211,312	\$159,352	\$51,959
<u>Total All Service Areas</u>				
Total revenues and transfers in	\$11,289,860	\$11,290,864	\$11,503,286	\$212,423
Total expenditures and transfers out	\$24,328,314	\$24,765,855	\$10,162,585	\$14,603,270

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

**Statement of Net Position
June 30, 2013**

	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	\$2,439,888	\$630,537	\$15,598,220	\$18,668,646	\$888,319
Restricted equity in central treasury cash	853,927	360,640		1,214,567	
Accounts receivable (net of allowance for uncollectibles - \$10,250)	11,596	107,518	460,620	579,734	16,075
Restricted accounts receivable		5,099		5,099	
Due from governmental agencies			201,371	201,371	
Restricted due from governmental agencies	1,014,281	651,711		1,665,993	
Inventories	213,062		18,766	231,828	
Current assets total	<u>4,532,754</u>	<u>1,755,506</u>	<u>16,278,978</u>	<u>22,567,238</u>	<u>904,394</u>
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	204,647	2,105,523	1,846,940	4,157,110	
Capital assets - depreciable					
Land			346,044	346,044	
Buildings	4,045,284	16,925,647	7,951,549	28,922,479	
Improvements other than buildings	269,296	1,608,028	16,871,527	18,748,851	
Equipment	4,563,938	1,736,991	3,668,796	9,969,725	7,106,354
Accumulated depreciation	(4,421,073)	(8,279,834)	(17,837,065)	(30,537,971)	(3,518,936)
Noncurrent assets (net) total	<u>5,257,326</u>	<u>14,726,178</u>	<u>13,593,794</u>	<u>33,577,298</u>	<u>3,587,418</u>
Assets total	<u>\$9,790,080</u>	<u>\$16,481,683</u>	<u>\$29,872,772</u>	<u>\$56,144,536</u>	<u>\$4,491,812</u>

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Net Position

June 30, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities
	Transit	Carlson Center	Solid Waste Disposal	Total	Internal Service Fund
Liabilities and Net Position					
Current liabilities					
Accounts payable	\$59,212	\$	\$547,382	\$606,594	\$119,518
Wages and payroll taxes	259,956	6,004	97,523	363,483	
Accrued interest payable			52,410	52,410	
Accrued compensated absences	242,969	1,689	74,428	319,086	
Accrued self-insurance losses	72,894		35,865	108,759	
Interfund payable			201,371	201,371	
Payable from restricted assets					
Accounts payable	57,124	437,988		495,112	
Interfund payable	902,014	253,171		1,155,185	
Unearned revenues	512,119			512,119	
Capital leases payable					471,045
Current liabilities total	2,106,286	698,852	1,008,980	3,814,118	590,562
Long-term liabilities					
Accrued compensated absences	99,931		28,756	128,687	
Accrued self-insurance losses	90,542		53,272	143,814	
Capital leases payable					814,179
Loans payable			2,187,638	2,187,638	
Landfill closure and postclosure care			16,066,138	16,066,138	
Long-term liabilities total	190,473		18,335,804	18,526,277	814,179
Liabilities total	2,296,759	698,852	19,344,784	22,340,395	1,404,741
Net position					
Net investment in capital assets	5,257,326	14,726,178	11,406,156	31,389,660	2,302,195
Restricted for					
Asset replacement		326,291		326,291	
Grants	396,952			396,952	
Unrestricted (deficit)	1,839,044	730,363	(878,169)	1,691,238	784,877
Net position total	7,493,322	15,782,831	10,527,988	33,804,141	3,087,072
Liabilities and net position total	\$9,790,080	\$16,481,683	\$29,872,772		\$4,491,812
Reconciliation to government-wide statement of net position:					
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				48,898	
Net position of business-type activities				\$33,853,039	

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

**Statement of Revenues, Expenses
and Changes in Net Position
June 30, 2013**

	Business-type Activities - Enterprise Funds				Governmental Activities
	Transit	Carlson Center	Solid Waste Disposal	Total	Internal Service Fund
Operating revenues					
Fares	\$307,933	\$	\$	\$307,933	\$
Advertising	28,386			28,386	
Charges for services	728,378	94,311	8,320,996	9,143,685	607,490
Operating revenues total	1,064,697	94,311	8,320,996	9,480,004	607,490
Operating expenses					
Wages and benefits	5,383,396	58,896	1,640,940	7,083,232	
Fuels, lubricants, and parts	851,271		319,950	1,171,221	
Other commodities	15,725	1,548	1,423	18,696	2,876
Contractual services	1,909,032	408,838	2,420,027	4,737,896	
Utilities	175,857		185,946	361,803	
Professional services	332,172	12,570	189,088	533,830	
Depreciation	515,449	517,708	1,072,745	2,105,901	442,781
Training, dues, and professional expenses	52,463	8	12,421	64,893	
Repairs and maintenance	212,152	1,300	424,741	638,193	4,214
Supplies	324,605	70,406	134,124	529,135	
Management contractor fee		167,117		167,117	
Landfill closure and postclosure care costs			(941,463)	(941,463)	
Interest expense - capital leases					53,599
Intragovernmental charges	826,459	433,679	895,322	2,155,460	50,842
Operating expenses total	10,598,581	1,672,069	6,355,264	18,625,914	554,311
Operating income (loss)	(9,533,884)	(1,577,758)	1,965,732	(9,145,910)	53,179

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

**Statement of Revenues, Expenses
and Changes in Net Position
June 30, 2013**

	Business-type Activities - Enterprise Funds				Governmental Activities
	Transit	Carlson Center	Solid Waste Disposal	Total	Internal Service Fund
Non-operating revenues (expenses)					
Interest expense	\$	\$	(\$20,782)	(\$20,782)	\$
Grants revenue	4,218,211			4,218,211	
Investment income	1,280	1,036	9,338	11,654	
Gain (loss) on disposal of capital assets	(155,172)			(155,172)	(2,136)
Miscellaneous revenue (expense)		48	5	53	
Non-operating revenues (expenses) total	<u>4,064,319</u>	<u>1,084</u>	<u>(11,439)</u>	<u>4,053,964</u>	<u>(2,136)</u>
Income (loss) before contributions and transfers	(5,469,565)	(1,576,674)	1,954,293	(5,091,947)	51,043
Transfers in	5,066,572	1,191,824		6,258,396	
Transfers out		(38)		(38)	
Capital contributions	827,632	2,030,569	352,485	3,210,686	71,429
Change in net position	<u>424,639</u>	<u>1,645,682</u>	<u>2,306,777</u>	<u>4,377,098</u>	<u>122,472</u>
Net position, beginning	<u>7,068,683</u>	<u>14,137,150</u>	<u>8,221,210</u>		<u>2,964,600</u>
Net position, ending	<u>\$7,493,322</u>	<u>\$15,782,831</u>	<u>\$10,527,988</u>		<u>\$3,087,072</u>
Reconciliation to government-wide statement of activities:					
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				<u>19,394</u>	
Change in net position of business-type activities				<u>\$4,396,492</u>	

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Cash Flows
Increases (Decreases) in Equity in Central Treasury Cash
For the Year Ended June 30, 2013

	<u>Business-type Activities -</u>	
	<u>Transit</u>	<u>Carlson Center</u>
Cash flows from operating activities		
Cash received from customers	\$1,065,739	\$63,168
Cash payments to suppliers for goods and services	(4,783,415)	(1,102,572)
Cash payments for employee services	(5,263,232)	(54,410)
Cash from surplus sale		48
Net cash provided by (used for) operating activities	<u>(8,980,908)</u>	<u>(1,093,766)</u>
Cash flows from noncapital financing activities		
Grants received	4,703,814	
Transfers from other funds	5,066,572	1,191,824
Transfers to other funds		(38)
Proceeds from loans		
Proceeds from (repayment of) interfund financing activity	<u>(109,429)</u>	
Net cash provided by (used for) noncapital financing activities	<u>9,660,957</u>	<u>1,191,786</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(274,522)	(1,899,491)
Capital grants received	854,250	655,191
Capital lease payments		
Interest on capital lease payments		
Proceeds from disposal of capital assets		
Proceeds from (repayment of) interfund financing activity	157,576	151,838
Proceeds from loan		
Net cash provided by (used for) capital and related financing activities	<u>737,304</u>	<u>(1,092,462)</u>
Cash flows from investing activities		
Investment income allocation from central treasury	<u>1,280</u>	<u>1,036</u>
Net cash provided by investing activities	<u>1,280</u>	<u>1,036</u>
Net increase (decrease) in equity in central treasury cash	1,418,634	(993,406)
Equity in central treasury cash at beginning of year	<u>1,875,181</u>	<u>1,984,583</u>
Equity in central treasury cash at end of year	<u>\$3,293,815</u>	<u>\$991,177</u>

See accompanying notes to financial statements.

<u>Enterprise Funds</u>		<u>Governmental Activities</u>
<u>Solid Waste Disposal</u>	<u>Total</u>	<u>Internal Service Fund</u>
\$8,349,583	\$9,478,490	\$607,490
(4,680,856)	(10,566,843)	(57,910)
(1,624,589)	(6,942,231)	
5	53	
<u>2,044,143</u>	<u>(8,030,531)</u>	<u>549,580</u>
	4,703,814	
	6,258,396	
	(38)	
1,121,388	1,121,388	
	(109,429)	
<u>1,121,388</u>	<u>11,974,131</u>	
(1,267,236)	(3,441,249)	(800)
203,934	1,713,375	(529,930)
		(53,599)
		2,914
156,446	465,860	
<u>1,026,004</u>	<u>1,026,004</u>	
<u>119,148</u>	<u>(236,010)</u>	<u>(581,415)</u>
<u>9,338</u>	<u>11,654</u>	
<u>9,338</u>	<u>11,654</u>	
3,294,017	3,719,244	(31,835)
<u>12,304,203</u>	<u>16,163,967</u>	<u>920,155</u>
<u>\$15,598,220</u>	<u>19,883,213</u>	<u>\$888,319</u>

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

**Statement of Cash Flows
Increases (Decreases) in Equity in Central Treasury Cash
For the Year Ended June 30, 2013**

	<u>Business-type Activities -</u>	
	<u>Transit</u>	<u>Carlson Center</u>
<u>Reconciliation of equity in central treasury cash to Statement of Net Position accounts</u>		
Equity in central treasury cash	\$2,439,888	\$630,537
Restricted equity in central treasury cash	853,927	360,640
Equity in central treasury cash at end of year	<u>\$3,293,815</u>	<u>\$991,177</u>
<u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</u>		
Operating income (loss)	<u>(\$9,533,884)</u>	<u>(\$1,577,758)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation	515,449	517,708
Miscellaneous non-operating income		48
Interest expense for capital leases		
Change in assets and liabilities		
(Increase) decrease in receivables	1,043	(31,143)
(Increase) decrease in inventories	(28,970)	
Increase (decrease) in accounts payable	(46,782)	(7,115)
Increase (decrease) in deposits from others	(7,928)	
Increase (decrease) in wages and payroll taxes	567	3,936
Increase (decrease) in accrued compensated absences	29,397	559
Increase (decrease) in accrued self-insurance losses	90,201	
Increase (decrease) in landfill closure and postclosure care liability		
Adjustments total	<u>552,976</u>	<u>483,993</u>
Net cash provided by (used for) operating activities	<u>(\$8,980,908)</u>	<u>(\$1,093,766)</u>
<u>Noncash investing, capital, and financing activities</u>		
Capital leases		
Capital asset transfer from other funds	\$5,637	
Accrued interest payable		
Purchase of equipment on account		
Capital grants receivable	(32,256)	\$550,379
Unearned revenues	(485,603)	825,000

See accompanying notes to financial statements.

<u>Enterprise Funds</u>		<u>Governmental Activities</u>
<u>Solid Waste Disposal</u>	<u>Total</u>	<u>Internal Service Fund</u>
\$15,598,220	\$18,668,646	\$888,319
	1,214,567	
<u>\$15,598,220</u>	<u>\$19,883,213</u>	<u>\$888,319</u>
<u>\$1,965,732</u>	<u>(\$9,145,910)</u>	<u>\$53,179</u>
1,072,745	2,105,902	442,781
5	53	53,599
28,743	(1,357)	
1,845	(27,125)	
(99,814)	(153,711)	21
	(7,928)	
12,154	16,657	
5,118	35,074	
(921)	89,280	
<u>(941,463)</u>	<u>(941,463)</u>	
<u>78,411</u>	<u>1,115,380</u>	<u>496,401</u>
<u>\$2,044,143</u>	<u>(\$8,030,531)</u>	<u>\$549,580</u>
		\$401,044
		71,429
\$51,299		119,497
148,551		

FAIRBANKS NORTH STAR BOROUGH

Fiduciary Fund

Statement of Net Position
June 30, 2013

	<u>Taxes Agency Fund</u>
Assets	
Equity in central treasury cash	\$297,970
Property tax liens receivable	363,380
Assets total	<u>\$661,350</u>
Liabilities	
Due to other governmental agencies for collected taxes	\$50,753
Due to other governmental agencies for uncollected taxes	363,380
Advance tax payments	247,217
Liabilities total	<u>\$661,350</u>

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements
June 30, 2013**

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FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements June 30, 2013

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, health and social services (limited), emergency communication services (911), and tourism marketing funded by hotel-motel room taxes, and natural gas utility by transfer November 15, 2012. 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).

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.

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued) June 30, 2013

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>.

Effective November 15, 2012, the Borough was transferred natural gas utility powers from the Cities of Fairbanks and North Pole. The Interior Gas Utility (IGU) is wholly owned by the Borough but is legally separate. Through June 30, 2013, the IGU had minimal financial activity. Beginning in fiscal year 2013-14, the IGU will be reported in the government-wide financial statements as a discretely presented component unit. A seven-member board was appointed by the Mayors of the Borough and the two Cities to oversee the work necessary to achieve the purpose of the utility. The utility is to be managed and operated by the board and has adopted bylaws that were subject to Borough assembly approval. The Borough intends the board to have full authority with respect to the IGU unless that authority is specifically withheld by law or ordinance. General obligation bonds may not be issued without voter approval. The IGU is required to present an annual report which must include financial statements audited by independent outside auditors. More information regarding the IGU can be obtained from Interior Gas Utility, P.O. Box 70200, Fairbanks, AK 99707. Information can also be found on their website at <http://www.interiorgas.com> and on the Borough's website at fnsb.us/boards/gasutilityboard.

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.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. FUNDS (continued)

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.

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.

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued) June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. FUNDS (continued)

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.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

There are two government-wide financial statements: the statement of net position 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.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

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.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 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 position, 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 software), with 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. On July 1, 2012, the capitalization threshold for software was increased from \$50,000 to \$1,000,000 and all software with a

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)
June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. CAPITAL ASSETS (continued)

historical cost below the new threshold was written off. Donated capital assets are recorded at estimated fair value at the date of donation. During the conversion to GASB No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* if the cost of an asset was not readily available, the historical cost was estimated. This was done using the current replacement cost of the asset and applying a relevant index to back-trend this amount to the date of acquisition or construction.

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

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

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

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.

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

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

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.

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

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. OTHER LONG-TERM LIABILITIES (continued)

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 statement of net position. 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 policy that has been codified in 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 and unrestricted resources are available for use, it is the School District's policy to use restricted resources first,

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. FUND EQUITY (continued)

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, 2012, 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.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

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:

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

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	\$119,193,911	\$11,503,286
Revenues reported in multi-year general subfund	273,663	
Adjustment for other financing sources – uses (transfers in)		(207,800)
Adjustment for intragovernmental cost plan revenues	(5,234,171)	
Revenues reported on the basis of GAAP	\$114,233,402	\$11,295,487
Expenditures reported on the basis of budgeting	\$90,783,462	\$10,162,585
Expenditures reported in multi-year general subfund	3,510,070	
Expenditures on prior year encumbrances	359,708	5,953
Current year encumbrances	(382,335)	(51,002)
Prior year encumbrances	1,290	
Adjustment for other financing sources – uses (transfers out)		(1,662,962)
Adjustment for intragovernmental cost plan revenues	(5,234,171)	
Adjustment for accrued compensated absences	(33,865)	
Expenditures reported on the basis of GAAP	\$89,004,159	\$8,454,574

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.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

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, 2013. The \$18,215,214 of excess expenditures was the result of refunding outstanding principal and call premiums for 2004 Series G and 2005 Series H 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, 2013.

E. TAXES LEVIED IN EXCESS OF MAXIMUM TAX COMPUTATION

Fifty service areas, non-areawide, and the solid waste collection district taxing authorities levied a total of \$5,085 of taxes in excess of the maximum tax computation by which the subsequent years levy will be reduced (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, not to exceed \$800,000, 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, 2013, 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.

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued) June 30, 2013

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 June 2013, 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.

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

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)
June 30, 2013

3. DEPOSITS AND INVESTMENTS (continued)

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, 2013, 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, 2013 were:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Ratings</u>
Overnight investments:			
Wells Fargo Bank Alaska N.A.	\$7,156,471		n/a
Government securities money market funds:			
Fidelity Institutional Money Market Government Fund	709,296		AAAm/Aaa
BNY Goldman Sachs Financial Square Government Fund	7,550,688		AAAm/Aaa
Invesco Government & Agency Portfolio Cash Management	9,307,320		AAAm/Aaa
Invesco Government TaxAdvantage Portfolio Cash Management	9,545,723		AAAm/Aaa
Morgan Stanley Government Portfolio Institutional	54,035,910		AAAm/Aaa
External investment pool – money market fund:			
Alaska Municipal League Investment Pool	12,191,573		AAAm
US. Securities and Agencies:			
Federal National Mortgage Association	5,014,850		n/a
Federal Home Loan Bank	5,005,560		n/a
Federal Home Loan Mortgage	2,501,851		n/a
Federal Home Loan Bank	2,499,947		n/a
Financing Corporation	1,997,511		n/a
Commercial Paper:			A-1/P-1a
Union Bank N.A.	1,999,992		A-1/P-1a
Union Bank N.A.	5,997,833		A-1/P-1a
Deutsche Bank Financial LLC	2,499,375		A-1/P-1a
HSBC USA Inc.	2,498,488		A-1/P-1a
Union Bank N.A.	1,997,986		A-1/P-1a
Deutsche Bank Financial LLC	1,995,850		A-1/P-1a
Union Bank N.A.	4,992,867		A-1/P-1a
Deutsche Bank Financial LLC	4,988,232		A-1/P-1a

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

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 11, 2013	n/a
Certificates of Deposit Account Registry Service – CDARS	5,000,000	October 10, 2013	n/a
Certificates of Deposit Account Registry Service – CDARS	5,000,000	October 10, 2013	n/a
Certificates of Deposit Account Registry Service – CDARS	5,000,000	April 10, 2014	n/a
	<u>\$164,487,323</u>		
Alaska Rule of Civil Procedure No. 67*			
Wells Fargo Bank of Alaska N.A.	\$8,668,745		
Wells Fargo Bank of Alaska N.A.	10,442,459		

*Alaska Rule of Civil Procedure No. 67: The Borough received a settlement for the 2006 tax year and 2007, 2008, 2009 tax years 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).

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

4. PROPERTY AND OTHER TAXES (continued)

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.

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 2012, the voters reconfirmed the Code provision limiting the Borough's taxing authority.

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 8.37 percent. The annual installments of principal due for the next five years on notes receivable – land sales are as follows:

<u>June 30</u>	<u>Annual Installments</u>
2014	\$75,235
2015	62,023
2016	50,604
2017	44,994
2018	38,199

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, 2013, the total receivable for delinquent accounts amounted to \$182,716.

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)
June 30, 2013

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$254,568,122	\$1,321,624	\$	\$255,889,746
Works of art	156,800			156,800
Library materials	1,129,862	19,010	(1,044)	1,147,828
Construction work in progress	4,525,918	13,206,552	(5,225,048)	12,507,422
Total capital assets, not being depreciated	<u>260,380,703</u>	<u>14,547,186</u>	<u>(5,226,092)</u>	<u>269,701,796</u>
Capital assets, being depreciated:				
Buildings	449,893,838	3,036,436	(12,441)	452,917,833
Improvements other than buildings	77,259,947	1,879,081	(324,731)	78,814,297
Machinery and equipment	19,635,456	1,665,014	(278,598)	21,021,873
Library materials	1,920,762	358,746	(307,184)	1,972,324
Intangible assets - software	1,305,759		(1,305,759)	
Total capital assets, being depreciated	<u>550,015,763</u>	<u>6,939,276</u>	<u>(2,228,713)</u>	<u>554,726,326</u>
Less accumulated depreciation for:				
Buildings	(193,864,259)	(11,702,827)	7,092	(205,559,995)
Improvements other than buildings	(32,511,819)	(2,497,945)	285,556	(34,724,208)
Machinery and equipments	(10,531,689)	(1,162,767)	249,094	(11,445,362)
Library materials	(926,239)	(324,424)	307,184	(943,479)
Intangible assets - software	(1,193,644)		1,193,644	
Total accumulated depreciation	<u>(239,027,651)</u>	<u>(15,687,963)</u>	<u>2,042,570</u>	<u>(252,673,045)</u>
Total capital assets, being depreciated, net	<u>310,988,112</u>	<u>(8,748,687)</u>	<u>(186,143)</u>	<u>302,053,282</u>
Governmental activities capital assets, net	<u>\$571,368,814</u>	<u>\$5,798,499</u>	<u>(\$5,412,236)</u>	<u>\$571,755,078</u>

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)
June 30, 2013

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 work in progress	253,454	4,124,545	(220,889)	4,157,110
Total capital assets, not being depreciated	2,224,513	4,124,545	(220,889)	6,128,169
Capital assets, being depreciated:				
Land and land improvements	346,044			346,044
Buildings	28,771,307	151,172		28,922,479
Improvements other than buildings	18,748,182	669		18,748,851
Machinery and equipment	9,872,348	212,178	(114,801)	9,969,725
Intangible assets - software	204,769		(204,769)	
Total capital assets, being depreciated	57,942,650	364,020	(319,570)	57,987,100
Less accumulated depreciation for:				
Land and land improvements	(298,514)	(5,968)		(304,483)
Buildings	(10,958,080)	(681,610)		(11,639,690)
Improvements other than buildings	(12,319,319)	(555,863)		(12,875,182)
Machinery and equipments	(4,963,485)	(869,933)	114,801	(5,718,617)
Intangible assets - software	(131,754)		131,754	
Total accumulated depreciation	(28,671,153)	(2,113,374)	246,555	(30,537,971)
Total capital assets, being depreciated, net	29,271,498	(1,749,354)	(73,015)	27,449,129
Business-type activities capital assets, net	\$31,496,011	\$2,375,191	(\$293,903)	\$33,577,298

The increase in business-type activities accumulated depreciation includes \$7,473 of accumulated depreciation on a portion of a building and parking lot that was transferred from governmental activities. Capitalized interest costs for business-type activities construction in progress increased by \$30,517 in fiscal year 2013 (see Note 10B).

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)
June 30, 2013

6. CAPITAL ASSETS (continued)

Component Unit - School District

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Furniture and equipment	\$9,415,625	\$598,937	(\$559,171)	\$9,455,391
Less accumulated depreciation	<u>(5,964,743)</u>	<u>(679,801)</u>	<u>529,236</u>	<u>(6,115,308)</u>
Total, net of accumulated depreciation	<u>3,450,882</u>	<u>(80,864)</u>	<u>(29,935)</u>	<u>3,340,083</u>
Intangible assets (software)	1,313,593	8,845		1,322,438
Less accumulated amortization	<u>(372,678)</u>	<u>(120,565)</u>		<u>(493,243)</u>
Total, net of accumulated amortization	<u>940,915</u>	<u>(111,720)</u>		<u>829,195</u>
Component unit capital assets, net	<u>\$4,391,797</u>	<u>(\$192,584)</u>	<u>(\$29,935)</u>	<u>\$4,169,278</u>

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	\$198,639
Community planning	1,456
Public works	92,477
Parks and recreation	1,845,168
Library	627,066
Education	11,556,046
Emergency operations	280,610
Fire service areas	643,719
In addition, depreciation on capital assets held by the Boroughs' internal service fund is charged to the various functions based on their usage of the assets.	<u>442,781</u>
Total depreciation expense - governmental activities	<u>\$15,687,963</u>
Business-type activities:	
Transit	\$515,449
Carlson Center	517,708
Solid Waste Disposal	<u>1,072,745</u>
Total depreciation expense - business-type activities	<u>\$2,105,901</u>

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

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, 2013, were as follows:

Receivable	Payable	Amount
General	State grants capital projects	\$2,166,774
General	Nonmajor governmental funds	871,983
General	Transit enterprise	902,014
General	Carlson Center enterprise	253,171
General	Solid waste disposal enterprise	201,371
State grants capital projects	Local capital projects	54,891
Total interfund receivable/payable		<u>\$4,450,204</u>

- The general fund receivable totaling \$4,395,313 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 \$54,891 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 \$36,228 through November 15, 2021 and the Potlatch loan at an interest rate of 8.25 percent on \$18,663 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, 2013, were as follows:

	Transfers In							
	General Fund	Service Areas	Debt Service	Local Capital Projects	Nonmajor Governmental	Transit Enterprise Fund	Carlson Center Enterprise Fund	Total All Funds
Transfers Out								
General	\$	\$	\$14,891,180	\$4,151,309	\$540,072	\$5,066,572	\$1,191,824	\$25,840,957
Service areas		1,000		681,962	980,000			1,662,962
State grants capital projects		4,304						4,304
Bond capital projects			497,977					497,977
Local capital projects	217,328	202,496		459,494				879,318
Nonmajor governmental	396,505			33,863	620,000			1,050,368
Carlson Center enterprise	38							38
Total transfers out	<u>\$613,871</u>	<u>\$207,800</u>	<u>\$15,389,157</u>	<u>\$5,326,628</u>	<u>\$2,140,072</u>	<u>\$5,066,572</u>	<u>\$1,191,824</u>	<u>\$29,935,924</u>

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued) June 30, 2013

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, 2013 were \$988,538.

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 2018, 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.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

8. OPERATING LEASES (continued)

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

Year Ending June 30	Amount
2014	\$296,042
2015	198,133
2016	135,729
2017	4,955
2018	--
Total	<u>\$634,859</u>

There are no other operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2013.

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 2013 was \$192,734.

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:

	<u>Proprietary Fund</u>
Machinery and equipment	\$2,969,813
Less: Accumulated depreciation	<u>(635,111)</u>
Total	<u>\$2,334,702</u>

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

9. CAPITAL LEASES (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

Year Ending June 30	Proprietary Fund
2014	\$507,117
2015	392,755
2016	269,991
2017	162,893
2018	24,377
Total minimum lease payments	1,357,134
Less: Amount representing interest	(71,911)
Present value of minimum lease payments	\$1,285,223

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
\$9,750,000 2006 Series I school facilities bond due in annual installments of \$425,000 to \$735,000 through November 1, 2025 at 4.25 to 4.30% interest	\$7,310,000
\$12,000,000 2007 Series J school facilities bond due in annual installments of \$510,000 to \$880,000 through November 1, 2026 at 4.25 to 4.5% interest	9,465,000
\$10,460,000 2007 Series K refunding bonds due in annual installments of \$1,130,000 to \$1,320,000 through November 1, 2016 at 4.0% interest	4,875,000
\$11,128,000 2008 Series L school facilities bonds due in annual installments of \$445,000 to \$835,000 through November 1, 2027 at 3.5 to 4.5%	9,250,000

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

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 \$475,000 to \$820,000 through July 1, 2029 at 2.2 to 5.75% interest	10,645,000
\$17,480,000 2010 Series N refunding bonds due in annual installments of \$2,145,000 to \$2,450,000 through November 1, 2017 at 2.25 to 5.0% interest	11,470,000
\$13,680,000 2010 Series O refunding bonds due in annual installments of \$1,420,000 to \$1,760,000 through April 1, 2019 at 4.0 to 5.0% interest	9,455,000
\$5,565,000 2011 Series P refunding bonds due in annual installments of \$510,000 to \$645,000 through December 1, 2020 at 2.0 to 3.0% interest	4,590,000
\$21,000,000 2011 Series Q refunding bonds due in annual installments of \$1,685,000 to \$1,850,000 through September 1, 2022 at 3.0 to 5.0% interest	19,375,000
\$11,500,000 2012 Series R school facilities bonds due in annual installments of \$490,000 to \$730,000 through May 1, 2032 at 2.0 to 3.1% interest	11,015,000
\$16,670,000 2012 Series S school facilities bonds due in annual installments of \$800,000 to \$1,685,000 through October 1, 2024 at 2.0 to 5.0% interest	16,670,000
Total	\$114,120,000

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2014	\$10,515,000	\$4,445,156
2015	10,850,000	4,089,056
2016	11,265,000	3,677,497
2017	11,665,000	3,234,934
2018	10,760,000	2,766,459
2019-2023	36,330,000	8,643,274
2024-2028	18,335,000	2,652,361
2029-2032	4,400,000	311,038
Total	\$114,120,000	\$29,819,776

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

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

A. GENERAL OBLIGATION BONDS (continued)

On October 16, 2012 the Borough sold \$16,670,000 in general obligation bonds with an interest rate of 2.0 percent to 5.0 percent to refund \$18,405,000 of principal and \$92,025 of call premium on outstanding 2004 Series G and 2005 Series H general obligation bonds. These bonds carried interest from 3.25 to 4.375 percent. The newly issued Series S bonds were sold at a premium of \$2,047,271. In addition to the amount provided by Series S, the Borough directly contributed an additional \$102,898 to complete the refunding. The new bonds were issued on November 2, 2012 and \$18,623,632 was deposited in an irrevocable trust with an escrow agent who redeemed the 2004 Series G and 2005 Series H bonds on December 3, 2012. The Borough completed the refunding to reduce its total debt service payments over the next eleven years by \$2,857,306 and to obtain an economic gain (the difference between the present value of the old and the new debt service payments) of \$2,568,146.

