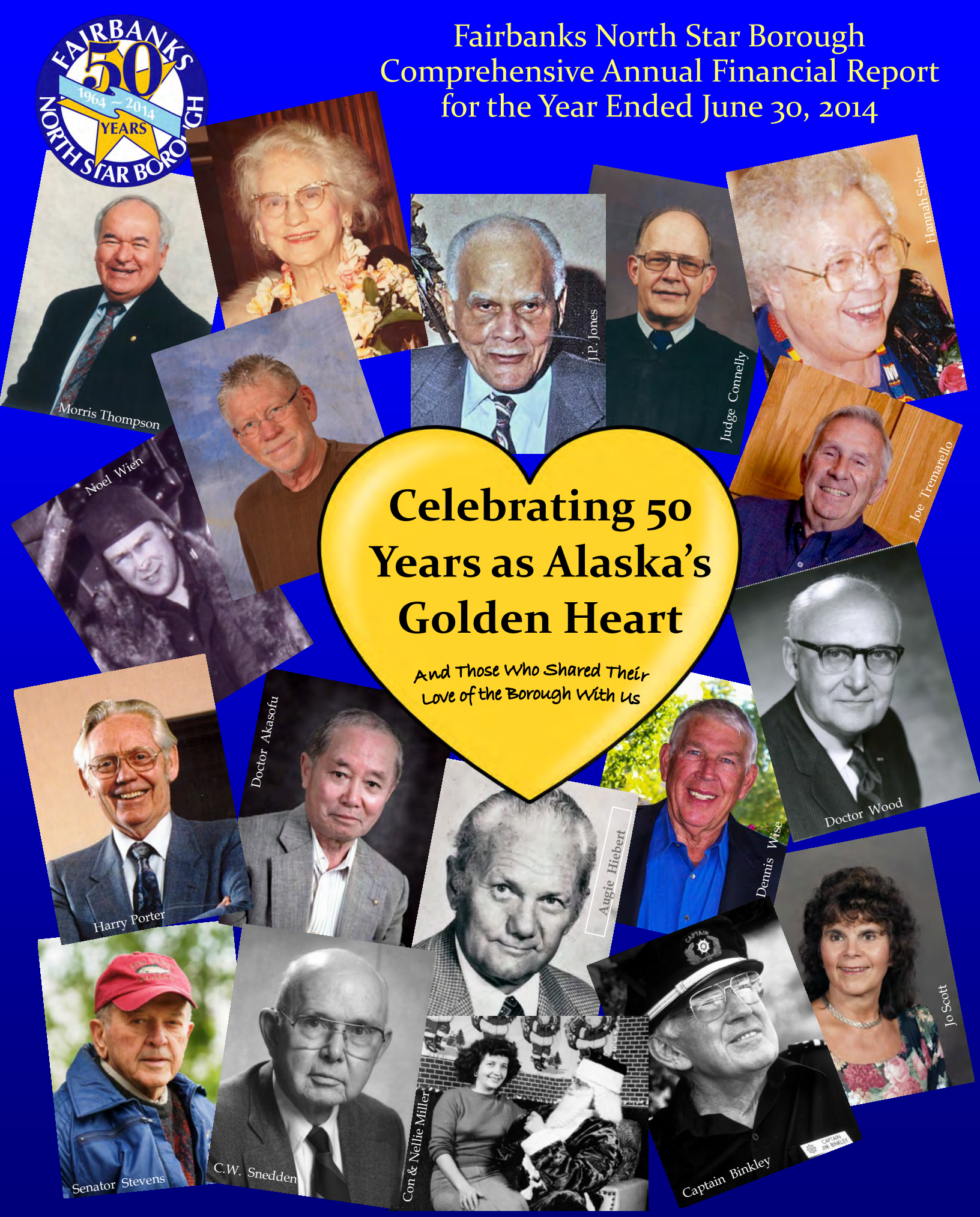
Fairbanks North Star Borough Comprehensive Annual Financial Report for the Year Ended June 30, 2014



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FAIRBANKS NORTH STAR BOROUGH

Fairbanks, Alaska

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014

Luke T. Hopkins, Borough Mayor

Prepared by
Financial Services Department:

Debra L. R. Brady, Chief Financial Officer
Joanne K. Pascoe, Controller

About the Cover

The history of the Fairbanks North Star Borough is filled with people who played an important role in shaping the Borough's future. As we celebrate the Borough's 50th anniversary, we pay tribute to just a few of those.

Biographies for those featured on this cover, along with many others who gave of themselves, can be found on the Borough's website at:
http://www.co.fairbanks.ak.us/mayor/History/NiftyFiftyPrograms1-3.pdf

FAIRBANKS NORTH STAR BOROUGH

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014

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INTRODUCTORY SECTION

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GENERAL INFORMATION ABOUT THE BOROUGH

The Fairbanks North Star Borough is a second-class borough incorporated on January 1, 1964 under the provisions of the State of Alaska Borough Act (1963), as amended. The Borough covers 7,361 square miles within the Tanana River valley of the interior region of Alaska. The Borough population is 99,632[1] and has an assessed valuation for real property of $9.4 billion[2], of which $869.7 million[2] is related to the trans-Alaska oil pipeline system. There are two incorporated cities located within the Borough's boundaries: North Pole with 2,209[1] residents and Fairbanks with a population of 32,204[1]. 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 2,234 regular staff (full and part-time). Fall 2014 enrollment reached 8,700 students (4,070 full-time and 4,630 part-time), and UAF currently has 1,137 students enrolled in graduate studies. In fiscal year 2014, 1,445 students graduated from an academic program. UAF expended $105 million in research in fiscal year 2014. The university has an exceptional museum which received 94,218 visitors in fiscal year 2014. 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 system 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 2,200-acre Chena Lake Recreation Area with 80 campsites, swimming, and boating. The second largest is the 780 acre Tanana Lakes Recreation Area, with a swim beach, a picnic area, and a calm-water boat launch (to the Tanana River) and dock facility. The Borough's parks and recreational facilities include over 850 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, 53 bed and breakfasts, 12 lodges, and several recreational vehicle parks and campgrounds supply accommodations in the area.

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