On October 1, 2013, voters approved two bond authorizations totaling \$56,550,000 for replacement of Ryan Middle School and upgrades and capital improvements to Ticasuk Brown Elementary School, University Park Elementary School, Tanana Middle School, North Pole Middle School and Two Rivers K–8 school. The bonds will be sold in the spring or summer of 2014.

B. SOLID WASTE DISPOSAL ENTERPRISE FUND

The long-term debt in the solid waste disposal enterprise fund at June 30, 2013 is as follows:

Loans payable	\$2,187,638
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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, 2013 were \$1,167,630. It is estimated that cell 3 and 4 expansion will be substantially complete by January 1, 2015. Repayment is due in annual installments beginning one year after substantial completion and initiation of operations.

The Borough negotiated a \$3.5 million loan with the Alaska Department of Environmental Conservation for partial landfill closure (cell 1 and cell 2) in December 2009. Draw downs on the loan did not begin until fiscal year 2013. Payments disbursed and received by the Borough as of June 30, 2013 were \$1,020,008. It is estimated that the cell 1 and 2 partial landfill closure will be substantially complete by January 1, 2015. Repayment is due in annual installments beginning one year after substantial completion and initiation of operations.

C. SCHOOL DISTRICT COMPONENT UNIT

The School District has \$4,408,127 in liabilities for compensated absences at June 30, 2013. The current portion of this balance is \$4,053,499.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

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

D. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$126,040,000	\$16,670,000	(\$28,590,000)	\$114,120,000	\$10,515,000
Plus (less) deferred amounts:					
For issuance premiums	5,940,867	2,047,271	(1,410,988)	6,577,150	
On refunding	(228,503)	(160,094)	59,812	(328,785)	
Bonds payable total	<u>131,752,364</u>	<u>18,557,177</u>	<u>(29,941,176)</u>	<u>120,368,365</u>	<u>10,515,000</u>
Capital leases	1,414,110	401,044	(529,930)	1,285,223	471,045
Self-insurance losses	1,345,894	7,402,575	(7,447,964)	1,300,506	1,195,014
Accrued compensated absences	<u>2,369,688</u>	<u>2,941,437</u>	<u>(2,889,283)</u>	<u>2,421,842</u>	<u>1,804,469</u>
Governmental activities					
long-term liabilities	<u>\$136,882,056</u>	<u>\$29,302,232</u>	<u>(\$40,808,353)</u>	<u>\$125,375,935</u>	<u>\$13,985,528</u>
Business-type Activities:					
Loans payable	\$40,246	\$2,147,392	\$	\$2,187,638	\$
Landfill closure and postclosure care	17,007,601	304,769	(1,246,232)	16,066,138	
Self-insurance losses	163,293	184,214	(94,934)	252,573	108,759
Accrued compensated absences	<u>412,700</u>	<u>575,563</u>	<u>(540,489)</u>	<u>447,773</u>	<u>319,086</u>
Business-type activities					
long-term liabilities	<u>\$17,623,839</u>	<u>\$3,211,938</u>	<u>(\$1,881,655)</u>	<u>\$18,954,122</u>	<u>\$427,845</u>

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.

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued) June 30, 2013

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, 2013, the estimated liability for landfill closure and postclosure care costs was \$16,066,138, which was based on 84.95 percent of the landfill used (filled) to date. It is estimated that an additional \$3,067,994 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 2062. The estimated total cost for future landfill closure and postclosure care (\$20,380,364) 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, 2013. 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, 2013.

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. In fiscal year 2013, the Borough contributed \$1,000,000 to the reserve. The landfill closure reserve is accounted for as a separate cost center within the solid waste disposal enterprise fund and has a balance of \$2,439,798 in central treasury cash at June 30, 2013. 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. During fiscal year 2013, the Borough appropriated \$2,779,000 from the solid waste landfill closure reserve to expand cell 3 and portions of cell 4. A reserve balance of \$3,521,000 was left for the closure of cell 1, of which \$3,449,773 was expended by June 30, 2013. 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, 2013 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.

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)
June 30, 2013

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 position of the enterprise funds.

As of June 30, 2013 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	\$1,034,935
Service areas special revenue	51,002
State grants capital projects	8,348,771
Bond capital projects	2,385,383
Local capital projects	2,361,506
Nonmajor governmental funds	<u>3,961,748</u>
	<u>\$18,143,345</u>
Major business-type funds	
Transit enterprise	1,996,973
Carlson Center enterprise	1,740,601
Solid waste disposal enterprise	<u>10,062,640</u>
	<u>13,800,213</u>
Total – all funds	<u>\$31,943,558</u>

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

The Borough is reporting restricted, committed, and assigned fund balances at June 30, 2013. 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	\$	\$17,505,783	\$	\$	\$	\$	\$17,505,783
Enhanced 911	79,300					1,963,465	2,042,765
Nonareawide						2,858,948	2,858,948
Economic development	231,191						231,191

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

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

Restricted (Continued)	General Fund	Service Areas	State Grants Capital Projects	Bond Capital Projects	Local Capital Projects	Nonmajor Governmental	Total
Health and social services	\$	\$	\$	\$	\$	\$6,651	\$6,651
Parks and recreation						13,187	13,187
Emergency operations						6,878	6,878
Health care and labor relations						2,950,150	2,950,150
Public works						59,619	59,619
Solid waste collections						5,937,984	5,937,984
Library						1,074,448	1,074,448
Capital projects			4,543,785	9,474,079	6,906,446	1,782,926	22,707,236
Multi-year programs						188,001	188,001
	<u>\$310,491</u>	<u>\$17,505,783</u>	<u>\$4,543,785</u>	<u>\$9,474,079</u>	<u>\$6,906,446</u>	<u>\$16,842,256</u>	<u>\$55,582,840</u>
	General Fund	Debt Service	Local Capital Projects	Nonmajor Governmental	Total		
Committed							
Compensated absences	\$2,279,039	\$	\$	\$	\$2,279,039		
Self-insurance losses	1,500,000				1,500,000		
Pipeline valuation deposit	17,034,410				17,034,410		
Health and social services	257,656				257,656		
Health care and labor relations	164,622				164,622		
Community planning	33,179				33,179		
Emergency operations	240				240		
Land revenue reserve	519,875				519,875		
General fund multi-year projects	78,395				78,395		
Economic development	499,605				499,605		
Public works	180,592				180,592		
Parks and recreation	12,530				12,530		
Transportation	2,521				2,521		
Library	58,792			9,178	67,969		
Debt service		895,836			895,836		
Capital projects			12,742,954	1,230,377	13,973,331		
	<u>\$22,621,457</u>	<u>\$895,836</u>	<u>\$12,742,954</u>	<u>\$1,239,555</u>	<u>\$37,499,803</u>		

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)
June 30, 2013

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

Assigned	General Fund
Encumbrances	\$382,335
Subsequent year's expenditures	3,544,100
	\$3,926,435

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

Nonspendable	
Inventories	\$492,406
Prepaid items	80,877

Assigned	
Encumbrances	2,243,760
Impact aid advance	13,681,769
Subsequent year's expenditures	2,626,570
	\$19,125,382

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, 2013.

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

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements (continued)
June 30, 2013

15. RISK MANAGEMENT (continued)

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 or excess coverage above self-retention limits for all risk exposures except environmental. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. In addition, the Borough has 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, if applicable, 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 2013 through fiscal year 2015, withdrawals of \$50 per employee per month are scheduled from the HCCR to offset budgeted costs provided that: 1) there was an increase in the health plan estimate from the prior fiscal year; and 2) the balance of the HCCR is at least 50% of the established target for the prior fiscal year. The June 30, 2013 HCCR restricted fund balance of \$2,900,913 is reported in local programs, a nonmajor special revenue fund.

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

Changes in the self-insured claims liabilities for fiscal years 2013 and 2012 follow:

	<u>2012-13 Accrued Self- Insurance Losses</u>	<u>2011-12 Accrued Self- Insurance Losses</u>
<u>Borough</u>		
July 1	\$1,509,192	\$1,635,927
Current year claims	7,741,189	7,648,783
Changes in estimates	(154,405)	8,130
Claims payments	(7,542,898)	(7,783,648)
June 30	<u>\$1,553,079</u>	<u>\$1,509,192</u>

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

15. RISK MANAGEMENT (continued)

	2012-13 Accrued Self- Insurance Losses	2011-12 Accrued Self- Insurance Losses
School District		
July 1	\$5,906,473	\$5,339, 326
Current year claims	33,180,779	33,757,707
Changes in estimates	507,437	633,633
Claims payments	(34,272,390)	(33,824,192)
June 30	\$5,322,299	\$5,906,473

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, postemployment 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.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

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 average employer contribution rate for fiscal year 2013 was 35.84 percent (17.06 percent for pension costs and 18.78 percent for postemployment healthcare costs). The average normal cost rate portion was 8.67 percent (2.55 percent for pension costs and 6.12 percent for post-employment healthcare costs) and the average past service rate portion was 27.17 percent (14.51 percent for pension costs and 12.66 percent for postemployment healthcare costs).

The Alaska Legislature appropriated \$307,302,392 for the State's direct contribution for the fiscal year ending June 30, 2013. 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. These on-behalf payments are recorded as expense and program revenue in the School District column of the government-wide statement of activities. For fiscal year 2013, this amount was \$5,041,243.

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
2013	\$3,836,381	\$5,149,965
2012	3,896,453	5,219,783
2011	4,085,985	5,359,714

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, 2012 (the most recent actuarial valuation) for the PERS defined benefit plan was 58.5 percent, down from 60.8 percent at June 30, 2011.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

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, 0.48 percent into the retiree medical plan, 0.99 percent for firefighters and 0.14 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 2013 was \$71.09 per pay period for full-time employees and \$1.18 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, 2013 were as follows:

	<u>Fiscal Year Ended June 30</u>	<u>Employer Contributions to the Defined Contribution Plan</u>	<u>Residual Contributions to the Defined Benefit Plan's Unfunded Liability</u>	<u>Total Employer Payments</u>	<u>Total Employee Contributions</u>
Borough	2013	\$312,124	\$814,713	\$1,126,837	\$499,906
School District	2013	\$1,258,214	\$1,324,551	\$2,582,765	\$938,835

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

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

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 2013 was 52.67 percent (32.55 percent for pension costs and 20.12 percent for postemployment healthcare costs). The normal cost rate portion was 7.47 percent (3.15 percent for pension costs and 4.32 percent for postemployment healthcare costs) and the past service rate portion was 45.20 percent (29.40 percent for pension costs and 15.80 percent for postemployment healthcare costs). The Alaska Legislature appropriated \$302,777,153 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, 2013, 2012, and 2011 were \$7,234,005, \$7,374,940, and \$7,607,419, respectively, equal to the required employer contributions for each year. For fiscal years 2013, 2012, and 2011, the TRS "on-behalf" payments allocated to the School District by the State were \$30,229,983, \$22,767,876, and \$18,728,033, respectively. These on-behalf payments are recorded as expense and program revenue in the School District column of the government-wide statement of activities. 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, 2012 (the most recent actuarial valuation) for the TRS defined benefit plan was 49.6 percent, down from 51.8 percent at June 30, 2011.

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 four elements: 7.00 percent to each member's individual pension account, 0.49 percent into the retiree medical plan, 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 2013 was \$71.09 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.

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

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, 2013 were \$1,947,632. The employer residual contributions to the defined benefit plan's unfunded liability for fiscal year 2013 were \$389,467. Employee contributions to the plan were \$1,488,170 for fiscal year 2013.

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, except for the TAPS disputes discussed below. 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, 2012, and 2013 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 fiscal year 2007, 2008, 2009, 2010, 2011, and 2012 appeals and sided with the municipalities. The owners appealed the Board's decisions on the fiscal year 2006, 2007, 2008, 2009, 2010, 2011, and 2012 valuations to the Superior Court, and certain municipalities, including the Borough, cross-appealed. For the fiscal year 2013 valuation, the parties have agreed to suspend any appeals before the SARB decision, pending the outcome of the 2006 case before the Alaska Supreme Court. 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 and the 2007, 2008, and 2009 tax years also includes the recovery of attorney fees and costs. The Borough received \$976,000 for the 2006 award

FAIRBANKS NORTH STAR BOROUGH

**Notes to Financial Statements (continued)
June 30, 2013**

17. CONTINGENCIES AND SUBSEQUENT EVENTS (continued)

A. LITIGATION (continued)

during fiscal year 2012, and an \$887,000 receivable for the 2007, 2008, and 2009 combined award was recorded in the government-wide statement of net position in fiscal year 2013. The actual award in the amount of \$891,639 was received on October 30, 2013. 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 voluntary deposits of the awards into two separate (Court) Rule 67 accounts, one for the fiscal year 2007 (2006 tax year) award and one for the award for fiscal years 2008, 2009, and 2010 (2007, 2008, and 2009 tax years). No trial dates have been set for fiscal years 2011 or 2012 valuations.

B. GRANTS

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

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Governmental Funds:

Combining Statements for Nonmajor Funds

General Fund

Special Revenue Funds

Debt Service Fund

Capital Projects Funds

Proprietary Funds:

Enterprise Funds

Internal Service Fund

Fiduciary Fund:

Agency Fund

GOVERNMENTAL FUNDS

Combining Statements

General Fund

Special Revenue Funds

Debt Service Fund

Capital Projects Funds

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COMBINING STATEMENTS

These statements combine the nonmajor governmental funds.

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Governmental Funds

Combining Balance Sheet
June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Equity in central treasury cash	\$15,643,046	\$3,012,045	\$18,655,091
Taxes receivable	223,139		223,139
Accounts receivable (net of allowance for uncollectibles - \$1,162,870)	592,707		592,707
Due from School District	132		132
Due from governmental agencies	1,053,644	58,764	1,112,408
Assets total	<u>\$17,512,668</u>	<u>\$3,070,808</u>	<u>\$20,583,476</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$497,614	\$9,512	\$507,126
Interfund payables	823,989	47,993	871,983
Due to School District	36,129		36,129
Deposits from others	9,888		9,888
Deferred revenues	514,137		514,137
Unearned revenues	562,402		562,402
Liabilities total	<u>2,444,160</u>	<u>57,505</u>	<u>2,501,665</u>
Fund balances (deficit)			
Restricted	15,059,330	1,782,926	16,842,256
Committed	9,178	1,230,377	1,239,555
Fund balances (deficit) total	<u>15,068,507</u>	<u>3,013,303</u>	<u>18,081,811</u>
Liabilities and fund balances (deficit) total	<u>\$17,512,668</u>	<u>\$3,070,808</u>	<u>\$20,583,476</u>

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, 2013**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Other Governmental Funds</u>
Revenues			
Taxes	\$9,380,165	\$	\$9,380,165
Intergovernmental revenues	4,282,162	908,996	5,191,157
Charges for services	2,459,681		2,459,681
Other revenues	160,716	10,545	171,262
Revenues total	16,282,723	919,541	17,202,264
Expenditures			
Current			
General government	2,837,154	201,179	3,038,332
Community planning	255,747		255,747
Public works	5,987,951	101,685	6,089,637
Parks and recreation	179,678	76,051	255,730
Library	159,645	12,142	171,787
Education	410,864	6,980	417,844
Emergency operations	4,652,407	113,478	4,765,885
Fire service areas	78,828	72	78,900
Capital outlay	325,241	1,019,396	1,344,637
Expenditures total	14,887,516	1,530,982	16,418,499
Excess (deficiency) of revenues over expenditures	1,395,207	(611,442)	783,765
Other financing sources (uses)			
Transfers in	239,958	1,900,114	2,140,072
Transfers out	(774,263)	(276,105)	(1,050,368)
Other financing sources (uses) total	(534,306)	1,624,009	1,089,703
Net change in fund balances	860,901	1,012,567	1,873,469
Fund balances (deficit), beginning	14,207,606	2,000,736	16,208,342
Fund balances (deficit), ending	\$15,068,507	\$3,013,303	\$18,081,811

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.

FAIRBANKS NORTH STAR BOROUGH

General Fund

Combining Balance Sheet
June 30, 2013

	<u>Operating</u>	<u>Multi-Year</u>	<u>Total General Fund</u>
Assets			
Equity in central treasury cash	\$57,429,436	\$2,584,916	\$60,014,352
Taxes receivable (net of allowance for uncollectibles - \$701,759)	2,831,848		2,831,848
Accounts receivable (net of allowance for uncollectibles - \$11,817)	32,440	6,364	38,803
Accrued interest receivable	35,475		35,475
Interfund receivable	4,395,313		4,395,313
Due from governmental agencies	520,579		520,579
Other assets	86,290		86,290
Notes receivable - land sales		401,011	401,011
Assets total	<u>\$65,331,380</u>	<u>\$2,992,291</u>	<u>\$68,323,672</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$715,572	\$469,781	\$1,185,354
Wages and payroll taxes	1,383,759		1,383,759
Accrued self-insurance losses	1,300,506		1,300,506
Due to School District	7,521		7,521
Deposits from others	133,008	3,000	136,008
Deferred revenues	2,359,632	401,011	2,760,643
Unearned revenues	102,059		102,059
Advance tax payments	12,714,519		12,714,519
Liabilities total	<u>18,716,575</u>	<u>873,793</u>	<u>19,590,367</u>
Fund balances			
Restricted		310,491	310,491
Committed	20,813,450	1,808,008	22,621,457
Assigned	3,926,435		3,926,435
Unassigned	21,874,921		21,874,921
Fund balance total	<u>46,614,806</u>	<u>2,118,499</u>	<u>48,733,305</u>
Liabilities and fund balance total	<u>\$65,331,380</u>	<u>\$2,992,291</u>	<u>\$68,323,672</u>

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

General Fund

**Combining Schedule of Revenues, Expenditures
and Changes in Fund Balance
June 30, 2013**

	<u>Operating</u>	<u>Multi-Year</u>	<u>Total General Fund</u>
Revenues			
Taxes			
Property tax	\$88,206,491	\$	\$88,206,491
Hotel-motel tax	2,028,261		2,028,261
Alcoholic beverage tax	1,088,021		1,088,021
Tobacco excise tax	1,464,733		1,464,733
Interest and penalties on taxes	811,268		811,268
Payment in lieu of taxes for privatized military housing	742,500		742,500
Taxes total	<u>94,341,274</u>		<u>94,341,274</u>
Intergovernmental revenues			
State of Alaska			
Aid for school construction	9,979,176		9,979,176
Aid to local government	5,348,361		5,348,361
Other shared revenue and assistance	31,998		31,998
Federal government			
Payment in lieu of taxes	409,639		409,639
Aid for debt service	225,418		225,418
Grants	60,000		60,000
Intergovernmental revenues total	<u>16,054,592</u>		<u>16,054,592</u>
Charges for services	<u>2,060,078</u>	<u>71,882</u>	<u>2,131,961</u>
Land sales and interest on land notes receivable		<u>185,168</u>	<u>185,168</u>
Other revenues			
Investment income, including net unrealized investment gains/losses	87,162	843	88,005
Indirect charges to grants	1,258,998		1,258,998
Various	157,634	15,770	173,404
Other revenues total	<u>1,503,795</u>	<u>16,613</u>	<u>1,520,407</u>
Revenues total	<u>113,959,740</u>	<u>273,663</u>	<u>114,233,402</u>

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balance
June 30, 2013

	<u>Operating</u>	<u>Multi-Year</u>	<u>Total General Fund</u>
Expenditures			
Current			
General government			
Non-departmental	\$623,369	\$	\$623,369
Mayor	837,943	1,698,762	2,536,705
Assembly	1,547,170		1,547,170
Legal	912,706	1,448,191	2,360,897
Computer services	3,538,563	1,598	3,540,161
Financial services	2,961,062	177,362	3,138,424
Assessing	2,594,794		2,594,794
General services	1,373,898		1,373,898
Human resources	1,034,502	30,636	1,065,138
Land management	1,091,930	47,951	1,139,880
General government total	<u>16,515,937</u>	<u>3,404,499</u>	<u>19,920,436</u>
Community planning	<u>1,616,412</u>		<u>1,616,412</u>
Public works	<u>6,092,274</u>	<u>29,108</u>	<u>6,121,382</u>
Parks and recreation	<u>6,716,065</u>	<u>54,156</u>	<u>6,770,222</u>
Library	<u>5,358,165</u>	<u>185</u>	<u>5,358,350</u>
Education	<u>47,000,000</u>		<u>47,000,000</u>
Emergency operations	<u>1,777,844</u>	<u>20,700</u>	<u>1,798,544</u>
Capital outlay	<u>417,392</u>	<u>1,421</u>	<u>418,813</u>
Expenditures total	<u>85,494,089</u>	<u>3,510,070</u>	<u>89,004,159</u>

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund

**Combining Schedule of Revenues, Expenditures
and Changes in Fund Balance
June 30, 2013**

	<u>Operating</u>	<u>Multi-Year</u>	<u>Total General Fund</u>
Excess (deficiency) of revenues over expenditures	<u>\$28,465,651</u>	<u>(\$3,236,407)</u>	<u>\$25,229,243</u>
Other financing sources (uses)			
Transfers in			
Special revenue funds		396,165	396,165
Capital projects funds	52,846	164,822	217,668
Enterprise funds	38		38
General fund - multi-year	1,061,274	3,276,175	4,337,448
Transfers out			
Special revenue funds	(215,958)	(24,000)	(239,958)
Debt service fund	(14,891,180)		(14,891,180)
Capital projects funds	(4,451,423)		(4,451,423)
Enterprise funds	(6,258,396)		(6,258,396)
General fund - multi-year	(2,143,712)	(2,193,737)	(4,337,448)
Other financing sources (uses) total	<u>(26,846,511)</u>	<u>1,619,425</u>	<u>(25,227,085)</u>
Net change in fund balance	1,619,140	(1,616,982)	2,158
Fund balance, beginning	<u>44,995,666</u>	<u>3,735,481</u>	<u>48,731,147</u>
Fund balance, ending	<u><u>\$46,614,806</u></u>	<u><u>\$2,118,499</u></u>	<u><u>\$48,733,305</u></u>

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

General Fund - Operating

**Comparative Balance Sheet
June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Assets		
Equity in central treasury cash	\$57,429,436	\$54,417,829
Taxes receivable (net of allowance for uncollectibles 2013 - \$701,759; 2012 - \$646,943)	2,831,848	2,742,453
Accounts receivable (net of allowance for uncollectibles 2013 - \$11,817; 2012 - \$11,210)	32,440	30,592
Accrued interest receivable	35,475	16,449
Interfund receivable	4,395,313	2,034,850
Due from governmental agencies	520,579	521,096
Other assets	86,290	85,852
Assets total	<u>\$65,331,380</u>	<u>\$59,849,121</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$715,572	\$641,191
Wages and payroll taxes	1,383,759	1,331,291
Accrued self-insurance losses	1,300,506	1,345,894
Due to School District	7,521	7,602
Deposits from others	133,008	481,842
Deferred revenues	2,359,632	1,889,801
Unearned revenues	102,059	113,635
Advance tax payments	12,714,519	9,042,201
Liabilities total	<u>18,716,575</u>	<u>14,853,455</u>
Fund balances		
Committed	20,813,450	20,812,354
Assigned	3,926,435	4,825,609
Unassigned	21,874,921	19,357,703
Fund balance total	<u>46,614,806</u>	<u>44,995,666</u>
Liabilities and fund balance total	<u>\$65,331,380</u>	<u>\$59,849,121</u>

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

General Fund - Operating

**Comparative Schedule of Revenues and Expenditures
Budgetary Basis
June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Revenues		
Taxes		
Property tax	\$88,206,491	\$94,342,616
Hotel-motel tax	2,028,261	1,921,094
Alcoholic beverage tax	1,088,021	1,044,069
Tobacco excise tax	1,464,733	1,503,265
Interest and penalties on taxes	811,268	3,412,372
Payment in lieu of taxes for privatized military housing	742,500	742,500
Taxes total	<u>94,341,274</u>	<u>102,965,916</u>
Intergovernmental revenues		
State of Alaska		
Aid for school construction	9,979,176	10,135,543
Aid to local government	5,348,361	5,045,901
Other shared revenue and assistance	31,998	480,557
Federal government		
Payment in lieu of taxes	409,639	420,248
Aid for debt service	225,418	113,635
Grants	60,000	
Intergovernmental revenues total	<u>16,054,592</u>	<u>16,195,884</u>
Charges for services	<u>2,060,078</u>	<u>1,931,462</u>
Charges to School District	<u>1,660,385</u>	<u>1,583,869</u>
Other revenues		
Charges to other funds	3,573,786	3,585,992
Investment income, including net unrealized investment gains/losses	87,162	100,627
Indirect charges to grants	1,258,998	715,885
Various	157,634	153,345
Other revenues total	<u>5,077,581</u>	<u>4,555,849</u>
Revenues total	<u>119,193,911</u>	<u>127,232,980</u>

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund - Operating

**Comparative Schedule of Revenues and Expenditures
Budgetary Basis
June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Expenditures		
Current		
General government		
Non-departmental	\$623,369	\$312,015
Mayor	884,413	868,731
Assembly	1,598,212	1,632,107
Legal	1,016,391	1,051,498
Computer services	3,876,135	3,559,942
Financial services	3,605,915	3,624,588
Assessing	2,576,562	2,630,346
General services	1,634,635	1,536,231
Human resources	3,082,498	3,130,233
Land management	1,053,708	1,035,050
General government total	<u>19,951,838</u>	<u>19,380,741</u>
Community planning	<u>1,615,361</u>	<u>2,029,598</u>
Public works	<u>7,716,604</u>	<u>7,676,834</u>
Parks and recreation	<u>6,700,381</u>	<u>6,915,511</u>
Library	<u>5,105,532</u>	<u>5,036,011</u>
Education	<u>47,000,000</u>	<u>47,359,300</u>
Emergency operations	<u>1,791,331</u>	<u>1,814,132</u>
Capital outlay	<u>902,413</u>	<u>743,916</u>
Expenditures total	<u>90,783,462</u>	<u>90,956,044</u>

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund - Operating

**Comparative Schedule of Revenues and Expenditures
Budgetary Basis
June 30, 2013 and 2012**

	2013	2012
Excess (deficiency) of revenues over expenditures	\$28,410,449	\$36,276,937
Other financing sources (uses)		
Transfers in		
Capital projects funds	52,846	677
Enterprise funds	38	1,000,000
General fund - multi-year	1,061,274	755,049
Transfers out		
Special revenue funds	(215,958)	(230,874)
Debt service fund	(14,891,180)	(14,484,800)
Capital projects funds	(4,451,423)	(442,735)
Enterprise funds	(6,258,396)	(6,828,620)
General fund - multi-year	(2,143,712)	(4,406,854)
Other financing sources (uses) total	(26,846,511)	(24,638,158)
Net change in fund balance	\$1,563,938	\$11,638,779

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, 2013**

	Actual			Program Budgets	Variance from Program Budgets
	2013	Prior Years	Total		
Revenues					
Charges for services	\$71,882	\$122,594	\$194,477	\$114,190	\$80,287
Land sales and interest on land notes receivable	185,168	951,210	1,136,378	237,540	898,838
Other revenues	16,613	994,625	1,011,238	1,045,475	(34,238)
Revenues total	273,663	2,068,429	2,342,092	1,397,205	944,887
Expenditures					
Current					
General government	3,404,499	8,329,893	11,734,392	12,922,937	1,188,545
Community planning		7,337	7,337	40,516	33,179
Public works	29,108	43,427	72,535	124,461	51,926
Parks and recreation	54,156	50,035	104,191	141,921	37,730
Library	185		185	376	191
Emergency operations	20,700		20,700	100,240	79,540
Capital outlay	1,421		1,421	63,005	61,584
Expenditures total	3,510,070	8,430,692	11,940,762	13,393,457	1,452,695
Excess (deficiency) of revenues over expenditures	(3,236,407)	(6,362,263)	(9,598,670)	(11,996,252)	2,397,582
Other financing sources (uses)					
Transfers in	3,837,162	14,570,026	18,407,188	16,006,155	2,401,032
Transfers out	(2,217,737)	(4,472,282)	(6,690,019)	(6,643,295)	(46,724)
Other financing sources (uses) total	1,619,425	10,097,743	11,717,169	9,362,860	2,354,308
Net change in fund balance	(\$1,616,982)	\$3,735,481	\$2,118,499	(\$2,633,391)	\$4,751,890

See accompanying notes to financial statements.

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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, 2013

	State Grants	Federal Pass-Through Grants	Federal Grants	Local Programs
Assets				
Equity in central treasury cash	\$423,233	\$	\$349,230	\$3,175,833
Taxes receivable				
Accounts receivable (net of allowance for uncollectibles - \$1,162,870)				
Due from School District	132			
Due from governmental agencies	901,711	93,057	58,674	
Assets total	<u>\$1,325,076</u>	<u>\$93,057</u>	<u>\$407,904</u>	<u>\$3,175,833</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$213,782	\$1,733	\$	\$7,786
Interfund payables	679,500	85,816	58,674	
Due to School District	36,129			
Deposits from others				9,888
Deferred revenues				
Unearned revenues	213,173		349,230	
Liabilities total	<u>1,142,584</u>	<u>87,548</u>	<u>407,904</u>	<u>17,673</u>
Fund balances (deficit)				
Restricted	182,492	5,509		3,158,160
Committed				
Fund balances (deficit) total	<u>182,492</u>	<u>5,509</u>		<u>3,158,160</u>
Liabilities and fund balances (deficit) total	<u>\$1,325,076</u>	<u>\$93,057</u>	<u>\$407,904</u>	<u>\$3,175,833</u>

See accompanying notes to financial statement.

<u>Enhanced 911</u>	<u>Non-Areawide</u>	<u>Solid Waste Collection District</u>	<u>Library</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$1,673,390	\$2,790,938 64,862	\$6,168,473 158,277	\$1,061,950	\$15,643,046 223,139
216,467	376,240			592,707 132
	202			1,053,644
<u>\$1,889,857</u>	<u>\$3,232,241</u>	<u>\$6,326,750</u>	<u>\$1,061,950</u>	<u>\$17,512,668</u>
\$1,780	\$28,434	\$244,100	\$	\$497,614 823,989 36,129 9,888
24,611	344,859	144,667		514,137 562,402
<u>26,392</u>	<u>373,293</u>	<u>388,767</u>		<u>2,444,160</u>
1,863,465	2,858,948	5,937,984	1,052,772 9,178	15,059,330 9,178
<u>1,863,465</u>	<u>2,858,948</u>	<u>5,937,984</u>	<u>1,061,950</u>	<u>15,068,507</u>
<u>\$1,889,857</u>	<u>\$3,232,241</u>	<u>\$6,326,750</u>	<u>\$1,061,950</u>	<u>\$17,512,668</u>

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Special Revenue Funds

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2013**

	<u>State Grants</u>	<u>Federal Pass-Through Grants</u>	<u>Federal Grants</u>	<u>Local Programs</u>
Revenues				
Taxes	\$	\$	\$	\$
Intergovernmental revenues	2,597,391	801,678	823,092	
Charges for services				
Other revenues			(1,540)	155,516
Revenues total	<u>2,597,391</u>	<u>801,678</u>	<u>821,552</u>	<u>155,516</u>
Expenditures				
Current				
General government	1,769,002		668,941	259,800
Community planning		208,863	46,884	
Public works	45,470			
Parks and recreation	167,119			12,560
Library	19,500	131,172		8,973
Education	410,864			
Emergency operations	11,299	467,203	127,155	13,122
Fire service areas	78,828			
Capital outlay	325,241			
Expenditures total	<u>2,827,322</u>	<u>807,238</u>	<u>842,980</u>	<u>294,455</u>
Excess (deficiency) of revenues over expenditures	<u>(229,931)</u>	<u>(5,560)</u>	<u>(21,428)</u>	<u>(138,939)</u>
Other financing sources (uses)				
Transfers in	215,958			
Transfers out	<u>(33,098)</u>			<u>(72,165)</u>
Other financing sources (uses) total	<u>182,860</u>			<u>(72,165)</u>
Net change in fund balances	(47,071)	(5,560)	(21,428)	(211,104)
Fund balances (deficit), beginning	<u>229,563</u>	<u>11,069</u>	<u>21,428</u>	<u>3,369,264</u>
Fund balances (deficit), ending	<u>\$182,492</u>	<u>\$5,509</u>	\$	<u>\$3,158,160</u>

See accompanying notes to financial statement.

<u>Enhanced 911</u>	<u>Non-Areawide</u>	<u>Solid Waste Collection District</u>	<u>Library</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$	\$2,690,126	\$6,690,039	\$	\$9,380,165
	60,000			4,282,162
1,336,708	1,122,973			2,459,681
1,123	46		5,572	160,716
<u>1,337,831</u>	<u>3,873,144</u>	<u>6,690,039</u>	<u>5,572</u>	<u>16,282,723</u>
	139,411			2,837,154
		5,942,482		255,747
				5,987,951
				179,678
				159,645
				410,864
1,032,685	3,000,944			4,652,407
				78,828
				325,241
<u>1,032,685</u>	<u>3,140,355</u>	<u>5,942,482</u>		<u>14,887,516</u>
<u>305,146</u>	<u>732,790</u>	<u>747,557</u>	<u>5,572</u>	<u>1,395,207</u>
		24,000		239,958
<u>(345,000)</u>	<u>(300,000)</u>	<u>(24,000)</u>		<u>(774,263)</u>
<u>(345,000)</u>	<u>(300,000)</u>			<u>(534,306)</u>
(39,854)	432,790	747,557	5,572	860,901
<u>1,903,319</u>	<u>2,426,158</u>	<u>5,190,426</u>	<u>1,056,378</u>	<u>14,207,606</u>
<u>\$1,863,465</u>	<u>\$2,858,948</u>	<u>\$5,937,984</u>	<u>\$1,061,950</u>	<u>\$15,068,507</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - State Grants

**Program-Length Schedule of Revenues and Expenditures
Budget and Actual
From Inception and for Year Ended June 30, 2013**

	Actual			Program Budgets	Variance from Program Budgets
	2013	Prior Years	Total		
Revenues					
Intergovernmental revenues	\$2,597,391	\$5,937,770	\$8,535,162	\$12,350,239	(\$3,815,077)
Revenues total	2,597,391	5,937,770	8,535,162	12,350,239	(3,815,077)
Expenditures					
Current					
General government	1,769,002	3,295,252	5,064,254	7,069,144	2,004,890
Community planning		149,962	149,962	250,000	100,038
Public works	45,470	15,012	60,482	22,663	(37,819)
Parks and recreation	167,119	233,195	400,313	1,119,852	719,538
Library	19,500	58,073	77,573	89,350	11,777
Road and other service areas		1,638,819	1,638,819	1,638,819	
Education	410,864	420,562	831,426	1,430,090	598,664
Emergency operations	11,299	69,313	80,612	471,884	391,272
Fire service areas	78,828	63	78,891	79,004	112
Capital outlay	325,241		325,241	534,338	209,097
Expenditures total	2,827,322	5,880,251	8,707,573	12,705,143	3,997,570
Excess (deficiency) of revenues over expenditures	(229,931)	57,519	(172,411)	(354,904)	182,492
Other financing sources (uses)					
Transfers in	215,958	422,044	638,002	638,002	
Transfers out	(33,098)	(250,000)	(283,098)	(283,098)	
Other financing sources (uses) total	182,860	172,044	354,904	354,904	
Net change in fund balances	(\$47,071)	\$229,563	\$182,492	\$	\$182,492

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, 2013**

	Actual			Program Budgets	Variance from Program Budgets
	2013	Prior Years	Total		
Revenues					
Intergovernmental revenues	\$801,678	\$1,841,597	\$2,643,276	\$3,105,855	(\$462,580)
Revenues total	801,678	1,841,597	2,643,276	3,105,855	(462,580)
Expenditures					
Current					
General government		708,733	708,733	722,322	13,588
Community planning	208,863	147,361	356,224	420,455	64,231
Parks and recreation		12,796	12,796	74,697	61,902
Library	131,172	246,615	377,787	383,862	6,075
Emergency operations	467,203	558,987	1,026,191	1,291,483	265,292
Capital outlay		158,709	158,709	215,709	57,000
Expenditures total	807,238	1,833,201	2,640,439	3,108,528	468,088
Excess (deficiency) of revenues over expenditures	(5,560)	8,396	2,836	(2,673)	5,509
Other financing sources (uses)					
Transfers in		18,235	18,235	18,235	
Transfers out		(15,562)	(15,562)	(15,562)	
Other financing sources (uses) total		2,673	2,673	2,673	
Net change in fund balances	(\$5,560)	\$11,069	\$5,509	\$	\$5,509

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, 2013**

	Actual			Program Budgets	Variance from Program Budgets
	2013	Prior Years	Total		
Revenues					
Intergovernmental revenues	\$823,092	\$871,955	\$1,695,047	\$2,255,046	(\$560,000)
Other revenues	(1,540)	1,540			
Revenues total	821,552	873,495	1,695,047	2,255,046	(560,000)
Expenditures					
Current					
General government	668,941	454,176	1,123,117	1,170,428	47,311
Community planning	46,884		46,884	179,082	132,198
Emergency operations	127,155	413,559	540,713	921,204	380,491
Capital outlay		5,760	5,760	5,760	
Expenditures total	842,980	873,495	1,716,475	2,276,474	560,000
Excess (deficiency) of revenues over expenditures	(21,428)		(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	\$	\$	\$

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, 2013

	Actual			Program Budgets	Variance from Program Budgets
	2013	Prior Years	Total		
Revenues					
Intergovernmental revenues	\$	\$105,737	\$105,737	\$60,000	\$45,737
Other revenues	155,516	4,766,552	4,922,068	3,626,943	1,295,126
Revenues total	155,516	4,872,289	5,027,806	3,686,943	1,340,863
Expenditures					
Current					
General government	259,800	710,044	969,844	2,672,824	1,702,979
Parks and recreation	12,560	250,467	263,027	276,214	13,187
Library	8,973	173,400	182,373	203,422	21,049
Emergency operations	13,122	46,119	59,240	80,000	20,760
Capital outlay		152,885	152,885	253,512	100,627
Expenditures total	294,455	1,332,914	1,627,370	3,485,971	1,858,601
Excess (deficiency) of revenues over expenditures	(138,939)	3,539,375	3,400,436	200,972	3,199,464
Other financing sources (uses)					
Transfers in		120,000	120,000	120,000	
Transfers out	(72,165)	(290,111)	(362,276)	(362,276)	
Other financing sources (uses) total	(72,165)	(170,111)	(242,276)	(242,276)	
Net change in fund balances	(\$211,104)	\$3,369,264	\$3,158,160	(\$41,304)	\$3,199,464

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, 2013 and 2012

	2013	2012
Revenues		
Charges for services	\$1,336,708	\$1,261,521
Other revenues	1,123	698
Revenues total	<u>1,337,831</u>	<u>1,262,219</u>
Expenditures		
Current		
Emergency operations	1,032,685	1,062,663
Expenditures total	<u>1,032,685</u>	<u>1,062,663</u>
Excess (deficiency) of revenues over expenditures	<u>305,146</u>	<u>199,556</u>
Other financing sources (uses)		
Transfers out	(345,000)	
Net change in fund balance	(39,854)	199,556
Fund balance, beginning	<u>1,903,319</u>	<u>1,703,763</u>
Fund balance, ending	<u><u>\$1,863,465</u></u>	<u><u>\$1,903,319</u></u>

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, 2013**

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance from Budget- Positive (Negative)
Revenues					
Charges for services	\$1,318,660	\$1,336,708	\$	\$1,336,708	\$18,048
Other revenues	2,590	1,123		1,123	(1,467)
Revenues total	1,321,250	1,337,831		1,337,831	16,581
Expenditures					
Current					
Emergency operations	1,139,340	1,032,685	101	1,032,786	106,554
Expenditures total	1,139,340	1,032,685	101	1,032,786	106,554
Excess (deficiency) of revenues over expenditures	\$181,910	305,146	(\$101)	\$305,045	\$123,135
Other financing sources (uses)					
Transfers out	(345,000)	(345,000)		(345,000)	
Net change in fund balance	<u>(\$163,090)</u>	<u>(39,854)</u>	<u>(\$101)</u>	<u>(\$39,955)</u>	<u>(\$123,135)</u>
Fund balance, beginning		1,903,319			
Fund balance, ending		<u>\$1,863,465</u>			

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, 2013 and 2012

	2013	2012
Revenues		
Taxes	\$2,690,126	\$2,800,790
Intergovernmental revenues	60,000	120,000
Charges for services	1,122,973	997,378
Other revenues	46	
	<hr/>	<hr/>
Revenues total	3,873,144	3,918,168
	<hr/>	<hr/>
Expenditures		
Current		
General government	139,411	97,049
Emergency operations	3,000,944	2,783,403
	<hr/>	<hr/>
Expenditures total	3,140,355	2,880,452
	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	732,790	1,037,716
	<hr/>	<hr/>
Other financing sources (uses)		
Transfers out	(300,000)	(312,896)
	<hr/>	<hr/>
Net change in fund balance	432,790	724,820
	<hr/>	<hr/>
Fund balance, beginning	2,426,158	1,701,339
	<hr/>	<hr/>
Fund balance, ending	<u>\$2,858,948</u>	<u>\$2,426,158</u>

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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance from Budget- Positive (Negative)</u>
Revenues					
Taxes	\$2,666,080	\$2,690,126	\$	\$2,690,126	\$24,046
Intergovernmental revenues	60,000	60,000		60,000	
Charges for services	1,008,500	1,122,973		1,122,973	114,473
Other revenues		46		46	46
Revenues total	<u>3,734,580</u>	<u>3,873,144</u>		<u>3,873,144</u>	<u>138,564</u>
Expenditures					
Current					
General government	162,320	139,411	(2,211)	137,200	25,120
Emergency operations	3,014,041	3,000,944	(12,433)	2,988,511	25,530
Capital outlay	10,254		10,254	10,254	
Expenditures total	<u>3,186,615</u>	<u>3,140,355</u>	<u>(4,390)</u>	<u>3,135,965</u>	<u>50,650</u>
Excess (deficiency) of revenues over expenditures	547,965	732,790	4,390	737,179	189,214
Other financing sources (uses)					
Transfers out	(300,000)	(300,000)		(300,000)	
Net change in fund balance	<u>\$247,965</u>	<u>432,790</u>	<u>\$4,390</u>	<u>\$437,179</u>	<u>(\$189,214)</u>
Fund balance, beginning		<u>2,426,158</u>			
Fund balance, ending		<u>\$2,858,948</u>			

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, 2013 and 2012

	2013	2012
Revenues		
Taxes	\$6,690,039	\$7,032,382
Revenues total	<u>6,690,039</u>	<u>7,032,382</u>
Expenditures		
Current		
Public works	5,942,482	5,906,761
Expenditures total	<u>5,942,482</u>	<u>5,906,761</u>
Excess (deficiency) of revenues over expenditures	<u>747,557</u>	<u>1,125,621</u>
Other financing sources (uses)		
Transfers in	24,000	
Transfers out	(24,000)	(24,000)
Other financing sources (uses) total	<u> </u>	<u>(24,000)</u>
Net change in fund balance	747,557	1,101,621
Fund balance, beginning	<u>5,190,426</u>	<u>4,088,805</u>
Fund balance, ending	<u><u>\$5,937,984</u></u>	<u><u>\$5,190,426</u></u>

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, 2013

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance from Budget- Positive (Negative)
Revenues					
Taxes	\$6,629,170	\$6,690,039	\$	\$6,690,039	\$60,869
Revenues total	6,629,170	6,690,039		6,690,039	60,869
Expenditures					
Current					
Public works	6,619,532	5,942,482		5,942,482	677,050
Expenditures total	6,619,532	5,942,482		5,942,482	677,050
Excess (deficiency) of revenues over expenditures	9,638	747,557		747,557	737,919
Other financing sources (uses)					
Transfers in		24,000		24,000	24,000
Transfers out	(24,000)	(24,000)		(24,000)	
Other financing sources (uses) total	(24,000)				24,000
Net change in fund balance	<u>(\$14,362)</u>	747,557	\$	<u>\$747,557</u>	<u>\$761,919</u>
Fund balance, beginning		<u>5,190,426</u>			
Fund balance, ending		<u><u>\$5,937,984</u></u>			

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, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Revenues		
Investment income	\$5,296	\$3,882
Donations	276	44,988
Revenues total	<u>5,572</u>	<u>48,870</u>
 Expenditures		
Excess (deficiency) of revenues over expenditures	5,572	48,870
Other financing sources (uses)		
Transfers in		2,159
Transfers out		(8,713,437)
Other financing sources (uses) total		<u>(8,711,278)</u>
 Net change in fund balance	5,572	(8,662,408)
 Fund balance, beginning	<u>1,056,378</u>	<u>9,718,787</u>
 Fund balance, ending	<u><u>\$1,061,950</u></u>	<u><u>\$1,056,378</u></u>

See accompanying notes to financial statements.

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FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2013

With Comparative Totals for June 30, 2012

	Air Park	Airway	Arctic Fox	Aztec
	<hr/>	<hr/>	<hr/>	<hr/>
Assets				
Equity in central treasury cash	\$6,919	\$53,797	\$38,869	\$95,278
Taxes receivable			1,740	706
	<hr/>	<hr/>	<hr/>	<hr/>
Assets total	<u>\$6,919</u>	<u>\$53,797</u>	<u>\$40,609</u>	<u>\$95,984</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$	\$	\$	\$
Deferred revenues			1,740	706
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities total			1,740	706
Fund balances (deficit)				
Restricted	6,919	53,797	38,869	95,278
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficit) total	6,919	53,797	38,869	95,278
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities and fund balances (deficit) total	<u>\$6,919</u>	<u>\$53,797</u>	<u>\$40,609</u>	<u>\$95,984</u>

See accompanying notes to financial statements.

Ballaine Lake Sewer & Water	Bear's Den Road	Becker Ridge	Birch Hill	Bluebird Road
\$69,947	\$48	\$223,582	\$344,424	\$34,842
1,738		3,027	1,298	
<u>\$71,685</u>	<u>\$48</u>	<u>\$226,609</u>	<u>\$345,722</u>	<u>\$34,842</u>
\$3,879	\$	\$	\$2,467	\$
1,629		2,994	1,194	
<u>5,507</u>		<u>2,994</u>	<u>3,660</u>	
66,178	48	223,615	342,061	34,842
<u>66,178</u>	<u>48</u>	<u>223,615</u>	<u>342,061</u>	<u>34,842</u>
<u>\$71,685</u>	<u>\$48</u>	<u>\$226,609</u>	<u>\$345,722</u>	<u>\$34,842</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2013

With Comparative Totals for June 30, 2012

	Borda Road	Brookside	Chena Goldstream Volunteer Fire	Chena Hills Road
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Equity in central treasury cash	\$137,625	\$45,538	\$1,204,803	\$108,086
Taxes receivable	344	266	26,036	1,164
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets total	<u><u>\$137,970</u></u>	<u><u>\$45,804</u></u>	<u><u>\$1,230,839</u></u>	<u><u>\$109,249</u></u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$6,206	\$	\$	\$21,096
Deferred revenues	344	266	23,884	1,096
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities total	<u>6,550</u>	<u>266</u>	<u>23,884</u>	<u>22,192</u>
Fund balances (deficit)				
Restricted	131,420	45,538	1,206,956	87,058
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balances (deficit) total	<u>131,420</u>	<u>45,538</u>	<u>1,206,956</u>	<u>87,058</u>
Liabilities and fund balances				
(deficit) total	<u><u>\$137,970</u></u>	<u><u>\$45,804</u></u>	<u><u>\$1,230,839</u></u>	<u><u>\$109,249</u></u>

See accompanying notes to financial statements.

Chena Hot Springs II	Chena Marina	Chena Point Road	Chena Spur	Cleary Summit
\$212	\$60,896 512	\$122,682 1,858	\$138,032 330	\$1,198 14
<u>\$212</u>	<u>\$61,409</u>	<u>\$124,540</u>	<u>\$138,362</u>	<u>\$1,212</u>

\$	\$	\$13,953	\$	\$
	416	1,619	330	14
	<u>416</u>	<u>15,572</u>	<u>330</u>	<u>14</u>
212	60,993	108,968	138,032	1,198
212	60,993	108,968	138,032	1,198
<u>\$212</u>	<u>\$61,409</u>	<u>\$124,540</u>	<u>\$138,362</u>	<u>\$1,212</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2013
With Comparative Totals for June 30, 2012

	College	College Hills	Cooper Estates	Cordes Drive
Assets				
Equity in central treasury cash	\$2,735,416	\$36,327	\$116,396	\$31,706
Taxes receivable	10,234	496	1,788	1,097
Assets total	<u>\$2,745,651</u>	<u>\$36,823</u>	<u>\$118,184</u>	<u>\$32,803</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$21,100	\$ 496	\$ 765	\$ 961
Deferred revenues	9,835	496	765	961
Liabilities total	<u>30,935</u>	<u>496</u>	<u>765</u>	<u>961</u>
Fund balances (deficit)				
Restricted	<u>2,714,716</u>	<u>36,327</u>	<u>117,419</u>	<u>31,842</u>
Fund balances (deficit) total	<u>2,714,716</u>	<u>36,327</u>	<u>117,419</u>	<u>31,842</u>
Liabilities and fund balances (deficit) total	<u>\$2,745,651</u>	<u>\$36,823</u>	<u>\$118,184</u>	<u>\$32,803</u>

See accompanying notes to financial statements.

Cripple Creek	Deep Forest	Diane Subdivision	Drake Estates	Edanella Heights Road
\$181,853 2,092	\$41,543	\$28,321	\$28,245	\$39,894 1,180
<u>\$183,945</u>	<u>\$41,543</u>	<u>\$28,321</u>	<u>\$28,245</u>	<u>\$41,075</u>
\$ 2,045	\$	\$	\$	\$1,243 1,180
<u>2,045</u>				<u>2,423</u>
181,900	41,543	28,321	28,245	38,651
<u>181,900</u>	<u>41,543</u>	<u>28,321</u>	<u>28,245</u>	<u>38,651</u>
<u>\$183,945</u>	<u>\$41,543</u>	<u>\$28,321</u>	<u>\$28,245</u>	<u>\$41,075</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2013

With Comparative Totals for June 30, 2012

	Ester Lump Road	Ester Volunteer Fire	Fairfields	Fairhill
	_____	_____	_____	_____
Assets				
Equity in central treasury cash	\$108,393	\$169,268	\$69,302	\$17,454
Taxes receivable	85	7,791	92	911
	_____	_____	_____	_____
Assets total	<u>\$108,478</u>	<u>\$177,059</u>	<u>\$69,394</u>	<u>\$18,364</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$971	\$	\$	\$17
Deferred revenues	85	7,697	92	201
	_____	_____	_____	_____
Liabilities total	<u>1,056</u>	<u>7,697</u>	<u>92</u>	<u>219</u>
Fund balances (deficit)				
Restricted	107,421	169,363	69,302	18,146
	_____	_____	_____	_____
Fund balances (deficit) total	<u>107,421</u>	<u>169,363</u>	<u>69,302</u>	<u>18,146</u>
	_____	_____	_____	_____
Liabilities and fund balances (deficit) total	<u>\$108,478</u>	<u>\$177,059</u>	<u>\$69,394</u>	<u>\$18,364</u>

See accompanying notes to financial statements.

Fairwest	Garden	Golden Valley Road	Goldstream Alaska	Goldstream Moose Creek
\$224,826	\$211,905 209	\$24,193 219	\$78,286 1,100	\$89,773
<u>\$224,826</u>	<u>\$212,115</u>	<u>\$24,412</u>	<u>\$79,386</u>	<u>\$89,773</u>
\$	\$	\$4,863	\$	\$12,083
	189		980	
	<u>189</u>	<u>4,863</u>	<u>980</u>	<u>12,083</u>
224,826	211,925	19,550	78,407	77,690
<u>224,826</u>	<u>211,925</u>	<u>19,550</u>	<u>78,407</u>	<u>77,690</u>
<u>\$224,826</u>	<u>\$212,115</u>	<u>\$24,412</u>	<u>\$79,386</u>	<u>\$89,773</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2013

With Comparative Totals for June 30, 2012

	Gordon	Granola Estates	Grieme Road	Haystack
Assets				
Equity in central treasury cash	\$287,143	\$34,637	\$93,191	\$34,240
Taxes receivable	923	271	530	3,642
Assets total	<u>\$288,066</u>	<u>\$34,908</u>	<u>\$93,721</u>	<u>\$37,882</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$2,548	\$	\$	\$2,441
Deferred revenues	923	271	515	3,610
Liabilities total	<u>3,471</u>	<u>271</u>	<u>515</u>	<u>6,051</u>
Fund balances (deficit)				
Restricted	<u>284,595</u>	<u>34,637</u>	<u>93,205</u>	<u>31,831</u>
Fund balances (deficit) total	<u>284,595</u>	<u>34,637</u>	<u>93,205</u>	<u>31,831</u>
Liabilities and fund balances (deficit) total	<u>\$288,066</u>	<u>\$34,908</u>	<u>\$93,721</u>	<u>\$37,882</u>

See accompanying notes to financial statements.

Herning Hills	Hopeless	Horseshoe Downs	Jennifer Drive	Jones Road
\$60,028	\$75,974	\$13,687	\$13,663	\$123,044
73	1,013	1,798	13	1,361
<u>\$60,101</u>	<u>\$76,987</u>	<u>\$15,485</u>	<u>\$13,677</u>	<u>\$124,405</u>

\$ 73	\$ 1,005	\$ 1,739	\$	\$ 1,291
<u>73</u>	<u>1,005</u>	<u>1,739</u>		<u>1,291</u>

60,028	75,982	13,746	13,677	123,114
<u>60,028</u>	<u>75,982</u>	<u>13,746</u>	<u>13,677</u>	<u>123,114</u>
<u>\$60,101</u>	<u>\$76,987</u>	<u>\$15,485</u>	<u>\$13,677</u>	<u>\$124,405</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2013
With Comparative Totals for June 30, 2012

	Joy Road	Keeney Road	Kendall	Keystone
	<hr/>	<hr/>	<hr/>	<hr/>
Assets				
Equity in central treasury cash	\$33,897	\$10,620	\$77,131	\$44,969
Taxes receivable	1,580	121	127	440
Assets total	<u>\$35,476</u>	<u>\$10,741</u>	<u>\$77,258</u>	<u>\$45,409</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$1,575	\$ 121	\$ 76	\$ 440
Deferred revenues	1,362	121	76	440
Liabilities total	<u>2,937</u>	<u>121</u>	<u>76</u>	<u>440</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficit)				
Restricted	32,539	10,620	77,182	44,969
Fund balances (deficit) total	<u>32,539</u>	<u>10,620</u>	<u>77,182</u>	<u>44,969</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities and fund balances (deficit) total	<u>\$35,476</u>	<u>\$10,741</u>	<u>\$77,258</u>	<u>\$45,409</u>

See accompanying notes to financial statements.

Kris Kringle	Lakloey Hill	Lee Lane	Loose Moose	Martin
<u>\$84,356</u>	<u>\$103,532</u>	<u>\$22,618</u>	<u>\$7,977</u>	<u>\$46,695</u>
<u>\$84,356</u>	<u>\$103,532</u>	<u>\$23,181</u>	<u>\$8,886</u>	<u>\$49,872</u>
<u>\$2,499</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>2,499</u>		<u>563</u>	<u>909</u>	<u>3,177</u>
<u>81,857</u>	<u>103,532</u>	<u>22,618</u>	<u>7,977</u>	<u>46,695</u>
<u>81,857</u>	<u>103,532</u>	<u>22,618</u>	<u>7,977</u>	<u>46,695</u>
<u>\$84,356</u>	<u>\$103,532</u>	<u>\$23,181</u>	<u>\$8,886</u>	<u>\$49,872</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
 June 30, 2013
 With Comparative Totals for June 30, 2012

	McCloud	McGrath Estates	McKinley View	Mellow Woods Road
Assets				
Equity in central treasury cash	\$111,961	\$229,822	\$18,254	\$85,675
Taxes receivable	3,617	2,105		
Assets total	<u>\$115,578</u>	<u>\$231,926</u>	<u>\$18,254</u>	<u>\$85,675</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$50	\$50,262	\$	\$
Deferred revenues	3,617	1,972		
Liabilities total	<u>3,667</u>	<u>52,234</u>		
Fund balances (deficit)				
Restricted	<u>111,911</u>	<u>179,692</u>	<u>18,254</u>	<u>85,675</u>
Fund balances (deficit) total	<u>111,911</u>	<u>179,692</u>	<u>18,254</u>	<u>85,675</u>
Liabilities and fund balances (deficit) total	<u>\$115,578</u>	<u>\$231,926</u>	<u>\$18,254</u>	<u>\$85,675</u>

See accompanying notes to financial statements.

Miller Hill Extension	Moose Creek	Moose Meadows	Mt. View	Murphy
\$133,318	\$56,391	\$157,574	\$95,958	\$26,511
1,741	340	2,667	195	634
<u>\$135,059</u>	<u>\$56,731</u>	<u>\$160,241</u>	<u>\$96,153</u>	<u>\$27,146</u>
\$17,259	\$	\$	\$	\$251
1,146	332	2,376	184	634
<u>18,405</u>	<u>332</u>	<u>2,376</u>	<u>184</u>	<u>885</u>
116,654	56,399	157,865	95,970	26,261
<u>116,654</u>	<u>56,399</u>	<u>157,865</u>	<u>95,970</u>	<u>26,261</u>
<u>\$135,059</u>	<u>\$56,731</u>	<u>\$160,241</u>	<u>\$96,153</u>	<u>\$27,146</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2013
With Comparative Totals for June 30, 2012

	Musk Ox	Newby Park	North Ridge	North Star Volunteer Fire
Assets				
Equity in central treasury cash	\$61,313	\$22,763	\$41,160	\$803,391
Taxes receivable		162		57,305
Assets total	<u>\$61,313</u>	<u>\$22,926</u>	<u>\$41,160</u>	<u>\$860,696</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$360	\$	\$	\$
Deferred revenues		162		51,197
Liabilities total	<u>360</u>	<u>162</u>		<u>51,197</u>
Fund balances (deficit)				
Restricted	<u>60,953</u>	<u>22,763</u>	<u>41,160</u>	<u>809,499</u>
Fund balances (deficit) total	<u>60,953</u>	<u>22,763</u>	<u>41,160</u>	<u>809,499</u>
Liabilities and fund balances (deficit) total	<u>\$61,313</u>	<u>\$22,926</u>	<u>\$41,160</u>	<u>\$860,696</u>

See accompanying notes to financial statements.

O'Connor Creek	Old Wood Road	Our	Parkside	Peede Country Estates
\$524,999	\$38,547	\$11,164	\$24,548	\$29,093
1,117			490	511
<u>\$526,116</u>	<u>\$38,547</u>	<u>\$11,164</u>	<u>\$25,038</u>	<u>\$29,605</u>
\$	\$	\$	\$	\$
1,022			490	511
<u>1,022</u>			<u>490</u>	<u>511</u>
525,094	38,547	11,164	24,548	29,093
<u>525,094</u>	<u>38,547</u>	<u>11,164</u>	<u>24,548</u>	<u>29,093</u>
<u>\$526,116</u>	<u>\$38,547</u>	<u>\$11,164</u>	<u>\$25,038</u>	<u>\$29,605</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet

June 30, 2013

With Comparative Totals for June 30, 2012

	Pine Stream	Pleasureland	Polar Heights	Potlatch
Assets				
Equity in central treasury cash	\$120,456	\$29,337	\$49,549	\$27,470
Taxes receivable	246	823	770	478
Assets total	<u>\$120,702</u>	<u>\$30,160</u>	<u>\$50,319</u>	<u>\$27,948</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 246	\$ 823	\$ 770	\$ 435
Deferred revenues	246	823	770	435
Liabilities total	<u>246</u>	<u>823</u>	<u>770</u>	<u>435</u>
Fund balances (deficit)				
Restricted	120,456	29,337	49,549	27,514
Fund balances (deficit) total	<u>120,456</u>	<u>29,337</u>	<u>49,549</u>	<u>27,514</u>
Liabilities and fund balances (deficit) total	<u>\$120,702</u>	<u>\$30,160</u>	<u>\$50,319</u>	<u>\$27,948</u>

See accompanying notes to financial statements.

Prospect Park	Reed Acres Road	Ridgecrest	Salchaket Heights	Scenic Heights
\$37,831	\$63,932 154	\$4,510	\$10,244	\$101,662
<u>\$37,831</u>	<u>\$64,086</u>	<u>\$4,510</u>	<u>\$10,244</u>	<u>\$101,662</u>
\$	\$	\$	\$	\$31,500
	144			31,500
	144			31,500
37,831	63,942	4,510	10,244	70,162
37,831	63,942	4,510	10,244	70,162
<u>\$37,831</u>	<u>\$64,086</u>	<u>\$4,510</u>	<u>\$10,244</u>	<u>\$101,662</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
 June 30, 2013
 With Comparative Totals for June 30, 2012

	Seavy	Secluded Acres	Serendipity Hill	Six Mile Village Road
Assets				
Equity in central treasury cash	\$64,372	\$7,482	\$39,682	\$51,564
Taxes receivable	269	22		761
Assets total	<u>\$64,642</u>	<u>\$7,504</u>	<u>\$39,682</u>	<u>\$52,326</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$	\$	\$	\$697
Deferred revenues	269	22		761
Liabilities total	<u>269</u>	<u>22</u>		<u>1,458</u>
Fund balances (deficit)				
Restricted	<u>64,372</u>	<u>7,482</u>	<u>39,682</u>	<u>50,867</u>
Fund balances (deficit) total	<u>64,372</u>	<u>7,482</u>	<u>39,682</u>	<u>50,867</u>
Liabilities and fund balances (deficit) total	<u>\$64,642</u>	<u>\$7,504</u>	<u>\$39,682</u>	<u>\$52,326</u>

See accompanying notes to financial statements.

Smallwood Trail Road	Smith Ranch	Spring Glade	Spruce Acres	Steamboat Landing
\$33,090	\$153,456 50	\$93,550 161	\$31,036 581	\$28,585 2,793
<u>\$33,090</u>	<u>\$153,506</u>	<u>\$93,711</u>	<u>\$31,617</u>	<u>\$31,378</u>
\$	\$18,647 50	\$3,058 161	\$ 341	\$ 2,572
	<u>18,697</u>	<u>3,219</u>	<u>341</u>	<u>2,572</u>
33,090	134,809	90,491	31,276	28,806
<u>33,090</u>	<u>134,809</u>	<u>90,491</u>	<u>31,276</u>	<u>28,806</u>
<u>\$33,090</u>	<u>\$153,506</u>	<u>\$93,711</u>	<u>\$31,617</u>	<u>\$31,378</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2013
With Comparative Totals for June 30, 2012

	Steese Volunteer Fire	Straight Creek	Summerwood	Summit Drive
Assets				
Equity in central treasury cash	\$649,847	\$29,112	\$212,261	\$419,250
Taxes receivable	33,641	232	1,280	509
Assets total	<u>\$683,487</u>	<u>\$29,345</u>	<u>\$213,542</u>	<u>\$419,759</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 30,980	\$ 232	\$2,936	\$15,768
Deferred revenues	30,980	232	1,280	477
Liabilities total	<u>30,980</u>	<u>232</u>	<u>4,216</u>	<u>16,245</u>
Fund balances (deficit)				
Restricted	<u>652,508</u>	<u>29,112</u>	<u>209,325</u>	<u>403,514</u>
Fund balances (deficit) total	<u>652,508</u>	<u>29,112</u>	<u>209,325</u>	<u>403,514</u>
Liabilities and fund balances (deficit) total	<u>\$683,487</u>	<u>\$29,345</u>	<u>\$213,542</u>	<u>\$419,759</u>

See accompanying notes to financial statements.

Sunny Hills Terrace	Sunrise	Tan Terra	Thomas	Timberlane Road
\$134,151	\$72,034 912	\$60,252 61	\$20,825 1,392	\$39,256
<u>\$134,151</u>	<u>\$72,945</u>	<u>\$60,312</u>	<u>\$22,217</u>	<u>\$39,256</u>
\$	\$ 912	\$ 61	\$ 1,392	\$
	<u>912</u>	<u>61</u>	<u>1,392</u>	
134,151	72,034	60,252	20,825	39,256
<u>134,151</u>	<u>72,034</u>	<u>60,252</u>	<u>20,825</u>	<u>39,256</u>
<u>\$134,151</u>	<u>\$72,945</u>	<u>\$60,312</u>	<u>\$22,217</u>	<u>\$39,256</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
 June 30, 2013
 With Comparative Totals for June 30, 2012

	Tungsten	Twenty Three Mile Slough	Ullrhaven	University Fire
Assets				
Equity in central treasury cash	\$71,518	\$105,502	\$22,548	\$2,801,017
Taxes receivable	618	4,620		43,234
Assets total	<u>\$72,136</u>	<u>\$110,123</u>	<u>\$22,548</u>	<u>\$2,844,251</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$12	\$ 4,620	\$	\$ 40,651
Deferred revenues	539			
Liabilities total	<u>550</u>	<u>4,620</u>		<u>40,651</u>
Fund balances (deficit)				
Restricted	<u>71,585</u>	<u>105,502</u>	<u>22,548</u>	<u>2,803,600</u>
Fund balances (deficit) total	<u>71,585</u>	<u>105,502</u>	<u>22,548</u>	<u>2,803,600</u>
Liabilities and fund balances (deficit) total	<u>\$72,136</u>	<u>\$110,123</u>	<u>\$22,548</u>	<u>\$2,844,251</u>

See accompanying notes to financial statements.

University Heights	University West Street Light	Vienna Wood	Viewpointe	Violet Drive
\$114,379	\$216,383 788	\$46,054	\$143,283	\$122,523 1,121
<u>\$114,379</u>	<u>\$217,171</u>	<u>\$46,054</u>	<u>\$143,283</u>	<u>\$123,644</u>
\$	\$168 788	\$	\$	\$
	956			1,121
				1,121
114,379	216,215	46,054	143,283	122,523
114,379	216,215	46,054	143,283	122,523
<u>\$114,379</u>	<u>\$217,171</u>	<u>\$46,054</u>	<u>\$143,283</u>	<u>\$123,644</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2013
With Comparative Totals for June 30, 2012

	Vista Gold Road	Vue Crest	Whitman	Wildview
Assets				
Equity in central treasury cash	\$58,128	\$120,845	\$22,195	\$636,163
Taxes receivable	757		1	79
Assets total	<u>\$58,886</u>	<u>\$120,845</u>	<u>\$22,196</u>	<u>\$636,241</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$383	\$16,593	\$	\$20,422
Deferred revenues	519		1	79
Liabilities total	<u>903</u>	<u>16,593</u>	<u>1</u>	<u>20,501</u>
Fund balances (deficit)				
Restricted	<u>57,983</u>	<u>104,252</u>	<u>22,195</u>	<u>615,740</u>
Fund balances (deficit) total	<u>57,983</u>	<u>104,252</u>	<u>22,195</u>	<u>615,740</u>
Liabilities and fund balances (deficit) total	<u>\$58,886</u>	<u>\$120,845</u>	<u>\$22,196</u>	<u>\$636,241</u>

See accompanying notes to financial statements.

Woodland	Yak Road	Totals	
		2013	2012
<u>8,352</u>	<u>\$127,626</u>	<u>\$17,761,037</u>	<u>\$16,554,665</u>
7	952	251,065	222,050
<u>8,359</u>	<u>\$128,579</u>	<u>\$18,012,102</u>	<u>\$16,776,714</u>
\$	\$	\$275,306	\$456,361
	291	231,013	200,320
	<u>291</u>	<u>506,319</u>	<u>656,682</u>
<u>8,359</u>	<u>128,288</u>	<u>17,505,783</u>	<u>16,120,033</u>
<u>8,359</u>	<u>128,288</u>	<u>17,505,783</u>	<u>16,120,033</u>
<u>8,359</u>	<u>\$128,579</u>	<u>\$18,012,102</u>	<u>\$16,776,714</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2013
With Comparative Totals for June 30, 2012

	Air Park	Airway	Arctic Fox	Aztec
Revenues				
Taxes	\$	\$13,303	\$4,933	\$23,919
Other revenues	5	37	26	63
Revenues total	5	13,340	4,959	23,983
Expenditures				
Current				
Road and other service areas	620	12,561	2,276	9,787
Fire service areas				
Expenditures total	620	12,561	2,276	9,787
Excess (deficiency) of revenues over expenditures	(615)	780	2,683	14,196
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	(615)	780	2,683	14,196
Fund balances (deficit), beginning	7,534	53,017	36,186	81,082
Fund balances (deficit), ending	\$6,919	\$53,797	\$38,869	\$95,278

See accompanying notes to financial statements.

Ballaine Lake Sewer & Water	Bear's Den Road	Becker Ridge	Birch Hill	Bluebird Road
\$31,972 43	\$	\$117,356 155	\$119,755 234	\$6,654 23
32,015		117,510	119,989	6,677
13,470	550	76,372	68,683	1,905
13,470	550	76,372	68,683	1,905
18,546	(550)	41,138	51,306	4,772
18,546	(550)	41,138	51,306	4,772
47,632	598	182,477	290,755	30,070
\$66,178	\$48	\$223,615	\$342,061	\$34,842

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2013
With Comparative Totals for June 30, 2012

	Borda Road	Brookside	Chena Goldstream Volunteer Fire	Chena Hills Road
Revenues				
Taxes	\$29,732	\$8,668	\$1,382,146	\$101,551
Other revenues	99	31	6,030	2,477
Revenues total	29,830	8,699	1,388,176	104,028
Expenditures				
Current				
Road and other service areas	16,079	4,722		70,014
Fire service areas			930,205	
Expenditures total	16,079	4,722	930,205	70,014
Excess (deficiency) of revenues over expenditures	13,751	3,976	457,972	34,013
Other financing sources (uses)				
Transfers in				
Transfers out	(10,000)		(1,000)	(18,000)
Other financing sources (uses) total	(10,000)		(1,000)	(18,000)
Net change in fund balances	3,751	3,976	456,972	16,013
Fund balances (deficit), beginning	127,669	41,562	749,984	71,044
Fund balances (deficit), ending	\$131,420	\$45,538	\$1,206,956	\$87,058

See accompanying notes to financial statements.

Chena Hot Springs II	Chena Marina	Chena Point Road	Chena Spur	Cleary Summit
\$531	\$24,681 53	\$120,400 142	\$44,613 91	\$551 1
531	24,734	120,542	44,704	551
530	12,457	87,488	10,514	540
530	12,457	87,488	10,514	540
1	12,277	33,054	34,190	11
			1,643	
			1,643	
1	12,277	33,054	35,834	11
211	48,716	75,914	102,199	1,187
\$212	\$60,993	\$108,968	\$138,032	\$1,198

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2013
With Comparative Totals for June 30, 2012

	College	College Hills	Cooper Estates	Cordes Drive
Revenues				
Taxes	\$531,312	\$26,357	\$29,607	\$26,189
Other revenues	1,926	23	107	24
Revenues total	533,239	26,380	29,713	26,214
Expenditures				
Current				
Road and other service areas	348,938	11,198	6,558	32,963
Fire service areas				
Expenditures total	348,938	11,198	6,558	32,963
Excess (deficiency) of revenues over expenditures	184,301	15,182	23,155	(6,749)
Other financing sources (uses)				
Transfers in				117
Transfers out	(79,422)			
Other financing sources (uses) total	(79,422)			117
Net change in fund balances	104,879	15,182	23,155	(6,632)
Fund balances (deficit), beginning	2,609,837	21,145	94,264	38,474
Fund balances (deficit), ending	\$2,714,716	\$36,327	\$117,419	\$31,842

See accompanying notes to financial statements.

Cripple Creek	Deep Forest	Diane Subdivision	Drake Estates	Edanella Heights Road
<u>\$70,749</u>	<u>\$19,559</u>	<u>\$3,695</u>	<u>\$8,359</u>	<u>\$31,655</u>
156	26	39	19	109
<u>70,905</u>	<u>19,584</u>	<u>3,734</u>	<u>8,378</u>	<u>31,764</u>
33,779	8,995	3,469	3,360	21,820
<u>33,779</u>	<u>8,995</u>	<u>3,469</u>	<u>3,360</u>	<u>21,820</u>
37,126	10,589	265	5,018	9,944
				10,337
				(25,000)
				(14,663)
37,126	10,589	265	5,018	(4,719)
<u>144,774</u>	<u>30,954</u>	<u>28,056</u>	<u>23,227</u>	<u>43,370</u>
<u>\$181,900</u>	<u>\$41,543</u>	<u>\$28,321</u>	<u>\$28,245</u>	<u>\$38,651</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2013
With Comparative Totals for June 30, 2012

	Ester Lump Road	Ester Volunteer Fire	Fairfields	Fairhill
Revenues				
Taxes	\$33,017	\$418,907	\$16,291	\$24,528
Other revenues	74	1,957	47	28
Revenues total	33,090	420,864	16,338	24,555
Expenditures				
Current				
Road and other service areas	17,123		10,178	5,963
Fire service areas		409,064		
Expenditures total	17,123	409,064	10,178	5,963
Excess (deficiency) of revenues over expenditures	15,967	11,800	6,160	18,592
Other financing sources (uses)				
Transfers in				
Transfers out				(19,485)
Other financing sources (uses) total				(19,485)
Net change in fund balances	15,967	11,800	6,160	(893)
Fund balances (deficit), beginning	91,454	157,563	63,141	19,039
Fund balances (deficit), ending	\$107,421	\$169,363	\$69,302	\$18,146

See accompanying notes to financial statements.

Fairwest	Garden	Golden Valley Road	Goldstream Alaska	Goldstream Moose Creek
\$24,250 173	\$41,727 143	\$17,759 15	\$28,697 51	\$57,019 66
24,423	41,870	17,774	28,748	57,086
5,414	25,284	8,270	5,748	51,842
5,414	25,284	8,270	5,748	51,842
19,009	16,586	9,504	23,000	5,244
150,000 (150,000)				
19,009	16,586	9,504	23,000	5,244
205,817	195,339	10,046	55,407	72,446
<u>\$224,826</u>	<u>\$211,925</u>	<u>\$19,550</u>	<u>\$78,407</u>	<u>\$77,690</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2013
With Comparative Totals for June 30, 2012

	Gordon	Granola Estates	Grieme Road	Haystack
Revenues				
Taxes	\$56,925	\$5,678	\$22,116	\$39,357
Other revenues	228	24	63	39
Revenues total	57,153	5,701	22,179	39,396
Expenditures				
Current				
Road and other service areas	28,534	4,167	12,019	24,200
Fire service areas				
Expenditures total	28,534	4,167	12,019	24,200
Excess (deficiency) of revenues over expenditures	28,618	1,534	10,160	15,196
Other financing sources (uses)				
Transfers in				
Transfers out	(50,000)			
Other financing sources (uses) total	(50,000)			
Net change in fund balances	(21,382)	1,534	10,160	15,196
Fund balances (deficit), beginning	305,977	33,103	83,045	16,636
Fund balances (deficit), ending	\$284,595	\$34,637	\$93,205	\$31,831

See accompanying notes to financial statements.

Herning Hills	Hopeless	Horseshoe Downs	Jennifer Drive	Jones Road
\$28,439 57	\$23,536 53	\$21,628 10	\$5,743 9	\$65,478 80
28,496	23,589	21,638	5,752	65,558
11,947	14,230	18,539	1,993	26,392
11,947	14,230	18,539	1,993	26,392
16,549	9,359	3,099	3,759	39,166
(24,280)				
(24,280)				
(7,731)	9,359	3,099	3,759	39,166
67,759	66,623	10,647	9,918	83,948
\$60,028	\$75,982	\$13,746	\$13,677	\$123,114

FAIRBANKS NORTH STAR BOROUGH
Special Revenue Fund - All Service Areas

**Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2013
With Comparative Totals for June 30, 2012**

	Joy Road	Keeney Road	Kendall	Keystone
Revenues				
Taxes	\$7,666	\$2,170	\$11,857	\$15,882
Other revenues	26	7	52	57
Revenues total	7,692	2,177	11,909	15,940
Expenditures				
Current				
Road and other service areas	5,268	1,288	5,375	4,419
Fire service areas				
Expenditures total	5,268	1,288	5,375	4,419
Excess (deficiency) of revenues over expenditures	2,424	889	6,534	11,521
Other financing sources (uses)				
Transfers in				
Transfers out				(40,120)
Other financing sources (uses) total				(40,120)
Net change in fund balances	2,424	889	6,534	(28,599)
Fund balances (deficit), beginning	30,115	9,732	70,648	73,568
Fund balances (deficit), ending	<u>\$32,539</u>	<u>\$10,620</u>	<u>\$77,182</u>	<u>\$44,969</u>

See accompanying notes to financial statements.

Kris Kringle	Lakloey Hill	Lee Lane	Loose Moose	Martin
<u>\$14,103</u>	<u>\$38,248</u>	<u>\$6,176</u>	<u>\$6,747</u>	<u>\$37,307</u>
57	100	18	5	55
<u>14,160</u>	<u>38,348</u>	<u>6,195</u>	<u>6,753</u>	<u>37,362</u>
9,158	33,895	7,886	3,095	7,551
<u>9,158</u>	<u>33,895</u>	<u>7,886</u>	<u>3,095</u>	<u>7,551</u>
5,003	4,453	(1,691)	3,658	29,812
<u>5,003</u>	<u>4,453</u>	<u>(1,691)</u>	<u>3,658</u>	<u>29,812</u>
76,854	99,078	24,309	4,319	16,883
<u>\$81,857</u>	<u>\$103,532</u>	<u>\$22,618</u>	<u>\$7,977</u>	<u>\$46,695</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2013
With Comparative Totals for June 30, 2012**

	McCloud	McGrath Estates	McKinley View	Mellow Woods Road
	<hr/>	<hr/>	<hr/>	<hr/>
Revenues				
Taxes	\$21,114	\$71,003	\$7,431	\$16,391
Other revenues	75	154	19	58
Revenues total	<hr/> 21,188	<hr/> 71,156	<hr/> 7,450	<hr/> 16,449
Expenditures				
Current				
Road and other service areas	7,100	79,722	2,027	5,499
Fire service areas				
Expenditures total	<hr/> 7,100	<hr/> 79,722	<hr/> 2,027	<hr/> 5,499
Excess (deficiency) of revenues over expenditures	14,088	(8,565)	5,424	10,949
Other financing sources (uses)				
Transfers in	1,017			
Transfers out				
Other financing sources (uses) total	<hr/> 1,017			
Net change in fund balances	15,105	(8,565)	5,424	10,949
Fund balances (deficit), beginning	<hr/> 96,805	<hr/> 188,258	<hr/> 12,831	<hr/> 74,725
Fund balances (deficit), ending	<hr/> <hr/> \$111,911	<hr/> <hr/> \$179,692	<hr/> <hr/> \$18,254	<hr/> <hr/> \$85,675

See accompanying notes to financial statements.

Miller Hill Extension	Moose Creek	Moose Meadows	Mt. View	Murphy
\$63,730 112	\$15,873 43	\$76,385 213	\$27,210 85	\$14,754 48
63,841	15,916	76,599	27,295	14,803
35,109	29,209	50,262	11,120	6,400
35,109	29,209	50,262	11,120	6,400
28,732	(13,293)	26,337	16,174	8,403
	29,801			
	29,801			
28,732	16,509	26,337	16,174	8,403
87,921	39,890	131,528	79,795	17,858
<u>\$116,654</u>	<u>\$56,399</u>	<u>\$157,865</u>	<u>\$95,970</u>	<u>\$26,261</u>

FAIRBANKS NORTH STAR BOROUGH
Special Revenue Fund - All Service Areas

**Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2013
With Comparative Totals for June 30, 2012**

	Musk Ox	Newby Park	North Ridge	North Star Volunteer Fire
Revenues				
Taxes	\$36,757	\$17,418	\$12,858	\$1,750,730
Other revenues	44	15	27	23,766
Revenues total	<u>36,801</u>	<u>17,433</u>	<u>12,885</u>	<u>1,774,496</u>
Expenditures				
Current				
Road and other service areas	31,554	9,263	4,285	
Fire service areas				1,628,852
Expenditures total	<u>31,554</u>	<u>9,263</u>	<u>4,285</u>	<u>1,628,852</u>
Excess (deficiency) of revenues over expenditures	5,246	8,169	8,600	145,644
Other financing sources (uses)				
Transfers in				
Transfers out				(35,000)
Other financing sources (uses) total				<u>(35,000)</u>
Net change in fund balances	5,246	8,169	8,600	110,644
Fund balances (deficit), beginning	<u>55,707</u>	<u>14,594</u>	<u>32,560</u>	<u>698,855</u>
Fund balances (deficit), ending	<u><u>\$60,953</u></u>	<u><u>\$22,763</u></u>	<u><u>\$41,160</u></u>	<u><u>\$809,499</u></u>

See accompanying notes to financial statements.

O'Connor Creek	Old Wood Road	Our	Parksville	Peede Country Estates
\$122,410 198	\$14,831 26	\$3,987 7	\$12,791 44	\$7,502 20
122,608	14,857	3,995	12,836	7,521
47,656	7,678	1,961	7,525	2,742
47,656	7,678	1,961	7,525	2,742
74,952	7,179	2,034	5,310	4,779
			(40,000)	
			(40,000)	
74,952	7,179	2,034	(34,690)	4,779
450,142	31,368	9,130	59,238	24,314
\$525,094	\$38,547	\$11,164	\$24,548	\$29,093

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2013
With Comparative Totals for June 30, 2012**

	Pine Stream	Pleasureland	Polar Heights	Pottlatch
Revenues				
Taxes	\$21,839	\$7,980	\$18,962	\$12,422
Other revenues	1,033	51	28	19
Revenues total	<u>22,872</u>	<u>8,032</u>	<u>18,989</u>	<u>12,440</u>
Expenditures				
Current				
Road and other service areas	15,747	2,410	10,102	5,782
Fire service areas				
Expenditures total	<u>15,747</u>	<u>2,410</u>	<u>10,102</u>	<u>5,782</u>
Excess (deficiency) of revenues over expenditures	7,125	5,621	8,887	6,658
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	7,125	5,621	8,887	6,658
Fund balances (deficit), beginning	<u>113,331</u>	<u>23,716</u>	<u>40,661</u>	<u>20,856</u>
Fund balances (deficit), ending	<u><u>\$120,456</u></u>	<u><u>\$29,337</u></u>	<u><u>\$49,549</u></u>	<u><u>\$27,514</u></u>

See accompanying notes to financial statements.

Prospect Park	Reed Acres Road	Ridgecrest	Salchaket Heights	Scenic Heights
\$7,911 25	\$9,798 43	\$2,178 3	\$5,123 7	\$18,891 69
7,936	9,842	2,181	5,130	18,961
2,372	6,895	690	3,678	37,600
2,372	6,895	690	3,678	37,600
5,565	2,947	1,491	1,452	(18,640)
				(22,470)
				(22,470)
5,565	2,947	1,491	1,452	(41,110)
32,266	60,996	3,019	8,791	111,272
<u>\$37,831</u>	<u>\$63,942</u>	<u>\$4,510</u>	<u>\$10,244</u>	<u>\$70,162</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2013
With Comparative Totals for June 30, 2012

	Seavy	Secluded Acres	Serendipity Hill	Six Mile Village Road
Revenues				
Taxes	\$10,184	\$12,790	\$6,788	\$8,532
Other revenues	43	32	27	35
Revenues total	10,226	12,822	6,815	8,567
Expenditures				
Current				
Road and other service areas	6,312	7,014	4,849	5,283
Fire service areas				
Expenditures total	6,312	7,014	4,849	5,283
Excess (deficiency) of revenues over expenditures	3,914	5,808	1,966	3,284
Other financing sources (uses)				
Transfers in				
Transfers out		(39,000)		
Other financing sources (uses) total		(39,000)		
Net change in fund balances	3,914	(33,192)	1,966	3,284
Fund balances (deficit), beginning	60,458	40,674	37,716	47,583
Fund balances (deficit), ending	\$64,372	\$7,482	\$39,682	\$50,867

See accompanying notes to financial statements.

Smallwood Trail Road	Smith Ranch	Spring Glade	Spruce Acres	Steamboat Landing
\$6,977 23	\$8,051 104	\$30,760 67	\$6,727 24	\$17,626 46
7,000	8,155	30,827	6,750	17,672
3,844	22,321	37,775	4,521	10,265
3,844	22,321	37,775	4,521	10,265
3,156	(14,166)	(6,949)	2,230	7,407
3,156	(14,166)	(6,949)	2,230	7,407
29,934	148,975	97,440	29,046	21,398
<u>\$33,090</u>	<u>\$134,809</u>	<u>\$90,491</u>	<u>\$31,276</u>	<u>\$28,806</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2013
With Comparative Totals for June 30, 2012**

	Steese Volunteer Fire	Straight Creek	Summerwood	Summit Drive
Revenues				
Taxes	\$1,390,799	\$18,592	\$40,792	\$121,923
Other revenues	22,942	20	141	290
Revenues total	<u>1,413,741</u>	<u>18,613</u>	<u>40,933</u>	<u>122,213</u>
Expenditures				
Current				
Road and other service areas		9,463	12,221	102,556
Fire service areas	1,250,945			
Expenditures total	<u>1,250,945</u>	<u>9,463</u>	<u>12,221</u>	<u>102,556</u>
Excess (deficiency) of revenues over expenditures	162,796	9,150	28,712	19,657
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	162,796	9,150	28,712	19,657
Fund balances (deficit), beginning	<u>489,712</u>	<u>19,962</u>	<u>180,614</u>	<u>383,857</u>
Fund balances (deficit), ending	<u><u>\$652,508</u></u>	<u><u>\$29,112</u></u>	<u><u>\$209,325</u></u>	<u><u>\$403,514</u></u>

See accompanying notes to financial statements.

Sunny Hills Terrace	Sunrise	Tan Terra	Thomas	Timberlane Road
\$31,941 111	\$12,071 63	\$30,782 39	\$11,771 14	\$7,992 39
32,052	12,134	30,821	11,785	8,031
8,324	11,127	15,182	6,072	2,623
8,324	11,127	15,182	6,072	2,623
23,728	1,007	15,639	5,713	5,408
2,212 (32,000)				
(29,788)				
(6,060)	1,007	15,639	5,713	5,408
140,212	71,026	44,612	15,112	33,848
<u>\$134,151</u>	<u>\$72,034</u>	<u>\$60,252</u>	<u>\$20,825</u>	<u>\$39,256</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2013
With Comparative Totals for June 30, 2012

	Tungsten	Twenty Three Mile Slough	Ullrhaven	University Fire
Revenues				
Taxes	\$47,521	\$46,227	\$4,307	\$2,490,216
Other revenues	77	72	15	21,079
Revenues total	47,598	46,299	4,322	2,511,296
Expenditures				
Current				
Road and other service areas	12,847	25,376	2,082	
Fire service areas				1,933,799
Expenditures total	12,847	25,376	2,082	1,933,799
Excess (deficiency) of revenues over expenditures	34,751	20,923	2,240	577,497
Other financing sources (uses)				
Transfers in	11,672			1,000
Transfers out	(50,000)			(945,000)
Other financing sources (uses) total	(38,328)			(944,000)
Net change in fund balances	(3,577)	20,923	2,240	(366,503)
Fund balances (deficit), beginning	75,163	84,579	20,308	3,170,103
Fund balances (deficit), ending	\$71,585	\$105,502	\$22,548	\$2,803,600

See accompanying notes to financial statements.

University Heights	University West Street Light	Vienna Wood	Viewpointe	Violet Drive
\$57,245 192	\$64,760 148	\$24,922 47	\$18,115 98	\$66,952 83
57,437	64,908	24,969	18,213	67,035
20,194	39,108	17,097	13,469	36,574
20,194	39,108	17,097	13,469	36,574
37,243	25,800	7,872	4,745	30,461
37,243	25,800	7,872	4,745	30,461
77,136	190,414	38,182	138,538	92,062
<u>\$114,379</u>	<u>\$216,215</u>	<u>\$46,054</u>	<u>\$143,283</u>	<u>\$122,523</u>

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

**Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2013
With Comparative Totals for June 30, 2012**

	Vista Gold Road	Vue Crest	Whitman	Wildview
Revenues				
Taxes	\$42,456	\$33,303	\$4,503	\$198,623
Other revenues	39	82	15	420
Revenues total	<u>42,495</u>	<u>33,384</u>	<u>4,518</u>	<u>199,044</u>
Expenditures				
Current				
Road and other service areas	36,646	29,028	1,770	103,390
Fire service areas				
Expenditures total	<u>36,646</u>	<u>29,028</u>	<u>1,770</u>	<u>103,390</u>
Excess (deficiency) of revenues over expenditures	5,849	4,357	2,747	95,654
Other financing sources (uses)				
Transfers in				
Transfers out		(32,185)		
Other financing sources (uses) total		<u>(32,185)</u>		
Net change in fund balances	5,849	(27,828)	2,747	95,654
Fund balances (deficit), beginning	<u>52,134</u>	<u>132,080</u>	<u>19,448</u>	<u>520,086</u>
Fund balances (deficit), ending	<u><u>\$57,983</u></u>	<u><u>\$104,252</u></u>	<u><u>\$22,195</u></u>	<u><u>\$615,740</u></u>

See accompanying notes to financial statements.

Woodland	Yak Road	Totals	
		2013	2012
\$2,599	\$82,604	\$11,207,230	\$10,736,292
6	156	88,257	175,917
<u>2,605</u>	<u>82,760</u>	<u>11,295,487</u>	<u>10,912,209</u>
1,208	59,352	2,301,709	2,938,889
		6,152,865	5,861,960
<u>1,208</u>	<u>59,352</u>	<u>8,454,574</u>	<u>8,800,849</u>
1,396	23,408	2,840,913	2,111,360
		207,800	444,827
	(50,000)	(1,662,962)	(1,440,020)
	<u>(50,000)</u>	<u>(1,455,162)</u>	<u>(995,193)</u>
1,396	(26,592)	1,385,750	1,116,167
6,963	154,880	16,120,033	15,003,866
<u>\$8,359</u>	<u>\$128,288</u>	<u>\$17,505,783</u>	<u>\$16,120,033</u>

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DEBT SERVICE FUND

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

FAIRBANKS NORTH STAR BOROUGH

Debt Service Fund

Comparative Balance Sheet
June 30, 2013 and 2012

	2013	2012
Assets		
Equity in central treasury cash	\$172,428	\$
Other assets	723,409	722,521
Assets total	<u>\$895,836</u>	<u>\$722,521</u>
Liabilities and Fund Balance		
Liabilities		
Interfund payables	\$	\$146,520
Liabilities total	<u></u>	<u>146,520</u>
Fund balance		
Committed	895,836	576,001
Fund balance total	<u>895,836</u>	<u>576,001</u>
Liabilities and fund balance total	<u>\$895,836</u>	<u>\$722,521</u>

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, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Revenues		
Other revenues	\$1	\$
Expenditures		
Debt service		
Other debt service costs	209,400	316,702
Principal retirement of bonds	10,185,000	9,790,000
Interest on bonds	4,895,169	5,591,788
Payment to refunded bond escrow agent	18,497,025	29,644,200
Expenditures total	<u>33,786,594</u>	<u>45,342,690</u>
Excess (deficiency) of revenues over expenditures	(33,786,593)	(45,342,689)
Other financing sources (uses)		
Transfers in	15,389,157	14,484,800
Bond issuance	16,670,000	26,565,000
Premium on bond debt	2,047,271	3,440,624
Other financing sources (uses) total	<u>34,106,429</u>	<u>44,490,424</u>
Net change in fund balance	319,835	(852,266)
Fund balance, beginning	<u>576,001</u>	<u>1,428,267</u>
Fund balance, ending	<u><u>\$895,836</u></u>	<u><u>\$576,001</u></u>

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, 2013**

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance from Budget- Positive (Negative)
Revenues					
Other revenues	\$	\$1	\$	\$1	\$1
Expenditures					
Debt service					
Other debt service costs	209,400	209,400		209,400	
Principal retirement of bonds	10,275,000	10,185,000		10,185,000	90,000
Interest on bonds	5,086,980	4,895,169		4,895,169	191,811
Payment to refunded bond escrow agent		18,497,025		18,497,025	(18,497,025)
Expenditures total	15,571,380	33,786,594		33,786,594	(18,215,214)
Excess (deficiency) of revenues over expenditures	(15,571,380)	(33,786,593)		(33,786,593)	(18,215,214)
Other financing sources (uses)					
Transfers in	15,389,157	15,389,157		15,389,157	
Bond issuance		16,670,000		16,670,000	16,670,000
Premium on bond debt		2,047,271		2,047,271	2,047,271
Other financing sources (uses) total	15,389,157	34,106,429		34,106,429	18,717,271
Net change in fund balance	(\$182,222)	319,835	\$	\$319,835	\$502,057
Fund balance, beginning		576,001			
Fund balance, ending		\$895,836			

See accompanying notes to financial statements.

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CAPITAL PROJECTS FUNDS

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

NONMAJOR CAPITAL PROJECTS FUNDS

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

* * * * *

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

* * * * *

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, 2013

	Federal Pass-Through Grants	Federal Grants	Capital Purchases	Total Nonmajor Capital Projects Funds
Assets				
Equity in central treasury cash	\$26,313	\$	\$2,985,732	\$3,012,045
Due from governmental agencies	54,216	4,548		58,764
Assets total	<u>\$80,529</u>	<u>\$4,548</u>	<u>\$2,985,732</u>	<u>\$3,070,808</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$9,366	\$	\$146	\$9,512
Interfund payables	43,445	4,548		47,993
Liabilities total	<u>52,811</u>	<u>4,548</u>	<u>146</u>	<u>57,505</u>
Fund balances (deficit)				
Restricted	27,718		1,755,209	1,782,926
Committed			1,230,377	1,230,377
Fund balances (deficit) total	<u>27,718</u>		<u>2,985,586</u>	<u>3,013,303</u>
Liabilities and fund balances (deficit) total	<u>\$80,529</u>	<u>\$4,548</u>	<u>\$2,985,732</u>	<u>\$3,070,808</u>

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, 2013**

	Federal Pass-Through Grants	Federal Grants	Capital Purchases	Total Nonmajor Capital Projects Funds
Revenues				
Intergovernmental revenues	\$796,378	\$112,617	\$	\$908,996
Other revenues			10,545	10,545
Revenues total	796,378	112,617	10,545	919,541
Expenditures				
Current				
General government		97,365	103,814	201,179
Public works			101,685	101,685
Parks and recreation	60,799	15,252		76,051
Library			12,142	12,142
Education			6,980	6,980
Emergency operations	37,572		75,905	113,478
Fire service areas			72	72
Capital outlay	770,147		249,249	1,019,396
Expenditures total	868,518	112,617	549,847	1,530,982
Excess (deficiency) of revenues over expenditures	(72,140)		(539,302)	(611,442)
Other financing sources (uses)				
Transfers in			1,900,114	1,900,114
Transfers out	(340)		(275,765)	(276,105)
Other financing sources (uses)	(340)		1,624,349	1,624,009
Net change in fund balances	(72,480)		1,085,048	1,012,567
Fund balances (deficit), beginning	100,198		1,900,538	2,000,736
Fund balances (deficit), ending	\$27,718	\$	\$2,985,586	\$3,013,303

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, 2013**

	Nonmajor Capital Projects Funds		
	Federal Pass-Through Grants	Federal Grants	Capital Purchases
Total project expenditure budget	<u>\$4,149,503</u>	<u>\$944,588</u>	<u>\$5,415,109</u>
Revenues and other financing sources			
Taxes	\$	\$	\$
Intergovernmental			
Federal	1,764,071	180,956	
State	200,000		
Local			41,466
Transfers in and prior year's operating transfers in	714,270	662,671	5,330,452
Bond issuance			
Premium on bond debt			
Revenues and other financing sources total	<u>\$2,678,341</u>	<u>\$843,627</u>	<u>\$5,371,919</u>
Expenditures and other financing uses	<u>\$2,650,623</u>	<u>\$843,627</u>	<u>\$2,386,333</u>

See accompanying notes to financial statements.

Major Capital Projects Funds

State Grants	Bond Projects	Local Projects	2013 Project-to-Date Totals
<u>\$82,030,388</u>	<u>\$48,367,256</u>	<u>\$69,417,482</u>	<u>\$210,324,326</u>
\$	\$	\$22,869	\$22,869
45,511,081		5,250,000	1,945,027
16,411	595,627	3,362,175	50,961,081
878,961		65,400,646	4,015,679
	37,632,855		72,987,001
	1,348,862		37,632,855
<u>\$46,406,453</u>	<u>\$39,577,344</u>	<u>\$74,035,691</u>	<u>\$168,913,375</u>
<u>\$41,862,668</u>	<u>\$30,103,265</u>	<u>\$55,386,290</u>	<u>\$133,232,807</u>

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PROPRIETARY FUNDS

Enterprise Funds
Internal Service Fund

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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 Position
June 30, 2013 and 2012

	2013	2012
Assets	<hr/>	<hr/>
Current assets		
Equity in central treasury cash	\$2,439,888	\$1,627,357
Restricted equity in central treasury cash	853,927	247,824
Accounts receivable	11,596	12,638
Restricted due from governmental agencies	1,014,281	1,046,537
Inventories	213,062	184,092
Current assets total	<hr/> 4,532,754	<hr/> 3,118,449
Noncurrent assets		
Capital assets - non-depreciable		
Land and land improvements	595,234	595,234
Construction work in progress	204,647	82,158
Capital assets - depreciable		
Buildings	4,045,284	4,032,842
Improvements other than buildings	269,296	268,627
Equipment	4,563,938	4,636,247
Intangible assets - software		204,769
Accumulated depreciation	(4,421,073)	(4,144,706)
Noncurrent assets (net) total	<hr/> 5,257,326	<hr/> 5,675,171
Assets total	<hr/> <hr/> \$9,790,080	<hr/> <hr/> \$8,793,620

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Net Position
June 30, 2013 and 2012

	2013	2012
Liabilities and Net Position		
Current liabilities		
Accounts payable	\$59,212	\$93,534
Wages and payroll taxes	259,956	259,389
Accrued compensated absences	242,969	245,834
Accrued self-insurance losses	72,894	31,020
Deposits from others		7,928
Payable from restricted assets		
Accounts payable	57,124	96,966
Interfund payable	902,014	853,867
Unearned revenues	512,119	26,516
Current liabilities total	<u>2,106,286</u>	<u>1,615,053</u>
Long-term liabilities		
Accrued compensated absences	99,931	67,669
Accrued self-insurance losses	90,542	42,215
Long-term liabilities total	<u>190,473</u>	<u>109,884</u>
Liabilities total	<u>2,296,759</u>	<u>1,724,937</u>
Net position		
Net investment in capital assets	5,257,326	5,675,171
Restricted for		
Grants	396,952	317,012
Unrestricted	1,839,044	1,076,500
Net position total	<u>7,493,322</u>	<u>7,068,683</u>
Liabilities and net position total	<u>\$9,790,080</u>	<u>\$8,793,620</u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Revenues, Expenses
and Changes in Net Position
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues		
Fares	\$307,933	\$275,996
Advertising	28,386	30,251
Charges for services	728,378	627,059
Operating revenues total	<u>1,064,697</u>	<u>933,305</u>
Operating expenses		
Wages and benefits	5,383,396	5,185,549
Fuels, lubricants, and parts	851,271	909,998
Other commodities	15,725	12,737
Contractual services	1,909,032	2,284,226
Utilities	175,857	160,600
Professional services	332,172	466,513
Depreciation	515,449	524,396
Training, dues, and professional expenses	52,463	61,943
Repairs and maintenance	212,152	149,760
Supplies	324,605	56,969
Intragovernmental charges	826,459	1,098,617
Operating expenses total	<u>10,598,581</u>	<u>10,911,310</u>
Operating income (loss)	<u>(9,533,884)</u>	<u>(9,978,005)</u>

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Revenues, Expenses
and Changes in Net Position
June 30, 2013 and 2012

	2013	2012
Non-operating revenues (expenses)		
Grants revenue	\$4,218,211	\$4,337,777
Investment income	1,280	354
Gain (loss) on disposal of capital assets	(155,172)	8,010
Miscellaneous revenue (expense)		5,112
Non-operating revenues (expenses) total	<u>4,064,319</u>	<u>4,351,252</u>
Income (loss) before contributions and transfers	(5,469,565)	(5,626,752)
Transfers in	5,066,572	5,645,310
Transfers out		(1,001,874)
Capital contributions	<u>827,632</u>	<u>353,559</u>
Change in net position	424,639	(629,757)
Net position, beginning	<u>7,068,683</u>	<u>7,698,440</u>
Net position, ending	<u><u>\$7,493,322</u></u>	<u><u>\$7,068,683</u></u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Net Position
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current assets		
Equity in central treasury cash	\$630,537	\$801,155
Restricted equity in central treasury cash	360,640	1,183,428
Accounts receivable	107,518	78,407
Restricted accounts receivable	5,099	3,067
Restricted due from governmental agencies	651,711	101,332
Current assets total	<u>1,755,506</u>	<u>2,167,389</u>
Noncurrent assets		
Capital assets - non-depreciable		
Land and land improvements	509,032	509,032
Works of art	120,790	120,790
Construction work in progress	2,105,523	75,000
Capital assets - depreciable		
Buildings	16,925,647	16,788,377
Improvements other than buildings	1,608,028	1,608,028
Equipment	1,736,991	1,567,305
Accumulated depreciation	(8,279,834)	(7,762,126)
Noncurrent assets (net) total	<u>14,726,178</u>	<u>12,906,406</u>
Assets total	<u><u>\$16,481,683</u></u>	<u><u>\$15,073,795</u></u>

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Net Position
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Liabilities and Net Position		
Current liabilities		
Accounts payable	\$	\$7,115
Wages and payroll taxes	6,004	2,068
Accrued compensated absences	1,689	1,130
Payable from restricted assets		
Accounts payable	437,988	
Interfund payable	253,171	101,332
Unearned revenues		825,000
Current liabilities total	<u>698,852</u>	<u>936,646</u>
Liabilities total	<u>698,852</u>	<u>936,646</u>
Net position		
Net investment in capital assets	14,726,178	12,906,406
Restricted for		
Asset replacement	326,291	361,495
Unrestricted	730,363	869,249
Net position total	<u>15,782,831</u>	<u>14,137,150</u>
Liabilities and net position total	<u>\$16,481,683</u>	<u>\$15,073,795</u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Revenues, Expenses
and Changes in Net Position
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues		
Charges for services	\$94,311	\$87,267
Operating revenues total	<u>94,311</u>	<u>87,267</u>
Operating expenses		
Wages and benefits	58,896	31,080
Other commodities	1,548	144,600
Contractual services	408,838	613,863
Professional services	12,570	27,181
Depreciation	517,708	507,623
Training, dues, and professional expenses	8	8
Repairs and maintenance	1,300	2,300
Supplies	70,406	1,294
Management contractor fee	167,117	157,218
Intragovernmental charges	433,679	423,374
Operating expenses total	<u>1,672,069</u>	<u>1,908,542</u>
Operating income (loss)	<u>(1,577,758)</u>	<u>(1,821,275)</u>

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Revenues, Expenses
and Changes in Net Position
June 30, 2013 and 2012

	2013	2012
Non-operating revenues (expenses)		
Investment income	\$1,036	\$659
Miscellaneous revenue (expense)	48	1,769
Non-operating revenues (expenses) total	<u>1,084</u>	<u>2,428</u>
Income (loss) before contributions and transfers	(1,576,674)	(1,818,847)
Transfers in	1,191,824	1,183,310
Transfers out	(38)	
Capital contributions	<u>2,030,569</u>	<u>178,802</u>
Change in net position	1,645,682	(456,735)
Net position, beginning	<u>14,137,150</u>	<u>14,593,884</u>
Net position, ending	<u><u>\$15,782,831</u></u>	<u><u>\$14,137,150</u></u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Net Position
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current assets		
Equity in central treasury cash	\$15,598,220	\$12,304,203
Accounts receivable (net of allowance for uncollectibles 2013 - \$10,250; 2012 - \$10,250)	460,620	489,363
Due from governmental agencies	201,371	52,821
Inventories	18,766	20,610
Current assets total	<u>16,278,978</u>	<u>12,866,998</u>
Noncurrent assets		
Long-term receivables (net of allowance for uncollectibles 2013 - \$216,507; 2012 - \$216,507)		
Capital assets - non-depreciable		
Land and land improvements	746,003	746,003
Construction work in progress	1,846,940	96,296
Capital assets - depreciable		
Land	346,044	346,044
Buildings	7,951,549	7,950,088
Improvements other than buildings	16,871,527	16,871,527
Equipment	3,668,796	3,668,796
Accumulated depreciation	(17,837,065)	(16,764,320)
Noncurrent assets (net) total	<u>13,593,794</u>	<u>12,914,434</u>
Assets total	<u><u>\$29,872,772</u></u>	<u><u>\$25,781,432</u></u>

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Net Position
June 30, 2013 and 2012

	2013	2012
Liabilities and Net Position		
Current liabilities		
Accounts payable	\$547,382	\$192,844
Wages and payroll taxes	97,523	85,369
Accrued interest payable	52,410	1,111
Accrued compensated absences	74,428	75,103
Accrued self-insurance losses	35,865	34,646
Interfund payable	201,371	44,925
Current liabilities total	<u>1,008,980</u>	<u>433,999</u>
Long-term liabilities		
Accrued compensated absences	28,756	22,963
Accrued self-insurance losses	53,272	55,412
Loans payable	2,187,638	40,246
Landfill closure and postclosure care	16,066,138	17,007,601
Long-term liabilities total	<u>18,335,804</u>	<u>17,126,223</u>
Liabilities total	<u>19,344,784</u>	<u>17,560,221</u>
Net position		
Net investment in capital assets	11,406,156	12,874,188
Unrestricted (deficit)	(878,169)	(4,652,977)
Net position total	<u>10,527,988</u>	<u>8,221,210</u>
Liabilities and net position total	<u>\$29,872,772</u>	<u>\$25,781,432</u>

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

**Comparative Statement of Revenues, Expenses
and Changes in Net Position
June 30, 2013 and 2012**

	2013	2012
	<hr/>	<hr/>
Operating revenues		
Charges for services	\$8,320,996	\$8,123,831
	<hr/>	<hr/>
Operating revenues total	8,320,996	8,123,831
	<hr/>	<hr/>
Operating expenses		
Wages and benefits	1,640,940	1,728,824
Fuels, lubricants, and parts	319,950	276,207
Other commodities	1,423	3,945
Contractual services	2,420,027	1,450,579
Utilities	185,946	192,552
Professional services	189,088	434,746
Depreciation	1,072,745	1,128,524
Training, dues, and professional expenses	12,421	13,295
Repairs and maintenance	424,741	364,437
Supplies	134,124	70,293
Landfill closure and postclosure care costs	(941,463)	(411,618)
Intragovernmental charges	895,322	809,904
	<hr/>	<hr/>
Operating expenses total	6,355,264	6,061,688
	<hr/>	<hr/>
Operating income (loss)	1,965,732	2,062,142
	<hr/>	<hr/>

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 Position
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Non-operating revenues (expenses)		
Interest expense	(\$20,782)	(\$19,073)
Investment income	9,338	9,228
Miscellaneous revenue (expense)	5	77
Non-operating revenues (expenses) total	<u>(11,439)</u>	<u>(9,768)</u>
Income (loss) before contributions and transfers	1,954,293	2,052,375
Capital contributions	<u>352,485</u>	<u>54,939</u>
Change in net position	2,306,777	2,107,314
Net position, beginning	<u>8,221,210</u>	<u>6,113,897</u>
Net position, ending	<u><u>\$10,527,988</u></u>	<u><u>\$8,221,210</u></u>

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INTERNAL SERVICE FUND

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

Vehicle and Equipment Fleet Internal Service Fund –

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

FAIRBANKS NORTH STAR BOROUGH

Internal Service Fund - Vehicle and Equipment Fleet

Comparative Statement of Net Position
June 30, 2013 and 2012

	2013	2012
Assets		
Current assets		
Equity in central treasury cash	\$888,319	\$920,155
Accounts receivable	16,075	
Current assets total	<u>904,394</u>	<u>920,155</u>
Noncurrent assets		
Capital assets - depreciable		
Equipment	7,106,354	6,711,018
Accumulated depreciation	(3,518,936)	(3,241,165)
Noncurrent assets (net) total	<u>3,587,418</u>	<u>3,469,854</u>
Assets total	<u><u>\$4,491,812</u></u>	<u><u>\$4,390,009</u></u>
Liabilities and Net Position		
Current liabilities		
Accounts payable	\$119,518	\$11,299
Capital leases payable	471,045	475,957
Current liabilities total	<u>590,562</u>	<u>487,256</u>
Long-term liabilities		
Capital leases payable	814,179	938,153
Long-term liabilities total	<u>814,179</u>	<u>938,153</u>
Liabilities total	<u>1,404,741</u>	<u>1,425,409</u>
Net position		
Net investment in capital assets	2,302,195	2,055,744
Unrestricted	784,877	908,856
Net position total	<u>3,087,072</u>	<u>2,964,600</u>
Liabilities and net position total	<u><u>\$4,491,812</u></u>	<u><u>\$4,390,009</u></u>

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 Position
June 30, 2013 and 2012**

	2013	2012
Operating revenues		
Charges for services	\$607,490	\$583,080
Operating revenues total	<u>607,490</u>	<u>583,080</u>
Operating expenses		
Other commodities	2,876	
Depreciation	442,781	417,279
Repairs and maintenance	4,214	5,360
Interest expense - capital leases	53,599	53,197
Intragovernmental charges	50,842	46,200
Operating expenses total	<u>554,311</u>	<u>522,036</u>
Operating income (loss)	<u>53,179</u>	<u>61,044</u>
Non-operating revenues (expenses)		
Gain (loss) on disposal of capital assets	(2,136)	20,595
Non-operating revenues (expenses) total	<u>(2,136)</u>	<u>20,595</u>
Income (loss) before contributions and transfers	51,043	81,640
Transfers out		(11,948)
Capital contributions	71,429	9,649
Change in net position	122,472	79,340
Net position, beginning	<u>2,964,600</u>	<u>2,885,259</u>
Net position, ending	<u><u>\$3,087,072</u></u>	<u><u>\$2,964,600</u></u>

See accompanying notes to financial statements.

FIDUCIARY FUND

Agency Fund

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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, 2013**

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Assets				
Equity in central treasury cash	\$144,534	\$15,379,235	\$15,225,799	\$297,970
Property tax liens receivable	362,670	15,126,459	15,125,748	363,380
Assets total	<u>\$507,204</u>	<u>\$30,505,693</u>	<u>\$30,351,547</u>	<u>\$661,350</u>
Liabilities				
Due to other governmental agencies for collected taxes	\$28,033	\$15,132,018	\$15,109,297	\$50,753
Due to other governmental agencies for uncollected taxes	362,670	15,126,459	15,125,748	363,380
Advance tax payments	116,502	247,217	116,502	247,217
Liabilities total	<u>\$507,204</u>	<u>\$30,505,693</u>	<u>\$30,351,547</u>	<u>\$661,350</u>

See accompanying notes to financial statements.

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ADDITIONAL INFORMATION

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

**Cash and Investment Balances Classified by Depository
All Funds and School District
June 30, 2013
With Comparative Totals for June 30, 2012**

	Fair Value of Cash Invested (a)	Outstanding Checks and Cash on Hand	Totals	
			2013	2012
Change and petty cash funds	\$	\$45,983	\$45,983	\$60,998
Federated Government Obligations Tax Managed				200,508
Federated Government Obligations Institutional				3,500,498
Fidelity Institutional Money Market Government Fund	709,296		709,296	1,009,204
Fidelity Government Class I				151,980
BNY Goldman Sachs Financial Square Government Fund (b)	7,550,688		7,550,688	146,215
Goldman Sachs Financial Square Government Institutional				29,205,330
Invesco Government & Agency Portfolio Cash Management	9,307,320		9,307,320	17,705,231
Invesco Government TaxAdvantage Portfolio Cash Management	9,545,723		9,545,723	17,432,714
JPMorgan US Government Institutional				250,691
Morgan Stanley Government Portfolio Institutional	54,035,910		54,035,910	38,514,192
Wells Fargo Advantage Government Municipal Money Market Fund Institutional				400,844
Certificates of Deposit Account Registry Service (CDARS)	20,000,000		20,000,000	15,000,000
U.S. securities and agencies	17,019,719		17,019,719	
Commercial paper	26,970,623		26,970,623	
Wells Fargo Bank Alaska N.A.	7,156,471	(5,078,887)	2,077,584	2,140,488
Alaska Municipal League Investment Pool	12,191,573		12,191,573	43,473,462
Cash and investments	164,487,323	(5,032,904)	159,454,419	169,192,355
Less: Fiduciary Fund - Borough	(297,970)		(297,970)	(144,534)
Less: Fiduciary Fund - School District	(54,476)		(54,476)	(53,035)
Cash and investments total	<u>\$164,134,877</u>	<u>(\$5,032,904)</u>	<u>\$159,101,973</u>	<u>\$168,994,786</u>
<u>Alaska Rule of Civil Procedure No. 67</u>				
Wells Fargo Bank Alaska N.A. (c)	\$8,668,745		\$8,668,745	\$8,664,352
Wells Fargo Bank Alaska N.A. (d)	10,442,459		10,442,459	
Alaska rule of civil procedure no. 67 total	<u>\$19,111,204</u>		<u>\$19,111,204</u>	<u>\$8,664,352</u>

(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) 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 (Note 17).

(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 2007, 2008, and 2009 tax years. The decision is being appealed to the Supreme Court (Note 17).

**Enterprise Funds
Cash Balances
June 30, 2013**

	<u>Operating</u>	Project <u>Appropriations</u>	<u>Total</u>
Transit	\$2,059,642	\$1,234,173	\$3,293,815
Carlson Center	429,031	562,146	991,177
Solid waste disposal	<u>7,594,429</u>	<u>8,003,791</u>	<u>15,598,220</u>
Enterprise funds total	<u><u>\$10,083,102</u></u>	<u><u>\$9,800,111</u></u>	<u><u>\$19,883,213</u></u>

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, 2013

	Maturity Dates	Interest (Coupon)	Principal	Fair Value
<u>Overnight Investments</u>				
Wells Fargo Bank Alaska N.A.	Open	0.020%	\$7,156,471	\$7,156,471
<u>Government Securities Money Market Funds</u>				
BNY Goldman Sachs Financial Square Government Fund		0.001	7,550,688	7,550,688
Fidelity Institutional Money Market Government Fund		0.010	709,296	709,296
Wells Fargo Securities:				
Invesco Government & Agency Portfolio Cash Management		0.020	9,307,320	9,307,320
Invesco Government TaxAdvantage Portfolio Cash Management		0.020	9,545,723	9,545,723
Morgan Stanley Government Portfolio Institutional		0.050	54,035,910	54,035,910
Government securities money market funds total			81,148,937	81,148,937
<u>External Investment Pool</u>				
Alaska Municipal League Investment Pool		0.010	12,191,573	12,191,573
<u>U.S. Securities and Agencies</u>				
Federal National Mortgage Association	12/08/13	0.750	5,000,000	5,014,850
Federal Home Loan Bank	11/27/13	0.375	5,000,000	5,005,560
Federal Home Loan Mortgage	10/30/13	0.374	2,500,000	2,501,851
Federal Home Loan Bank	08/13/13	0.120	2,500,000	2,499,947
Financing Corporation	02/18/14	0.207	2,000,000	1,997,511
U.S. securities and agencies total			17,000,000	17,019,719
<u>Commercial Paper</u>				
Union Bank N.A.	07/01/13	0.150	2,000,000	1,999,992
Union Bank N.A.	09/03/13	0.200	6,000,000	5,997,833
Deutsche Bank Financial LLC	08/05/13	0.250	2,500,000	2,499,375
HSBC USA Inc.	10/07/13	0.220	2,500,000	2,498,488
Union Bank N.A.	11/22/13	0.250	2,000,000	1,997,986
Deutsche Bank Financial LLC	12/13/13	0.450	2,000,000	1,995,850
Union Bank N.A.	01/30/14	0.240	5,000,000	4,992,867
Deutsche Bank Financial LLC	02/14/14	0.370	5,000,000	4,988,232
Commercial paper total			27,000,000	26,970,623
<u>Certificates of Deposit</u>				
Certificates of Deposit Account Registry Service (CDARS)	07/11/13	0.280	5,000,000	5,000,000
Certificates of Deposit Account Registry Service (CDARS)	10/10/13	0.240	5,000,000	5,000,000
Certificates of Deposit Account Registry Service (CDARS)	10/10/13	0.140	5,000,000	5,000,000
Certificates of Deposit Account Registry Service (CDARS)	04/10/14	0.220	5,000,000	5,000,000
Certificates of deposit total			20,000,000	20,000,000
Investments total			\$164,496,981	\$164,487,323
<u>Alaska Rule of Civil Procedure No. 67 (Note 17)</u>				
Wells Fargo Bank Alaska N.A.			\$8,668,745	\$8,668,745
Wells Fargo Bank Alaska N.A.			10,442,459	10,442,459
Alaska rule of civil procedure no. 67 total			\$19,111,204	\$19,111,204

**Combined Schedule of Delinquent Property Taxes Receivable
By Fund Type
June 30, 2013**

	<u>Total</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Agency Fund</u>
Delinquent property taxes				
2009 and prior	\$282,513	\$219,397	\$32,504	\$30,613
2010	121,656	94,506	20,986	6,164
2011	<u>783,069</u>	<u>568,000</u>	<u>132,702</u>	<u>82,367</u>
Delinquent property taxes total	<u><u>\$1,187,239</u></u>	<u><u>\$881,903</u></u>	<u><u>\$186,192</u></u>	<u><u>\$119,144</u></u>

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FAIRBANKS NORTH STAR BOROUGH

**Combined Schedule of Long-Term Debt
June 30, 2013 and 2012**

	<u>Interest Rates on Remaining Coupons</u>	<u>Payment Dates</u>	<u>Bond Date</u>	<u>Final Maturity Date</u>
General Obligation Bonds Payable:				
2004 Series G - school facilities		10-01 / 04-01	03-29-04	10-01-23
2005 Series H - school facilities		10-01 / 04-01	01-25-05	10-01-24
2006 Series I - school facilities	4.25% - 4.30%	11-01 / 05-01	01-31-06	11-01-25
2007 Series J - school facilities	4.25% - 4.50%	11-01 / 05-01	02-16-07	11-01-26

Remaining Annual Serial Payments (a)	Authorized	Issued	Retired	June 30, 2013 Outstanding	June 30, 2012 Outstanding
\$	\$14,164,000	\$14,164,000	\$14,164,000	\$	\$9,610,000
	13,750,000	13,750,000	13,750,000		10,040,000
425,000 (13)	9,750,000	9,750,000	2,440,000	7,310,000	7,715,000
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)					
510,000 (13)	12,000,000	12,000,000	2,535,000	9,465,000	9,950,000
530,000 (14)					
550,000 (15)					
570,000 (16)					
600,000 (17)					
625,000 (18)					
650,000 (19)					
680,000 (20)					
710,000 (21)					
740,000 (22)					
775,000 (23)					
805,000 (24)					
840,000 (25)					
880,000 (26)					

FAIRBANKS NORTH STAR BOROUGH

**Combined Schedule of Long-Term Debt
June 30, 2013 and 2012**

	<u>Interest Rates on Remaining Coupons</u>	<u>Payment Dates</u>	<u>Bond Date</u>	<u>Final Maturity Date</u>
2007 Refunding Series K - school facilities (1996 Series U)	4.00%	11-01 / 05-01	02-16-07	11-01-16
2008 Series L - school facilities	3.50% - 4.50%	11-01 / 05-01	01-25-08	11-01-27
2010 Series M - school facilities	2.20% - 5.75%	07-01 / 01-01	02-26-10	07-01-29

Remaining Annual Serial Payments	Authorized	Issued	Retired	June 30, 2013 Outstanding	June 30, 2012 Outstanding
(a)					
\$1,130,000 (13)	\$10,460,000	\$10,460,000	\$5,585,000	\$4,875,000	\$5,940,000
1,170,000 (14)					
1,255,000 (15)					
1,320,000 (16)					
445,000 (13)	11,128,000	11,128,000	1,878,000	9,250,000	9,680,000
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)					
475,000 (13)	11,950,000	11,950,000	1,305,000	10,645,000	11,115,000
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, 2013 and 2012**

	<u>Interest Rates on Remaining Coupons</u>	<u>Payment Dates</u>	<u>Bond Date</u>	<u>Final Maturity Date</u>
2010 Refunding Series N - school facilities - library (1997 Series A)	2.25% - 5.00%	11-01 / 05-01	02-26-10	11-01-17
2010 Refunding Series O - school facilities (1999 Series B)	4.00% - 5.00%	10-01 / 04-01	12-10-10	04-01-19
2011 Refunding Series P - school facilities (2000 Series C)	2.00% - 3.00%	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)	3.00% - 5.00%	09-01 / 03-01	11-23-11	09-01-22

Remaining Annual Serial Payments	Authorized	Issued	Retired	June 30, 2013 Outstanding	June 30, 2012 Outstanding
(a)					
\$2,145,000 (13)	\$16,860,142	\$16,860,142	\$5,796,879	\$11,063,263	\$13,069,504
2,210,000 (14)	619,858	619,858	213,121	406,737	480,496
2,300,000 (15)					
2,365,000 (16)					
2,450,000 (17)					
1,420,000 (14)	13,680,000	13,680,000	4,225,000	9,455,000	10,845,000
1,475,000 (15)					
1,530,000 (16)					
1,595,000 (17)					
1,675,000 (18)					
1,760,000 (19)					
510,000 (13)	5,565,000	5,565,000	975,000	4,590,000	5,095,000
530,000 (14)					
540,000 (15)					
560,000 (16)					
580,000 (17)					
600,000 (18)					
625,000 (19)					
645,000 (20)					
1,685,000 (13)	21,000,000	21,000,000	1,625,000	19,375,000	21,000,000
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, 2013 and 2012**

	<u>Interest Rates on Remaining Coupons</u>	<u>Payment Dates</u>	<u>Bond Date</u>	<u>Final Maturity Date</u>
2012 Series R - school facilities	2.00% - 3.10%	11-01 / 05-01	06-01-12	05-01-32
2012 Refunding Series S - school facilities (2004 Series G) (2005 Series H)	2.00% - 5.00%	10-01 / 04-01	11-02-12	10-01-24

General obligation bonds payable total

Remaining Annual Serial Payments	Authorized	Issued	Retired	June 30, 2013 Outstanding	June 30, 2012 Outstanding
(a)					
\$490,000 (14)	\$11,500,000	\$11,500,000	\$485,000	\$11,015,000	\$11,500,000
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)					
1,280,000 (13)	16,670,000	16,670,000		16,670,000	
1,305,000 (14)					
1,335,000 (15)					
1,360,000 (16)					
1,390,000 (17)					
1,415,000 (18)					
1,445,000 (19)					
1,490,000 (20)					
1,550,000 (21)					
1,615,000 (22)					
1,685,000 (23)					
800,000 (24)					
	169,097,000	169,097,000	54,977,000	114,120,000	126,040,000

FAIRBANKS NORTH STAR BOROUGH

**Combined Schedule of Long-Term Debt
June 30, 2013 and 2012**

	<u>Interest Rates on Remaining Coupons</u>	<u>Payment Dates</u>	<u>Bond Date</u>	<u>Final Maturity Date</u>
Proprietary Long-Term Debt:				
Solid waste disposal loans payable				
Cell 3 & 4 expansion - substantial completion estimated at 01/01/15	1.00%	Annual	09-24-97	01-01-19
Partial landfill closure - substantial completion estimated at 01/01/15	1.00%	Annual	12-14-09	01-01-19
Capital leases payable	3.08% - 5.58%	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, 2013 Outstanding	June 30, 2012 Outstanding
(a)					
\$287,565 (16)	\$8,000,000	\$1,167,630	\$	\$1,167,630	\$40,246
290,441 (17)					
293,345 (18)					
296,279 (19)					
251,209 (16)	3,500,000	1,020,008		1,020,008	
253,721 (17)					
256,258 (18)					
258,820 (19)					
Various		2,857,926	1,572,703	1,285,223	1,414,110
	11,500,000	5,045,564	1,572,703	3,472,861	1,454,356
	\$180,597,000	\$174,142,564	\$56,549,703	\$117,592,861	\$127,494,356

**Balances in Major Reserve Accounts
June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Facilities Maintenance (a)	\$5,606,610	\$1,816,816
Asset Replacement	432,041	500,795
Carlson Center (b)	229,511	321,979
Landfill Closure and Postclosure Care	2,439,798	1,436,205
Hotel-Motel Room Tax (c)	145,928	202,217
Health Care Contingency	2,900,913	3,021,859
Land Revenue Reserve	516,512	805,205
School District Facilities Maintenance	<u>766,716</u>	<u>209,058</u>
Reserves total	<u><u>\$13,038,029</u></u>	<u><u>\$8,314,134</u></u>

(a) In fiscal year 2012-13, \$2,712,255 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

**Library Special Revenue Fund
Selected Financial Information
For the Fiscal Year Ended June 30, 2013**

	<u>2013</u>
Fund balance restricted for library endowment	\$1,052,772
Fund balance committed for library endowment	9,178
Donation	276
Interest revenue	5,296
Balance eligible for spending as stated in FNSBC 3.01.045	4,589

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, which represents the final distribution from the Bentley Beneficiaries Trust. On September 21, 2012, the Borough received \$276 related to the Enron Victim Trust Securities Litigation Settlement.

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 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 and \$75,000 for a library materials security system; \$424,979 in 2006 to search for and acquire a new site for the North Pole branch library replacement and \$120,000 for upgrading compact shelving; and \$6,220,000 in 2012 for the North Pole branch library replacement and \$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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues		
Vending and concession, net of cost	\$572,056	\$513,245
Arena rental	292,704	292,817
Self-promoted events	127,392	120,862
Signage	164,887	165,562
Equipment rental and service	85,890	99,747
Other	147,698	122,610
	<u>1,390,627</u>	<u>1,314,843</u>
Operating expenses		
Concession supplies and fees	47,543	38,642
Conferences and meetings	14,682	16,511
Contractual services	36,196	35,185
Insurance	49,113	49,168
Contractor management fee	84,714	82,248
Contractor incentive fees	82,403	74,974
Office and operating supplies	49,232	31,651
Professional services	1,058	5,342
Repairs and maintenance	82,643	55,723
Self-promoted events	15,103	15,810
Utilities	556,345	604,708
Wages and benefits - event labor	289,829	313,824
Wages and benefits - operations	552,241	564,214
	<u>1,861,102</u>	<u>1,888,000</u>
Operating loss	<u>(470,475)</u>	<u>(573,157)</u>
Non-operating revenues (expenses)		
Provision for asset replacement	<u>(94,311)</u>	<u>(87,266)</u>
Net loss	<u><u>(\$564,786)</u></u>	<u><u>(\$660,423)</u></u>

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

**Risk Management
Coverage for Largest Exposures
Year Ended June 30, 2013**

	Self-Insured Retention/ Deductible	Upper Coverage Limit of Excess Insurance Policies
	\$ (a)	\$ (a)
Employee/dependent medical		
Auto and general liability		
Road and fire service areas		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 2012-13 is \$1,629 and \$1,593 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 \$35,000.

Miscellaneous Additional Data
June 30, 2013

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, Housing Financing, Emergency Communication Services (911), limited Health and Social Services, and Natural Gas Utility by transfer November 15, 2012
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:	
2012 State general election	71,480
2012 Borough municipal election	70,538
Number of votes cast in:	
2012 State general election	39,986
2012 Borough municipal election	16,566
Percentage of registered voters in:	
2012 State general election	55.9%
2012 Borough municipal election	23.5%

Note: Last State general election was in November 2012.
Last Borough municipal election was in October 2012.

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	144,451
Assistant Superintendent, Elementary Education	144,451
Chief Financial Officer	144,451

Miscellaneous Additional Data
June 30, 2013

	Number of School District Personnel (a)
Districtwide administration	5
Professional staff	67
Principals and assistant principals	43
Certified staff	951
Support staff	685
Number of schools	35
	Enrollment (b)
Elementary Schools – District	
Anne Wien	401
Badger Road	505
Barnette Magnet	412
Chinook Charter School	153
Denali	397
Hunter	353
Joy	443
Ladd	497
Nordale	359
North Pole Elementary	453
Pearl Creek	470
Salcha	84
Ticasuk Brown	545
Two Rivers	88
University Park	528
Watershed Charter School	196
Weller	485
Woodriver	444
Secondary Schools – District	
Effie Kokrine Charter School	152
Hutchison High	372
Lathrop Senior High	1,101
North Pole Middle	679
North Pole Senior High	729
Randy Smith Middle	326
Ryan Middle	394
Star of the North Charter	196
Tanana Middle	513
West Valley Senior High	1,019
Alternative Learning System	136
Elementary Schools – On-Base/Post	
Anderson	269
Arctic Light	569
Crawford	301
Secondary Schools – On-Base	
Ben Eielson Junior/Senior High	403
Guided Independent Study (B.E.S.T.)	268
Fairbanks Youth Facility	<u>17</u>
Total	<u>14,256</u>

(a) Fairbanks North Star Borough School District Approved Budget document for fiscal year 2012-13

(b) 2012-13 20-Day Average Daily Membership Official Enrollment as reported by the Fairbanks North Star Borough School District

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STATISTICAL SECTION

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

STATISTICAL SECTION

Table Numbers

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

I - IV

* * * * *

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

V - VIII

* * * * *

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

IX - X

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

* * * * *

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

XI - XII

* * * * *

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

XIII - XV

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

FAIRBANKS NORTH STAR BOROUGH

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

	Fiscal			
	2003-04	2004-05	2005-06	2006-07
Governmental activities				
Net investment in capital assets	\$428,457,171	\$471,997,696	\$472,363,319	\$472,797,399
Restricted	25,723,025	23,064,355	29,113,034	45,210,932
Unrestricted	9,803,121	9,667,809	8,305,423	9,762,506
Total governmental activities net position	<u>\$463,983,317</u>	<u>\$504,729,859</u>	<u>\$509,781,777</u>	<u>\$527,770,837</u>
Business-type activities				
Net investment in capital assets	\$20,814,761	\$19,756,608	\$24,830,906	\$25,308,779
Restricted	671,285	448,714	306,887	259,648
Unrestricted	22,261,002	19,338,514	16,153,220	20,119,274
Total business-type activities net position	<u>\$43,747,048</u>	<u>\$39,543,836</u>	<u>\$41,291,013</u>	<u>\$45,687,701</u>
Primary government				
Net investment in capital assets	\$449,271,932	\$491,754,304	\$497,194,225	\$498,106,178
Restricted	26,394,310	23,513,069	29,419,921	45,470,580
Unrestricted	32,064,123	29,006,323	24,458,643	29,881,780
Total primary government net position	<u>\$507,730,365</u>	<u>\$544,273,696</u>	<u>\$551,072,789</u>	<u>\$573,458,538</u>
Component Unit: School District				
Net investment in capital assets	\$3,613,084	\$3,918,778	\$4,235,371	\$4,080,319
Restricted	960,355			
Unrestricted	19,756,987	22,426,155	16,687,930	18,453,760
Total Component Unit net position	<u>\$24,330,426</u>	<u>\$26,344,933</u>	<u>\$20,923,301</u>	<u>\$22,534,079</u>

Note: (a) In fiscal year 2009-10, the land enterprise fund was transferred from business-type activities to governmental activities.

Table I

Year					
2007-08	2008-09	2009-10 (a)	2010-11	2011-12	2012-13
\$476,565,063	\$487,414,214	\$493,418,704	\$489,022,291	\$482,777,987	\$490,532,654
48,144,782	47,678,853	46,093,672	45,974,529	52,285,602	50,099,619
7,591,655	2,991,349	8,711,560	19,231,946	27,396,313	30,092,741
<u>\$532,301,500</u>	<u>\$538,084,417</u>	<u>\$548,223,936</u>	<u>\$554,228,766</u>	<u>\$562,459,901</u>	<u>\$570,725,012</u>
\$30,494,592	\$31,738,913	\$31,212,287	\$31,030,372	\$31,455,764	\$31,389,660
424,453	586,075	557,235	563,473	678,507	723,243
19,465,432	12,013,314	(2,378,977)	(3,178,064)	(2,677,725)	1,740,135
<u>\$50,384,477</u>	<u>\$44,338,302</u>	<u>\$29,390,545</u>	<u>\$28,415,781</u>	<u>\$29,456,546</u>	<u>\$33,853,039</u>
\$507,059,656	\$519,153,127	\$524,630,990	\$520,052,662	\$514,233,751	\$521,922,314
48,569,234	48,264,929	46,650,907	46,538,002	52,964,109	50,822,862
27,057,087	15,004,446	6,332,583	16,053,882	24,718,588	31,832,876
<u>\$582,685,977</u>	<u>\$582,422,502</u>	<u>\$577,614,480</u>	<u>\$582,644,546</u>	<u>\$591,916,447</u>	<u>\$604,578,051</u>
\$3,967,368	\$2,941,680	\$4,180,344	\$4,449,676	\$4,391,797	\$4,169,278
18,535,860	20,059,660	20,954,280	20,747,031	17,380,499	19,123,971
<u>\$22,503,228</u>	<u>\$23,001,340</u>	<u>\$25,134,624</u>	<u>\$25,196,707</u>	<u>\$21,772,296</u>	<u>\$23,293,249</u>

FAIRBANKS NORTH STAR BOROUGH

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

	2003-04	2004-05	2005-06	Fiscal 2006-07
Expenses		(a)		
Governmental activities:				
General government	\$11,548,950	\$13,596,394	\$15,583,246	\$16,144,958
Community planning	1,462,714	1,624,308	1,879,673	2,011,929
Public works	6,520,291	7,328,230	8,842,658	8,567,422
Parks and recreation	7,325,198	6,660,529	7,478,378	9,090,178
Library	4,131,145	4,393,299	4,776,959	5,125,795
Direct services	1,712,564			
Road and other service areas	2,068,273	2,140,423	2,011,343	2,656,458
Education	44,421,662	49,459,962	53,694,197	56,771,562
Emergency operations	2,144,597	5,738,694	4,796,649	5,235,955
Fire service areas	4,110,260	4,538,706	4,854,626	4,968,182
Interest on long-term debt	6,468,535	6,532,239	6,437,366	6,128,977
Total governmental activities expense	<u>91,914,188</u>	<u>102,012,783</u>	<u>110,355,095</u>	<u>116,701,416</u>
Business-type activities:				
Transit	4,313,750	5,387,277	6,052,940	6,245,393
Land	1,332,310	1,114,019	2,009,504	1,166,463
Carlson Center	1,301,112	1,400,313	1,570,809	1,360,931
Solid waste disposal	5,799,063	8,850,961	6,087,732	6,484,640
Total business-type activities expense	<u>12,746,234</u>	<u>16,752,570</u>	<u>15,720,985</u>	<u>15,257,426</u>
Total primary government expense	<u>\$104,660,422</u>	<u>\$118,765,354</u>	<u>\$126,076,080</u>	<u>\$131,958,842</u>
Component units:				
School District expenses	<u>\$143,307,386</u>	<u>\$154,861,311</u>	<u>\$169,311,838</u>	<u>\$175,241,013</u>
Program Revenues				
Governmental activities:				
Charges for Services				
General government	\$473,530	\$615,595	\$640,713	\$773,783
Public works	104,357	108,732	119,708	123,915
Parks and recreation	1,028,517	1,023,574	1,003,199	1,005,680
Library	44,592	32,522	28,995	44,579
Direct services	158,240			
Emergency operations	374,016	938,942	973,475	1,041,582
Operating grants and contributions	3,898,701	2,444,643	6,041,259	5,086,603
Capital grants and contributions	12,276,934	45,145,996	5,687,000	14,069,248
Total governmental activities program revenues	<u>18,358,888</u>	<u>50,310,004</u>	<u>14,494,348</u>	<u>22,145,391</u>
Business-type activities:				
Charges for services				
Transit	1,216,183	1,267,108	1,206,101	1,370,952
Land	1,079,834	653,142	1,894,329	633,582
Solid waste disposal	4,826,157	5,379,272	5,331,961	5,605,897
Operating grants and contributions	794,314	1,320,715	2,206,461	1,191,719
Capital grants and contributions	270,008	262,275	2,223,778	1,366,454
Total business-type activities program revenues	<u>8,186,496</u>	<u>8,882,512</u>	<u>12,862,631</u>	<u>10,168,604</u>
Total primary government program revenues	<u>\$26,545,384</u>	<u>\$59,192,514</u>	<u>\$27,356,978</u>	<u>\$32,313,995</u>

Table II
Sheet 1 of 2

Year	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
			(b)			
	\$16,373,018	\$19,296,522	\$20,760,267	\$21,863,878	\$21,971,871	\$22,847,843
	1,948,949	1,875,392	2,263,729	2,295,159	2,094,665	1,880,835
	9,622,350	10,563,903	10,781,943	11,667,694	12,568,035	12,261,122
	9,324,514	9,257,309	9,733,515	9,336,208	9,668,480	10,363,824
	4,966,535	5,591,433	5,979,887	6,173,512	7,247,930	6,865,392
	3,816,780	4,393,522	5,711,907	5,173,543	5,707,825	7,720,282
	59,958,407	61,898,187	62,819,397	63,404,301	65,216,545	65,471,531
	5,468,214	5,732,871	5,862,703	5,987,348	6,089,052	6,857,704
	4,938,156	5,398,620	6,115,495	6,173,408	6,535,660	6,893,994
	6,550,818	6,052,131	5,484,528	5,302,775	4,193,718	3,647,107
	<u>122,967,742</u>	<u>130,059,889</u>	<u>135,513,371</u>	<u>137,377,828</u>	<u>141,293,781</u>	<u>144,809,634</u>
	6,623,980	7,282,170	7,844,619	8,878,240	10,905,695	10,748,837
	1,264,690	1,333,141				
	1,622,048	1,596,110	1,557,872	2,278,941	1,906,771	1,670,480
	5,913,299	11,235,460	5,974,645	7,779,315	6,068,204	6,363,157
	<u>15,424,017</u>	<u>21,446,881</u>	<u>15,377,135</u>	<u>18,936,496</u>	<u>18,880,669</u>	<u>18,782,474</u>
	<u>\$138,391,759</u>	<u>\$151,506,770</u>	<u>\$150,890,505</u>	<u>\$156,314,324</u>	<u>\$160,174,450</u>	<u>\$163,592,108</u>
	<u>\$206,099,005</u>	<u>\$206,735,507</u>	<u>\$223,158,805</u>	<u>\$233,201,957</u>	<u>\$245,679,952</u>	<u>\$254,269,882</u>
	\$928,108	\$995,973	\$910,610	\$1,199,254	\$1,244,583	\$972,077
	69,393	52,268	52,318	43,602	50,849	53,457
	1,154,422	1,106,668	1,120,921	1,223,243	1,219,837	1,281,648
	58,947	93,804	77,233	90,904	84,516	76,887
	1,091,326	1,111,970	1,129,474	1,196,018	1,580,414	1,558,882
	4,245,873	3,653,545	2,337,538	2,163,092	2,360,782	3,563,186
	6,061,315	19,787,620	4,601,870	5,972,484	7,260,485	17,541,549
	<u>13,609,384</u>	<u>26,801,848</u>	<u>10,229,964</u>	<u>11,888,597</u>	<u>13,801,466</u>	<u>25,047,686</u>
	1,372,828	1,429,331	1,167,823	810,882	933,114	1,064,697
	898,626	736,617				
	6,289,283	5,920,210	6,854,740	7,370,161	8,123,831	8,320,996
	1,416,592	2,053,623	1,724,701	2,399,972	4,425,044	4,322,073
	4,004,895	76,866	2,802,345	1,716,683	575,352	3,195,497
	<u>13,982,223</u>	<u>10,216,647</u>	<u>12,549,610</u>	<u>12,297,698</u>	<u>14,057,341</u>	<u>16,903,263</u>
	<u>\$27,591,607</u>	<u>\$37,018,494</u>	<u>\$22,779,572</u>	<u>\$24,186,298</u>	<u>\$27,858,807</u>	<u>\$41,950,949</u>

FAIRBANKS NORTH STAR BOROUGH

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

	2003-04	2004-05	2005-06	Fiscal 2006-07
Component unit: School District		(a)		
Charges for services				
School District program revenues	\$1,938,367	\$1,886,887	\$1,894,564	\$2,034,531
Operating grants and contributions	22,496,034	27,208,171	27,354,672	27,084,712
Capital grants and contributions	2,708,367	1,640,256	1,544,726	676,148
Total component unit program revenues	<u>\$27,142,768</u>	<u>\$30,735,314</u>	<u>\$30,793,962</u>	<u>\$29,795,391</u>
Net revenues (expenses)				
Governmental activities	(\$73,555,300)	(\$51,702,779)	(\$95,860,748)	(\$94,556,026)
Business-type activities	(4,559,739)	(7,870,059)	(2,858,354)	(5,088,821)
Total primary government net expense	<u>(\$78,115,039)</u>	<u>(\$59,572,839)</u>	<u>(\$98,719,102)</u>	<u>(\$99,644,847)</u>
Component unit: School District net expense	<u>(\$116,164,618)</u>	<u>(\$124,125,997)</u>	<u>(\$138,517,876)</u>	<u>(\$145,445,622)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	\$72,805,069	\$77,031,587	\$82,605,092	\$88,584,284
Hotel-motel taxes	1,483,708	1,531,027	1,551,623	1,696,639
Alcoholic beverage taxes		1,247,562	1,233,545	1,329,319
Tobacco excise taxes		988,813	1,013,728	994,039
Unrestricted grants and contributions	12,106,377	12,227,556	13,775,527	18,660,580
Unrestricted investment earnings	994,096	2,040,316	3,968,731	5,897,632
Other	143,957	549,821	401,295	172,986
Transfers	(3,224,357)	(3,167,359)	(3,636,875)	(4,790,392)
Total governmental activities	<u>\$84,308,849</u>	<u>\$92,449,322</u>	<u>\$100,912,665</u>	<u>\$112,545,086</u>
Business-type activities				
Unrestricted grants and contributions	\$446,012	\$50,973	\$114,509	\$3,574,961
Unrestricted investment earnings	209,102	445,019	852,984	1,108,130
Other	6,858	3,496	1,161	12,026
Transfers	3,224,357	3,167,359	3,636,875	4,790,392
Total business-type activities	<u>\$3,886,329</u>	<u>\$3,666,847</u>	<u>\$4,605,530</u>	<u>\$9,485,509</u>
Component unit: School District				
Foundation program	\$65,676,616	\$73,052,157	\$80,045,140	\$90,029,160
Other federal and state aid	11,943,538	14,267,731	12,257,249	11,405,933
Borough direct appropriation	34,545,700	36,545,700	38,022,700	40,022,700
Other	2,507,133	2,274,916	2,771,155	3,819,360
Total component unit	<u>\$114,672,987</u>	<u>\$126,140,504</u>	<u>\$133,096,244</u>	<u>\$145,277,153</u>
Change in net position				
Governmental activities	\$10,753,550	\$40,746,542	\$5,051,918	\$17,989,060
Business-type activities	(673,410)	(4,203,212)	1,747,176	4,396,688
Total primary government	<u>\$10,080,140</u>	<u>\$36,543,331</u>	<u>\$6,799,093</u>	<u>\$22,385,748</u>
Component Unit: School District	<u>(\$1,491,631)</u>	<u>\$2,014,507</u>	<u>(\$5,421,632)</u>	<u>(\$168,469)</u>

Notes: (a) Beginning in fiscal year 2004-05, the direct services function was dissolved and split between the public works function and the emergency operations function.

(b) In fiscal year 2009-10, the land enterprise fund was transferred from a business-type activity to a governmental activity.

Table II
Sheet 2 of 2

Year	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
			(b)			
	\$2,162,538	\$2,365,595	\$2,216,143	\$2,128,703	\$2,127,984	\$1,832,792
	55,175,797	50,760,894	52,835,590	54,664,159	59,782,158	66,613,379
	511,057	2,515,129	369,871	69,000	378,803	69,419
	<u>\$57,849,392</u>	<u>\$55,641,618</u>	<u>\$55,421,604</u>	<u>\$56,861,862</u>	<u>\$62,288,945</u>	<u>\$68,515,590</u>
	(\$109,358,359)	(\$103,258,041)	(\$125,283,407)	(\$125,489,229)	(\$127,492,315)	(\$119,761,950)
	(1,441,793)	(11,230,235)	(2,827,526)	(6,638,797)	(4,823,329)	(1,879,211)
	<u>(\$110,800,152)</u>	<u>(\$114,488,276)</u>	<u>(\$128,110,932)</u>	<u>(\$132,128,026)</u>	<u>(\$132,315,644)</u>	<u>(\$121,641,161)</u>
	<u>(\$148,249,613)</u>	<u>(\$151,093,889)</u>	<u>(\$167,737,201)</u>	<u>(\$176,340,095)</u>	<u>(\$183,391,007)</u>	<u>(\$185,754,292)</u>
	\$93,330,750	\$93,707,963	\$98,489,612	\$115,170,486	\$118,827,272	\$110,650,804
	1,824,832	1,660,803	1,698,466	1,695,265	1,923,485	2,031,249
	1,434,006	1,384,156	1,358,690	1,001,201	1,051,664	1,104,640
	983,683	1,077,166	1,684,657	1,521,730	1,503,265	1,464,783
	15,069,990	14,124,381	16,604,140	14,154,365	16,283,827	16,406,955
	5,959,023	1,639,379	165,512	75,424	106,081	93,696
	327,873	356,210	2,990,559	3,521,672	1,866,550	2,538,930
	(5,041,135)	(5,022,034)	12,266,595	(5,646,084)	(5,838,695)	(6,263,996)
	<u>\$113,889,022</u>	<u>\$108,928,023</u>	<u>\$135,258,232</u>	<u>\$131,494,059</u>	<u>\$135,723,450</u>	<u>\$128,027,061</u>
	\$308,995	\$41,495	\$	\$	\$	\$
	759,665	228,395	25,152	12,714	10,241	11,654
	28,773	4,854	8,493	5,235	15,159	53
	5,041,135	5,022,034	(12,266,595)	5,646,084	5,838,695	6,263,996
	<u>\$6,138,567</u>	<u>\$5,296,777</u>	<u>(\$12,232,950)</u>	<u>\$5,664,033</u>	<u>\$5,864,095</u>	<u>\$6,275,703</u>
	\$85,688,097	\$96,001,077	\$109,730,232	\$112,387,761	\$113,227,755	\$119,814,989
	19,037,350	11,418,547	13,862,337	16,403,207	18,195,860	19,464,610
	42,222,700	44,222,700	45,522,700	46,522,700	47,359,300	47,000,000
	1,270,615	680,263	755,216	1,088,510	1,183,681	995,646
	<u>\$148,218,762</u>	<u>\$152,322,587</u>	<u>\$169,870,485</u>	<u>\$176,402,178</u>	<u>\$179,966,596</u>	<u>\$187,275,245</u>
	\$4,530,663	\$5,669,982	\$9,974,825	\$6,004,830	\$8,231,135	\$8,265,111
	4,696,774	(5,933,457)	(15,060,475)	(974,764)	1,040,766	4,396,492
	<u>\$9,227,438</u>	<u>(\$263,475)</u>	<u>(\$5,085,650)</u>	<u>\$5,030,066</u>	<u>\$9,271,901</u>	<u>\$12,661,603</u>
	<u>(\$30,851)</u>	<u>\$1,228,698</u>	<u>\$2,133,284</u>	<u>\$62,083</u>	<u>(\$3,424,411)</u>	<u>\$1,520,953</u>

FAIRBANKS NORTH STAR BOROUGH

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

	Fiscal				
	2003-04	2004-05	2005-06	2006-07 (a)	2007-08 (b)
General Fund					
Restricted					
Committed					
Assigned					
Unassigned					
Total general fund					
All Other Governmental Funds					
Restricted					
Committed					
Unassigned					
Total all other governmental funds					
General Fund					
Reserved	\$1,345,345	\$1,308,728	\$2,445,532	\$1,746,549	\$286,354
Unreserved, designated	2,904,310	3,820,591	4,034,592	6,771,813	7,067,050
Unreserved, undesignated	12,714,117	13,395,095	12,257,177	17,063,104	17,665,754
Total general fund	<u>\$16,963,772</u>	<u>\$18,524,414</u>	<u>\$18,737,301</u>	<u>\$25,581,466</u>	<u>\$25,019,157</u>
All Other Governmental Funds					
Reserved	\$27,481,832	\$4,920,774	\$10,232,691	\$6,632,400	\$23,880,617
Unreserved, reported in:					
Annual special revenue funds	14,675,852	15,820,582	18,014,755	21,049,041	24,774,630
Other special revenue funds	3,175,386	4,388,926	5,155,174	6,159,683	7,021,689
Debt service funds	112,317	114,129	13,600	288,099	416,380
Capital projects funds	9,260,685	17,482,996	18,170,915	35,075,210	20,506,225
Total all other governmental funds	<u>\$54,706,072</u>	<u>\$42,727,407</u>	<u>\$51,587,135</u>	<u>\$69,204,433</u>	<u>\$76,599,541</u>

- 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 2007-08 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 2009-10, the land enterprise fund was eliminated and land management activities were transferred from business-type activities to governmental activities with balances moved to the general fund, other special revenue funds, and capital projects funds.
 - (d) Beginning in fiscal year 2010-11, the Borough implemented GASB Statement No. 54 and elected not to restate prior year fund balances.

Table III

Year				
2008-09	2009-10 (c)	2010-11 (d), (e)	2011-12 (f), (g)	2012-13
		\$344,454	\$375,978	\$310,491
		14,213,903	24,171,856	22,621,457
		5,271,233	4,825,609	3,926,435
		16,442,029	19,357,703	21,874,921
		<u>\$36,271,620</u>	<u>\$48,731,147</u>	<u>\$48,733,305</u>
		\$51,802,246	\$61,975,055	\$55,272,349
		13,899,708	12,174,001	14,878,345
		(9,082)		
		<u>\$65,692,872</u>	<u>\$74,149,055</u>	<u>\$70,150,695</u>
\$233,114	\$224,738			
8,072,713	7,942,322			
14,169,609	16,954,927			
<u>\$22,475,436</u>	<u>\$25,121,987</u>			
\$13,950,338	\$8,764,443			
27,358,102	28,963,892			
4,629,847	6,123,687			
428,038	517,531			
21,673,821	25,990,019			
<u>\$68,040,147</u>	<u>\$70,359,572</u>			

(e) The general fund received \$8.6 million from the court-ordered settlement of the trans-Alaska pipeline system's 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)

	2003-04	2004-05 (a)	2005-06	Fiscal 2006-07
Revenues				
Taxes	\$73,888,994	\$81,125,145	\$86,260,935	\$92,771,899
Intergovernmental revenues	15,338,100	15,504,905	19,767,388	32,031,536
Charges for services	2,069,176	2,580,450	2,661,083	2,835,267
Other revenues	12,383,871	4,647,584	7,783,449	8,771,600
Revenues total	<u>103,680,141</u>	<u>103,858,084</u>	<u>116,472,855</u>	<u>136,410,302</u>
Expenditures				
Current				
General government	11,328,660	12,459,675	14,688,581	15,824,328
Community planning	1,453,595	1,503,538	1,812,730	1,967,873
Public works	6,508,813	7,074,498	8,750,017	8,487,852
Parks and recreation	5,981,705	5,066,744	5,814,749	7,526,894
Library	3,613,451	3,575,982	4,044,681	4,431,108
Direct services (a)	1,679,730			
Road and other service areas	2,068,273	2,140,423	2,019,189	2,656,562
Education	36,495,627	40,394,679	43,386,995	45,984,740
Emergency operations	1,954,598	3,818,549	4,542,640	5,013,710
Fire service areas	3,589,662	4,014,101	4,314,473	4,183,744
Capital outlay	29,274,457	28,747,744	6,472,046	7,507,952
Debt service				
Principal retirement	8,290,000	9,639,000	10,645,000	9,315,000
Interest and other debt service costs	6,512,649	6,482,728	6,591,969	6,601,766
Payment to refunded bond escrow agent				
Expenditures total	<u>118,751,220</u>	<u>124,917,661</u>	<u>113,083,071</u>	<u>119,501,528</u>
Excess (deficiency) of revenues over expenditures	(15,071,079)	(21,059,577)	3,389,784	16,908,774
Other financing sources (uses)				
Transfers in	19,831,265	22,473,615	32,020,697	24,684,907
Transfers out	(23,061,662)	(25,568,541)	(35,797,855)	(29,424,785)
Bond issuance	14,164,000	13,750,000	9,750,000	22,460,000
Premium on bond debt	158,149	175,853	110,458	207,567
Payment to refunded bond escrow agent				(10,375,000)
Other financing sources (uses) total	<u>11,091,752</u>	<u>10,830,927</u>	<u>6,083,300</u>	<u>7,552,689</u>
Net change in fund balances	(3,979,327)	(10,228,650)	9,473,084	24,461,463
Fund balances, beginning	<u>75,059,328</u>	<u>71,080,001</u>	<u>60,851,352</u>	<u>70,324,436</u>
Fund balances, ending	<u>\$71,080,001</u>	<u>\$60,851,352</u>	<u>\$70,324,436</u>	<u>\$94,785,899</u>
Debt service as a percentage of noncapital expenditures (b)	16.54%	16.76%	16.17%	14.21%

Notes: (a) Beginning in fiscal year 2004-05, the direct services function was dissolved and split between the public works function and the emergency operations function.

(b) Beginning in fiscal year 2011-12, debt service: payment to refunded bond escrow agent is not included in this calculation.

Table IV

Year					
2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
				(b)	
\$97,420,541	\$98,097,157	\$102,653,387	\$119,624,335	\$123,539,053	\$114,936,855
20,714,305	33,740,365	22,484,328	20,692,580	24,160,189	36,121,935
2,849,476	3,097,501	3,430,485	3,711,819	4,260,781	4,591,641
8,717,887	3,961,466	3,808,139	3,469,576	3,650,020	2,993,328
<u>129,702,209</u>	<u>138,896,488</u>	<u>132,376,340</u>	<u>147,498,310</u>	<u>155,610,044</u>	<u>158,643,760</u>
17,219,384	18,701,474	19,986,947	21,255,283	21,605,680	22,978,241
2,098,840	1,873,065	2,234,446	2,289,171	2,102,001	1,872,159
10,184,809	10,682,814	10,822,062	11,771,404	12,557,660	12,353,651
8,021,967	7,589,790	8,044,732	7,674,175	7,878,588	8,524,547
4,649,316	4,944,300	5,275,861	5,521,826	6,593,577	6,212,766
3,817,022	4,393,833	5,717,742	5,173,201	5,718,078	7,718,115
49,137,624	50,993,244	51,838,473	51,900,649	54,076,498	53,940,126
5,292,665	5,185,352	5,643,297	5,727,956	5,842,947	6,575,943
4,570,079	5,286,090	5,587,701	5,613,105	5,986,544	6,620,443
6,638,611	21,455,853	8,504,052	4,373,537	3,076,629	14,516,290
10,165,000	7,903,000	8,380,000	8,755,000	9,790,000	10,185,000
6,421,184	6,262,825	5,834,083	5,413,909	5,908,490	5,104,569
				29,644,200	18,497,025
<u>128,216,500</u>	<u>145,271,640</u>	<u>137,869,397</u>	<u>135,469,215</u>	<u>170,780,892</u>	<u>175,098,875</u>
1,485,709	(6,375,152)	(5,493,057)	12,029,095	(15,170,848)	(16,455,116)
38,733,398	25,534,095	31,663,332	28,400,978	33,868,738	23,677,528
(44,623,126)	(30,262,058)	(32,953,416)	(34,047,062)	(39,695,484)	(29,935,886)
11,128,000		29,430,000	13,680,000	38,065,000	16,670,000
108,817		1,869,007	1,294,921	3,848,305	2,047,271
		(19,100,000)	(14,875,000)		
<u>5,347,090</u>	<u>(4,727,963)</u>	<u>10,908,922</u>	<u>(5,546,163)</u>	<u>36,086,558</u>	<u>12,458,913</u>
6,832,799	(11,103,115)	5,415,865	6,482,932	20,915,710	(3,996,203)
<u>94,785,899</u>	<u>101,618,698</u>	<u>90,065,694</u>	<u>95,481,559</u>	<u>101,964,492</u>	<u>122,880,202</u>
<u>\$101,618,698</u>	<u>\$90,515,583</u>	<u>\$95,481,559</u>	<u>\$101,964,492</u>	<u>\$122,880,202</u>	<u>\$118,883,999</u>
13.64%	11.44%	10.99%	10.81%	11.37%	10.76%

FAIRBANKS NORTH STAR BOROUGH

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

<u>Calendar Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Pipeline and Personal Property</u>
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 (d)	4,920,676,560	1,140,775,454	1,169,072,197	744,241,210
2011 (d)	5,092,908,211	1,219,689,461	1,220,419,599	705,617,790
2012 (d)	5,537,719,131	1,171,130,143	1,028,359,940	669,165,790

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 trans-Alaska pipeline system value. 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) Calendar year 2006 has not been adjusted for the Superior Court's October 26, 2010 decision increasing the trans-Alaska pipeline system's assessed value. The decision has been appealed to the Alaska Supreme Court (Note 17).
- (c) Calendar years 2007, 2008 and 2009 have not been adjusted for the Superior Court's December 30, 2011 decision increasing the trans-Alaska pipeline system's assessed value. The decision has been appealed to the Alaska Supreme Court (Note 17).
- (d) No trial dates have been set for calendar years 2010, 2011 or 2012 taxes paid under protest. The parties have agreed to suspend any appeals before the State Assessment Review Board (SARB) pending the outcome of the 2006 case before the Alaska Supreme Court (Note 17).

Table V

<u>Vacant Land</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value (a)</u>
\$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
366,769,285	878,253,061	7,894,891,228	11.216	8,325,157,990	94.832

FAIRBANKS NORTH STAR BOROUGH

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

	Tax Rates - Millage									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total Direct										
Borough areawide	13.693	13.606	13.219	12.923	12.209	11.287	11.186	11.432	11.294	11.216
Overlapping Special Borough										
Taxing Jurisdictions										
Non-areawide	0.523	0.435	0.425	0.418	0.409	0.400	0.393	0.400	0.511	0.525
Solid Waste Collection District	1.187	1.183	1.167	1.150	1.126	1.103	1.121	1.141	1.194	1.229
Airway S.A.	1.214	1.210	1.173	1.120	1.089	1.089	1.207	1.256	1.287	1.324
Arctic Fox S.A.	2.167	2.272	2.089	1.944	1.864	1.804	1.861	1.787	1.708	1.850
Aztec S.A.	1.555	1.576	1.531	1.431	1.339	1.257	1.259	1.319	1.342	1.406
Ballaine Lake S.A.	11.543	11.758	13.268	13.775	12.828	12.413	12.671	13.162	14.920	16.054
Becker Ridge S.A.	1.490	1.500	1.412	1.359	1.346	1.376	1.450	1.486	1.496	1.440
Birch Hill S.A.	2.025	1.986	1.910	1.861	1.832	1.814	1.939	1.995	2.023	2.101
Bluebird Road S.A.	2.329	2.408	2.228	2.187	2.004	2.054	2.333	2.447	2.792	2.883
Borda Road S.A.	1.166	1.152	1.159	1.131	1.067	1.079	1.119	1.171	1.157	1.204
Brookside S.A.	0.495	0.482	0.465	0.457	0.435	0.437	0.479	0.498	0.503	0.526
Chena Goldstream Fire S.A.	1.627	1.615	1.544	1.483	1.434	1.473	1.547	1.603	1.644	2.142
Chena Hills Road S.A.	1.067	1.068	1.032	1.001	0.987	0.985	1.047	1.060	1.076	1.115
Chena Hot Springs II S. A.			2.991	0.681	0.888	0.698	0.713	0.732	0.746	0.412
Chena Marina S.A.	0.471	0.893	0.880	0.825	0.792	0.756	0.796	0.830	0.857	0.880
Chena Point Road S.A.	1.710	1.705	2.957	3.176	3.154	2.958	3.064	3.065	3.128	3.247
Chena Spur S.A.	0.893	0.897	1.729	2.354	2.407	2.329	2.606	2.671	2.679	2.837
Cleary Summit S.A.			0.365		0.189	0.183	0.190	0.191	0.158	0.132
College S.A.	1.418	1.391	1.342	1.292	1.249	1.257	1.391	1.437	1.427	1.457
College Hills S.A.	0.923	0.922	0.881	0.789	0.754	0.785	0.835	0.871	0.912	0.950
Cooper Estates S.A.	2.927	3.045	3.040	2.709	2.717	2.614	2.821	2.899	2.915	3.048
Cordes Drive S.A.	1.403	1.337	1.232	1.150	1.060	1.074	1.112	1.201	1.232	1.283
Cripple Creek S.A.	1.835	1.754	1.691	1.679	1.477	1.520	1.601	1.636	1.668	1.717
Deep Forest S.A. (a)	0.944	6.229	6.017	0.759	0.714	0.707	0.724	0.743	0.758	0.795
Diane Subdivision S.A.	0.362	0.351	0.336	0.322	0.303	0.310	0.333	0.348	0.345	0.357
Drake Estates S.A. (b)	1.931	2.120	1.885	1.783	0.688	0.719	0.762	0.760	0.753	0.777
Edanella Heights Road S.A.	0.945	0.977	1.292	1.281	1.273	1.249	1.388	1.425	1.457	1.485
Ester Lump Road S.A.	2.053	2.021	1.922	1.881	1.710	1.741	1.773	3.093	3.160	3.333
Ester Volunteer Fire S.A.	2.657	2.590	2.492	2.501	2.270	2.384	2.444	2.568	2.619	2.726
Fairfields S.A.	0.824	0.812	0.762	0.707	0.683	0.675	0.713	0.752	0.750	0.789
Fairhill S.A.	1.295	1.211	1.173	1.170	1.163	1.093	1.188	2.255	2.294	2.315
Fairwest S.A.	1.999	1.971	1.939	1.878	1.850	1.789	1.896	1.948	1.903	1.989
Garden S.A.	1.116	1.158	1.136	1.103	1.074	1.035	1.089	1.126	1.099	1.135
Golden Valley Road S.A.	2.728	2.618	2.565	2.695	2.665	4.285	4.483	4.555	4.704	4.945
Goldstream-Alaska S.A.	1.498	1.512	1.430	2.294	2.109	2.171	2.246	2.333	2.422	2.435
Goldstream Moose Creek S.A. (c)	1.988	1.873	1.763	1.723	1.586	1.635	1.598	1.682	1.694	1.720
Gordon S.A.	1.281	1.245	1.199	1.167	1.112	1.028	1.096	1.143	1.135	1.158
Granola Estates S.A.	1.216	1.210	1.298	1.323	1.117	1.089	1.239	1.281	1.321	1.441
Grieme Road S.A.	3.137	3.144	3.466	3.486	3.418	3.466	3.780	3.833	3.852	3.899
Haystack S.A.	3.309	3.285	3.219	3.106	2.875	2.901	3.231	3.324	3.615	3.767
Herning Hills S.A.	1.511	1.482	1.376	1.382	1.318	1.258	1.368	1.394	1.441	1.501
Hopeless S.A.				0.869	0.833	0.838	0.889	0.941	0.940	0.970
Horseshoe Downs S.A.	2.633	2.591	2.522	2.384	2.278	2.297	2.447	3.376	3.315	3.462

See notes on Sheet 3 of 3.

Tax Levies (in 000's)									
<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$64,568	\$69,324	\$74,094	\$79,537	\$82,628	\$82,551	\$86,102	\$92,077	\$93,726	\$94,876
1,588	1,424	1,543	1,672	1,812	1,921	1,991	2,126	2,773	2,910
3,916	4,194	4,536	4,912	5,319	5,636	6,038	6,422	6,870	7,214
9	10	10	11	12	12	14	14	15	15
4	5	5	5	5	5	5	6	5	6
14	16	17	19	18	20	21	23	26	28
18	19	22	25	26	26	28	29	34	37
64	70	82	90	98	105	113	116	122	128
63	68	75	87	100	104	111	116	122	129
5	6	6	6	6	7	7	8	9	9
19	21	23	25	27	28	29	30	30	32
7	7	7	8	8	9	9	10	10	10
572	637	710	779	853	933	1,007	1,057	1,111	1,498
45	54	63	71	80	88	95	100	103	109
		1	1	1	1	1	1	1	1
7	15	17	19	20	21	22	24	25	26
18	24	48	60	86	90	95	99	112	124
10	10	23	35	38	39	43	45	47	51
		1		1	1	1	1	1	1
370	390	419	447	474	493	530	544	561	586
21	22	21	22	23	25	27	28	29	31
13	16	18	20	23	24	26	28	29	32
15	17	18	20	21	24	26	27	28	30
32	37	41	46	52	55	62	66	70	74
15	46	46	17	18	19	20	21	21	22
3	3	3	3	3	3	4	4	4	4
10	12	13	15	7	7	8	8	8	9
16	17	26	27	29	31	34	34	36	37
14	14	15	15	17	18	20	35	38	40
207	228	255	277	318	344	379	401	427	457
14	14	14	14	15	15	16	17	17	18
10	10	11	11	12	12	13	25	25	27
17	18	19	21	23	24	26	26	26	27
10	12	20	26	32	36	39	4	43	45
4	5	6	7	7	12	13	15	16	17
9	11	11	22	23	24	26	27	29	30
30	33	36	40	42	45	49	52	54	58
26	29	35	39	47	50	54	57	60	62
3	4	4	4	5	5	6	6	6	8
7	9	11	13	15	16	19	20	22	24
16	18	19	21	27	34	37	38	41	43
19	20	21	23	25	26	28	28	30	32
			19	20	22	23	24	25	27
9	10	10	11	11	12	13	19	20	26

FAIRBANKS NORTH STAR BOROUGH

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

	Tax Rates - Millage									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Jennifer Drive S.A.	0.571	0.500	1.745	1.695	1.533	1.554	1.654	1.742	1.816	2.019
Jones Road S.A.	1.762	1.697	1.641	1.570	1.447	1.470	1.522	1.630	1.689	1.737
Joy Road S.A.	1.424	1.401	1.355	1.274	1.186	1.189	1.265	1.271	1.271	1.314
Keeney Road S.A.	0.670	0.646	0.676	0.549	0.552	0.545	0.561	0.616	0.657	0.671
Kendall S.A.	0.941	0.958	0.958	0.939	0.874	0.854	0.903	0.957	1.021	1.045
Keystone S.A.	3.166	2.976	3.203	3.125	3.065	3.002	3.088	3.184	3.328	3.440
Kris Kringle S.A.	3.942	2.077	2.053	1.938	1.871	1.911	2.023	2.091	2.139	2.211
Lakloey Hill S.A.	1.172	1.130	1.074	1.030	0.992	0.933	1.003	1.036	1.059	1.110
Lee Lane S.A.	1.650	1.649	1.684	1.598	1.615	1.561	1.623	1.673	1.641	1.738
Loose Moose S.A.	0.926	0.918	0.901	0.875	0.786	0.808	0.905	1.002	0.982	1.034
Martin S.A.	6.267	5.934	5.857	7.714	8.034	8.555	8.190	8.588	8.833	9.417
McCloud S.A.	8.620	8.237	14.807	14.746	14.787	15.075	15.055	9.972	10.458	10.481
McGrath Estates S.A.	1.440	1.431	1.231	1.207	1.176	1.212	1.302	1.342	1.381	1.431
McKinley View S.A.	2.191	2.055	1.910	1.808	1.644	1.692	1.590	2.831	2.847	2.979
Mellow Woods Road S.A.	1.360	1.330	1.303	1.253	1.161	1.194	1.242	1.329	1.271	1.273
Miller Hill Extension S.A.	2.516	5.597	4.829	4.607	4.354	4.400	4.481	4.808	4.945	4.995
Moose Creek S.A.	0.559	0.572	0.475	0.421	0.434	0.373	0.350	0.344	0.380	0.387
Moose Meadows S.A.		0.886	0.856	0.818	0.784	0.774	0.829	0.869	0.877	0.910
Mt. View S.A.	1.262	1.247	1.137	1.143	1.083	1.119	1.191	1.297	1.358	1.399
Murphy S.A.	1.647	1.593	1.622	1.571	1.456	1.506	1.564	1.618	1.642	1.692
Musk Ox S.A.	1.344	1.320	1.239	1.174	1.133	1.163	1.290	1.337	1.354	1.390
Newby Park S.A.	0.495	0.477	0.435	0.722	0.656	0.676	0.710	0.758	0.767	0.823
North Ridge S.A.	3.858	3.921	4.552	4.534	4.500	4.009	4.298	4.423	4.507	4.830
North Star Fire S.A.	1.488	1.462	1.316	1.257	1.205	1.153	1.198	1.241	1.258	1.306
O'Connor Creek S.A.	15.693	16.029	16.419	12.475	13.939	9.770	7.831	7.389	8.875	8.893
Old Wood Road S.A.	2.045	1.988	1.666	1.672	1.619	1.733	1.771	1.786	1.790	2.039
Our S.A.	1.015	0.986	0.887	0.929	0.860	0.838	0.828	1.092	1.087	1.209
Parkside S.A.	1.600	1.584	1.538	1.558	1.428	1.446	1.552	1.576	1.602	1.674
Peede Country Estates S.A.	1.499	1.475	1.488	1.402	1.345	1.287	1.409	1.482	1.326	1.357
Pine Stream S.A.	0.989	0.975	0.955	0.902	0.911	0.928	0.981	1.022	1.001	1.034
Pleasureland S.A.	1.047	0.998	0.989	0.976	0.916	0.881	0.962	0.995	0.970	0.998
Polar Heights S.A.	1.172	1.166	1.110	1.027	1.014	0.926	0.926	0.952	1.016	1.027
Potlatch S.A. (d)	2.430	3.514	3.260	2.374	2.277	2.436	4.553	2.705	2.665	2.755
Prospect Park S.A.	0.961	0.891	0.737	1.142	1.083	1.095	1.121	1.140	1.258	1.281
Reed Acres Road S.A.	1.380	1.359	1.302	1.259	1.145	1.146	1.206	1.260	1.355	1.382
Ridgecrest S.A.	0.928	0.887	0.907	0.899	0.890	0.840	0.975	1.078	1.099	1.129
Salchaket Heights S.A.	4.668	4.292	4.444	4.590	4.806	4.966	5.162	3.863	3.972	4.357
Scenic Heights S.A.	1.584	1.527	1.395	1.377	1.370	1.415	1.497	1.589	1.600	1.707
Seavy S.A.	0.444	0.418	0.366	0.349	0.335	0.294	0.299	0.303	0.311	0.320
Secluded Acres S.A.	1.431	1.442	1.428	1.451	1.416	1.310	1.365	1.396	1.452	1.495
Serendipity Hill S.A.	3.287	3.153	3.077	3.029	2.716	2.998	3.069	3.154	2.901	2.976
Six Mile Village Road S.A.	1.408	1.354	1.280	1.226	1.223	1.167	1.234	1.255	1.232	1.262
Smallwood Trail Road S.A.	0.787	0.743	0.625	0.613	0.600	0.596	0.673	0.742	0.751	0.756
Smith Ranch S.A.						1.299	1.372	1.417	1.343	0.249
Spring Glade S.A.	1.008	0.893	0.827	0.826	0.779	0.813	0.850	0.877	0.898	0.926
Spruce Acres S.A.	1.647	1.698	1.633	1.568	1.515	1.470	1.614	1.692	1.610	1.562

See notes on Sheet 3 of 3.

Tax Levies (in 000's)									
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
\$1	\$1	\$4	\$4	\$5	\$5	\$5	\$6	\$6	\$6
37	37	44	49	53	57	61	64	67	71
5	5	6	6	6	7	8	8	9	9
2	2	2	2	2	2	2	2	3	3
7	9	10	10	10	12	12	13	14	14
8	8	10	11	11	11	12	15	16	17
17	10	11	11	12	12	13	14	15	15
25	26	28	31	33	36	39	39	41	44
4	4	5	5	5	5	6	6	7	7
5	5	5	6	6	7	7	8	8	9
7	9	11	16	21	22	23	29	34	39
9	11	23	24	25	29	31	20	21	23
53	58	55	58	61	65	69	72	74	77
4	4	5	5	5	5	5	8	8	9
14	15	15	16	16	18	18	19	19	19
16	37	41	44	49	51	57	61	64	67
13	14	13	13	14	15	15	16	17	17
	48	53	59	65	69	74	77	81	86
22	23	24	26	27	28	30	32	34	35
6	7	9	10	11	12	12	14	15	16
20	21	22	23	24	25	41	42	43	45
8	9	9	15	16	17	17	18	19	21
4	5	8	8	10	10	11	11	13	15
1,019	1,110	1,135	1,269	1,387	1,484	1,596	1,739	1,831	1,940
85	87	90	95	106	107	112	118	130	125
9	9	8	8	10	11	12	13	14	16
2	2	3	3	3	4	4	4	4	5
5	5	7	8	9	10	11	12	13	13
4	4	4	5	5	5	5	6	6	8
14	15	18	19	21	22	23	24	25	26
5	6	6	7	7	7	8	8	8	8
14	15	16	17	17	18	19	20	21	21
9	7	11	9	10	15	16	12	12	13
5	5	4	7	8	8	8	8	9	9
6	6	6	7	8	8	8	9	10	10
2	2	2	2	2	2	2	3	3	3
2	2	2	2	2	2	2	4	5	5
15	16	16	17	18	18	19	20	21	23
8	9	8	9	9	9	10	10	10	11
6	6	7	7	7	8	8	8	8	13
6	6	6	6	6	7	7	7	8	8
5	5	8	8	8	9	9	10	10	10
4	5	5	5	5	5	6	7	7	8
					36	40	45	47	9
20	20	22	24	26	27	29	31	32	34
5	5	5	6	6	6	7	7	7	7

FAIRBANKS NORTH STAR BOROUGH

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

	Tax Rates - Millage									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Steamboat Landing S.A.	1.251	1.317	1.237	1.171	1.176	1.192	1.307	1.386	1.339	1.385
Steese Volunteer Fire S.A.	1.861	1.809	1.733	1.693	1.628	1.600	1.690	1.739	1.789	1.849
Straight Creek S.A.	3.444	3.315	3.155	3.393	2.963	3.926	3.776	3.867	4.096	3.701
Summerwood S.A.	2.658	2.506	2.357	2.340	2.185	2.258	2.395	2.470	2.560	2.662
Summit Drive S.A.	1.060	1.037	1.483	1.450	1.375	1.381	1.447	1.496	1.542	1.603
Sunny Hills Terrace S.A.	2.377	2.432	2.380	2.355	2.249	2.367	2.498	2.702	2.772	2.946
Sunrise S.A.	2.357	2.349	2.069	2.078	1.865	1.926	2.031	2.136	2.171	2.198
Tan Terra S.A.	0.977	0.926	0.859	1.624	1.559	1.559	1.478	1.553	1.592	1.754
Thomas S.A.	1.297	1.209	2.538	2.442	2.485	2.460	2.759	2.842	2.791	2.861
Timberlane Road S.A.	1.470	1.485	1.420	1.347	1.251	1.274	1.371	1.485	1.464	1.448
Tungsten S.A.	2.778	2.737	2.681	2.687	2.682	2.648	2.814	2.875	2.921	2.992
Twenty Three Mile Slough S.A.	2.445	2.489	3.718	3.887	3.698	3.986	3.977	4.587	3.424	3.557
Ullrhaven S.A.	1.916	1.835	1.758	1.910	1.787	1.658	1.827	1.714	1.706	1.858
University Fire S.A.	2.300	2.285	2.215	2.163	2.108	2.138	2.301	2.370	2.464	2.510
University Heights S.A.	1.652	1.600	1.550	1.533	1.475	1.520	1.617	1.725	1.742	1.755
University West Street Light S.A.	0.500	0.485	0.468	0.443	0.418	0.419	0.447	0.467	0.472	0.485
Vienna Wood S.A.	0.960	0.904	0.878	0.856	0.815	0.772	0.794	0.815	0.836	0.860
Viewpointe S.A.	1.069	1.021	0.972	0.971	0.956	0.982	1.019	1.056	1.104	1.129
Violet Drive S.A.	2.191	2.118	2.780	2.711	2.667	2.572	2.798	2.912	2.990	3.075
Vista Gold Road S.A.	2.883	2.733	2.580	2.459	2.298	2.390	2.377	2.462	2.549	2.622
Vue Crest S.A.	1.467	1.463	1.418	1.389	1.310	1.303	1.429	1.479	1.497	1.517
Whitman S.A.	1.616	1.623	1.553	1.485	1.424	1.369	1.442	1.428	1.385	1.562
Wildview S.A.	3.078	2.896	2.776	2.790	2.579	2.651	2.898	2.999	2.975	3.052
Woodland S.A.	1.204	1.189	1.089	0.999	0.980	0.964	1.036	1.073	1.068	1.097
Yak Road S.A.	0.965	0.934	0.900	0.888	0.889	0.900	0.976	0.984	1.009	1.035
Overlapping Separate										
City Governments										
City of Fairbanks	6.516	7.171	6.804	6.700	6.594	5.991	5.927	5.803	5.843	5.734
Borough areawide	13.693	13.606	13.219	12.923	12.209	11.287	11.186	11.432	11.294	11.216
City of Fairbanks total	<u>20.209</u>	<u>20.777</u>	<u>20.023</u>	<u>19.623</u>	<u>18.803</u>	<u>17.278</u>	<u>17.113</u>	<u>17.235</u>	<u>17.137</u>	<u>16.950</u>
City of North Pole	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000
Borough areawide	13.693	13.606	13.219	12.923	12.209	11.287	11.186	11.432	11.294	11.216
Borough Solid Waste										
Collection District	1.187	1.183	1.167	1.150	1.126	1.103	1.121	1.141	1.194	1.229
City of North Pole total	<u>17.880</u>	<u>17.789</u>	<u>17.386</u>	<u>17.073</u>	<u>16.335</u>	<u>15.390</u>	<u>15.307</u>	<u>15.573</u>	<u>15.488</u>	<u>15.445</u>

Source: Borough treasury and budget division

Notes: Alaska Statute 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 FNSBC 3.08.141.

Air Park S.A. and Cleary Summit S.A. do not levy taxes.

Tax Levies (in 000's)									
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
\$9	\$10	\$12	\$13	\$15	\$17	\$18	\$19	\$20	\$21
800	862	935	1,018	1,097	1,172	1,279	1,380	1,452	1,536
8	9	9	10	13	18	19	18	19	19
23	26	28	30	32	34	38	39	42	44
45	48	79	89	99	108	115	121	129	137
21	23	25	27	28	30	33	35	36	40
9	9	10	11	11	12	12	13	13	14
8	9	9	19	19	20	27	29	31	35
4	4	10	10	11	11	12	13	13	14
6	7	7	7	7	8	8	9	9	9
17	22	25	26	29	32	42	43	46	49
10	12	19	23	24	29	41	52	43	50
3	3	3	3	4	4	4	4	4	5
1,519	1,609	1,727	1,866	2,020	2,135	2,337	2,434	2,590	2,724
42	44	46	49	52	55	58	62	63	65
46	49	52	57	60	62	66	68	70	72
12	14	16	19	20	21	23	25	25	26
14	15	15	16	17	18	18	19	20	21
27	29	44	48	53	57	61	64	69	74
26	28	29	31	33	35	38	40	42	44
21	22	23	25	27	30	32	33	34	36
3	3	3	3	3	4	4	4	4	5
109	120	131	145	158	171	184	193	202	212
2	2	2	2	2	2	2	2	2	3
48	56	62	66	70	73	78	81	84	87
9,227	11,113	11,688	12,619	13,477	13,210	13,701	14,876	14,960	14,945
789	813	770	815	883	924	959	938	982	980

- (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.
- (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

Property	Type of Business	2012			2003		
		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	\$669,165,790	1	8.48%	\$270,805,700	1	6.08%
Fairbanks Gold Mining, Inc. (c)	gold mining	403,361,872	2	5.11	230,374,288	2	5.17
Doyon Utilities, LLC	utilities	244,314,732	3	3.09			
Flint Hills Resources, LLC (d)	oil refining	142,064,618	4	1.80	169,584,661	3	3.81
Alaska Communications Systems	communications	51,389,173	5	0.65	35,797,041	5	0.80
GCI Cable Fairbanks, Inc	utilities	35,625,595	6	0.45			
Wal-Mart	shopping center	33,523,184	7	0.42			
Westmark Hotel	hotel	33,251,338	8	0.42			
Fred Meyer Stores, Inc. (west)	shopping center	28,198,643	9	0.36	21,176,835	8	0.48
Alaska Hotel Properties, Inc. (e)	hotel	27,753,848	10	0.35	26,308,532	6	0.59
HEBL Housing (Eielson AFB)	military housing				43,024,524	4	0.97
North Star Alaska Housing Corp.	military housing				24,394,131	7	0.55
Bentley Mall/Barsa Association	shopping center				16,788,869	9	0.38
Home Depot	shopping center				15,051,678	10	0.34
		<u>\$1,668,648,793</u>		<u>21.14%</u>	<u>\$853,306,259</u>		<u>19.17%</u>

Sources: Borough treasury and budget division and assessing department

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

(a) \$7,894,891,228

(b) \$4,452,200,413

(c) Fort Knox

(d) Williams Alaska Petroleum, Inc. in 2003

(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 (a)	Net Tax Levy (b)	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
2003-04	64,568,352	60,900,931	60,228,158	98.90	587,045	60,815,203	99.86
2004-05	69,324,447	65,291,295	64,576,590	98.91	615,975	65,192,565	99.85
2005-06	74,094,284	69,496,812	68,689,017	98.84	732,821	69,421,838	99.89
2006-07 (c)	79,536,709	74,585,658	73,722,859	98.84	612,751	74,335,610	99.66
2007-08 (d)	82,627,871	77,824,971	76,752,199	98.62	1,059,236	77,811,435	99.98
2008-09 (d)	82,550,860	77,549,577	76,584,066	98.75	807,170	77,391,236	99.80
2009-10 (d)	86,102,429	80,813,908	79,648,773	98.56	1,143,127	80,791,901	99.97
2010-11	92,077,064	86,709,188	85,643,722	98.77	994,911	86,638,633	99.92
2011-12	93,725,808	87,756,597	86,666,871	98.76	549,197	87,216,068	99.38
2012-13	94,876,332	88,499,301	87,427,560	98.79		87,427,560	98.79

Source: Borough Treasury and Budget division and Assessing department

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

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

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

(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

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income (b)	Per Capita (b)
	General Obligation Bonds (a)	Capital Leases	Loans Payable	Capital Leases			
2003-04	\$136,647,110	\$861,029	\$6,249,509	\$91,002	\$143,848,650	5.44%	\$1,656
2004-05	140,890,843	1,270,358	7,585,945	54,305	149,801,451	5.36	1,682
2005-06	140,050,407	1,478,140	5,865,425	16,261	147,410,233	4.83	1,630
2006-07	142,962,583	1,168,650	6,172,203		150,303,436	4.55	1,660
2007-08	143,831,388	975,952	4,974,449		149,781,789	4.21	1,601
2008-09	135,863,821	1,006,485	3,758,471		140,628,777	3.58	1,487
2009-10	139,513,840	1,249,231	2,524,253		143,287,324	3.77	1,505
2010-11	130,367,597	1,150,953	1,271,522		132,790,072	3.39	1,351
2011-12	131,752,364	1,414,110	40,246		133,206,720	3.15	1,343
2012-13	120,368,365	1,285,223	2,187,638		123,841,226		

Notes: Details regarding the Borough's outstanding debt can be found in the notes to the financial statements (Note 10).

(a) long-term general obligation bonds, deferred premiums, and deferred amounts on refundings

(b) 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 2012 is not available until April 2014.

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

<u>Fiscal Year</u>	<u>Estimated Actual Value of Taxable Property</u>	<u>Population Calendar Year</u> (a)	<u>General Bonded Debt</u> (b)	<u>General Bonded Debt to Estimated Actual Value of Taxable Property</u>	<u>General Bonded Debt Per Capita</u>
2003-04	\$4,588,376,599	86,885	\$136,647,110	2.98%	\$1,573
2004-05	5,020,392,059	89,043	140,890,843	2.81	1,582
2005-06	5,522,981,852	90,431	140,050,407	2.54	1,549
2006-07	6,102,033,479	90,545	142,962,583	2.34	1,579
2007-08	6,732,886,695	93,545	143,831,388	2.14	1,538
2008-09	7,410,674,986	94,552	135,863,820	1.83	1,437
2009-10	7,705,203,789	95,238	139,513,840	1.81	1,465
2010-11	7,976,571,504	98,279	130,367,597	1.63	1,327
2011-12	8,245,058,799	99,192	131,752,364	1.60	1,328
2012-13	8,325,157,990		120,368,365	1.45	

Sources: Borough assessing department, U.S. Department of Commerce: Bureau of Economic Analysis

Notes: Details regarding the Borough's long-term debt can be found in the notes to the financial statements (Note 10).

(a) See Table XI. Population statistics may vary on an annual basis as adjusted by the State of Alaska. These ratios are calculated using data for the prior calendar years. Data for calendar year 2012 is not available until April 2014.

(b) long-term general obligation bonds, deferred premiums, and deferred amounts on refundings

FAIRBANKS NORTH STAR BOROUGH

Table XI

Demographic and Economic Statistics
Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income in 000's</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
	(a)	(a)	(a)	(b)
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	5.8
2009	95,238	3,805,279	39,955	7.1
2010	98,279	3,921,137	39,898	6.9
2011	99,192	4,228,145	42,626	6.7

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 November 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 2009.

Data for calendar year 2012 is not available until April 2014.

FAIRBANKS NORTH STAR BOROUGH

Table XII

Employment by Industry
Current Year and Nine Years Ago

Type of Employer	2012			2003 (a)		
	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	11,975	30.64%	1	8,792	27.76%
Trade, transportation, utilities	2	7,667	19.62	2	5,425	17.13
Educational and health services	3	5,142	13.16	4	3,400	10.73
Leisure and hospitality	4	4,075	10.43	3	4,046	12.77
Construction	5	2,492	6.38	6	2,067	6.53
Professional and business services	6	2,475	6.33	7	1,925	6.08
Information, other services	7	1,742	4.46	5	2,983	9.42
Financial activities	8	1,467	3.75	8	1,183	3.73
Mining and logging (d)	9	1,442	3.69	10	925	2.92
Manufacturing	10	608	1.56	9	929	2.93
		<u>39,085</u>	<u>100.00%</u>		<u>31,675</u>	<u>100.00%</u>

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

Notes: (a) 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 3,358
state government 5,425
local government 3,192

(d) Natural resources and mining in 2003

FAIRBANKS NORTH STAR BOROUGH

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

Function / Program	Full-time Equivalent Employees				
	2004	2005	2006	2007	2008
		(a)			
General government	108.40	112.40	116.90	116.30	116.30
Community planning	20.00	20.00	20.00	21.00	22.00
Public works	33.32	40.32	38.32	38.32	40.32
Parks and recreation	47.49	48.89	49.82	53.70	54.70
Library	47.35	47.35	47.35	47.85	47.85
Direct services	20.06				
Emergency operations	3.00	18.01	19.01	21.00	21.00
Fire service areas	5.00	5.00	5.00	4.00	4.00
Transportation	38.86	41.36	41.36	42.67	44.88
Land management	9.00	9.00	9.00	9.00	8.00
Solid waste disposal	15.18	15.68	15.68	16.06	16.06
Total	<u><u>347.66</u></u>	<u><u>358.01</u></u>	<u><u>362.44</u></u>	<u><u>369.90</u></u>	<u><u>375.11</u></u>

Source: Borough treasury and budget division

- Notes:
- (a) In fiscal year 2005, the direct services function was dissolved. Rural services (roads) was moved into the public works function and animal control was moved into the emergency operations function.
 - (b) In fiscal year 2010, the land management function was moved into the general government function.
 - (c) Effective January 1, 2010, the transportation inspection/maintenance program for vehicle carbon monoxide emissions was discontinued. Concurrently, the Borough initiated programs to mitigate fine particulate matter pollutants (PM_{2.5}).
 - (d) Beginning in fiscal year 2011, fire service area employees are no longer Borough employees.
 - (e) In fiscal year 2012, the child care assistance activity in the general government function was eliminated.

Table XIII

as of June 30				
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
	(b), (c)	(d)	(e)	
114.30	121.30	122.30	115.60	118.60
20.00	20.00	20.00	20.00	17.00
40.32	39.32	40.32	40.32	41.32
55.70	55.70	55.20	55.20	55.50
47.85	47.85	48.35	48.35	47.85
20.50	21.00	21.00	21.00	21.00
4.00	4.00			
45.88	46.83	45.58	46.26	49.21
8.00				
16.06	16.56	16.56	16.56	16.56
<u>372.61</u>	<u>372.56</u>	<u>369.31</u>	<u>363.29</u>	<u>367.04</u>

FAIRBANKS NORTH STAR BOROUGH

**Operating Indicators by Function/Program
Last Ten Fiscal Years**

Function/Program	Fiscal			
	2003-04	2004-05	2005-06	2006-07
General government				
Annual operating budget	\$106,437,380	\$112,772,767	\$121,996,319	\$124,835,720
Community planning				
Platting applications processed	357	338	338	387
Zoning and related permits issued	247	333	349	328
Public works				
Average annual dollar value of projects completed	\$11 million	\$23 million	\$33 million	\$34 million
Facilities maintenance work orders	2,940	3,108	3,230	2,862
Parks and recreation				
Aquatic facility attendance	212,126	222,675	225,350	220,134
Chena Lakes annual visitors	108,117	76,131	80,294	95,038
Ice arena average daily attendance	430	443	358	481
Pioneer Park annual visitors	252,920	237,829	259,985	275,581
Carlson Center event tickets sold	61,873	62,000	102,064	107,336
Library				
Items borrowed and used by patrons	556,747	577,424	566,640	614,218
Number of library visits by patrons	355,483	347,297	363,653	327,850
Road and other service areas				
Number of volunteer commissioners	259	273	278	266
Education				
Local support to School District	\$34,545,700	\$36,545,700	\$38,022,700	\$40,022,700
Emergency operations				
Ambulance responses	1,610	1,625	1,632	2,229
Animal control call responses	4,033	4,327	4,458	4,930
911 calls received (b)	47,628	46,300	45,900	46,500
Fire service areas				
Call outs (calendar year)	874	943	1,164	1,122
Transportation and air quality				
Total ridership	382,000	399,215	392,024	294,865
Paratransit van rides provided	31,360	20,175	21,014	24,765
Vehicle emission tests performed	39,525	35,940	33,389	30,656
Solid waste disposal				
Number of tons into the landfill	106,625	111,602	109,780	113,052
Tons of waste paper recycled	1,179	(c)	1,081	622

Sources: Various Borough departments; or
State of Alaska Department of Public Safety

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

(b) Beginning in fiscal year 2007-08, the 911 system began tracking all calls 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.

Table XIV

Year						
2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	
\$133,920,867	\$135,135,900	\$142,046,812	\$145,622,014	\$150,777,316	(a) \$155,436,415	
219	194	193	183	154	132	
265	165	249	239	232	343	
\$25 million	\$19 million	\$23 million	\$27 million	\$24 million	\$24 million	
2,704	2,703	2,646	2,428	2,396	2,450	
227,671	201,532	198,581	219,403	206,668	201,000	
88,069	97,990	114,617	119,888	103,404	86,831	
480	479	497	521	552	580	
265,100	212,448	253,040	275,182	306,466	320,000	
109,525	108,313	107,098	106,878	103,197	101,500	
662,755	693,954	726,830	691,356	718,206	704,045	
344,723	343,411	345,699	332,367	314,422	340,490	
265	283	285	279	271	266	
\$42,222,700	\$44,222,700	\$45,522,700	\$46,522,700	\$47,359,300	\$47,000,000	
2,287	2,410	2,544	2,564	2,600	2,609	
3,997	2,983	2,998	3,822	2,968	3,000	
116,007	117,323	129,165	118,235	59,097	57,011	
1,058	1,084	1,105	1,217	1,271	(c)	
292,142	357,964	383,773	391,799	428,166	449,574	
30,047	23,069	20,983	20,479	18,976	23,500	
28,028	30,842	14,920	(d)	(d)	(d)	
115,990	103,950	111,784	108,026	107,353	108,000	
(e)	(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/Program
Last Ten Fiscal Years**

Function / Program	Fiscal			
	2003-04	2004-05	2005-06	2006-07
General government				
Administration square footage	21,216	21,127	21,216	21,127
Public works				
Re-use areas	5	5	5	5
Transfer sites	14	14	14	14
Parks and recreation				
Ballfields	45	45	45	43
Campgrounds	5	5	5	5
Ice rinks	8	8	8	8
Parks maintained	130	131	133	133
Picnic facilities	28	28	28	30
Pools	3	3	3	3
Soccer fields	8	8	8	8
Square feet of playground equipment area	44,000	44,000	44,000	48,000
Basketball, tennis, volleyball courts	27	27	27	27
Library				
Items in collection	311,626	319,692	337,639	347,291
Public computers and printers	68	70	63	63
Road and other service areas				
Miles of road	447	460	466	470
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	4	6	6	6
Fire service areas				
Emergency response vehicles	54	51	51	62
Fire stations	13	13	13	14
Transportation and air quality				
Buses	10	9	9	9
Paratransit vans	7	6	18	12
Air quality monitoring sites (a)	4	4	4	8
Solid waste disposal				
Landfill cells	1	1	2	2
Recycling collection totes	30	31	31	30

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						
2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	
21,138	21,138	22,899	23,055	23,055	23,287	
5	5	5	5	5	5	
14	14	14	14	14	14	
43	43	43	43	48	48	
5	5	5	5	5	5	
8	8	8	8	8	8	
132	136	136	136	138	138	
30	30	30	30	32	32	
3	3	3	3	3	3	
8	8	8	8	8	10	
47,480	47,480	47,480	47,480	47,480	47,480	
27	27	27	27	27	27	
348,380	350,881	368,797	375,040	375,214	384,384	
64	72	62	62	62	63	
473	476	476	482	485	488	
19	19	19	19	19	19	
10	10	10	10	10	10	
7	7	7	7	7	9	
7	6	6	9	8	9	
67	68	69	63	62	70	
14	14	14	13	13	13	
13	13	13	13	18	18	
9	9	8	13	13	11	
8	9	6	7	7	6	
2	2	2	2	2	2	
30	30	35	35	35	35	

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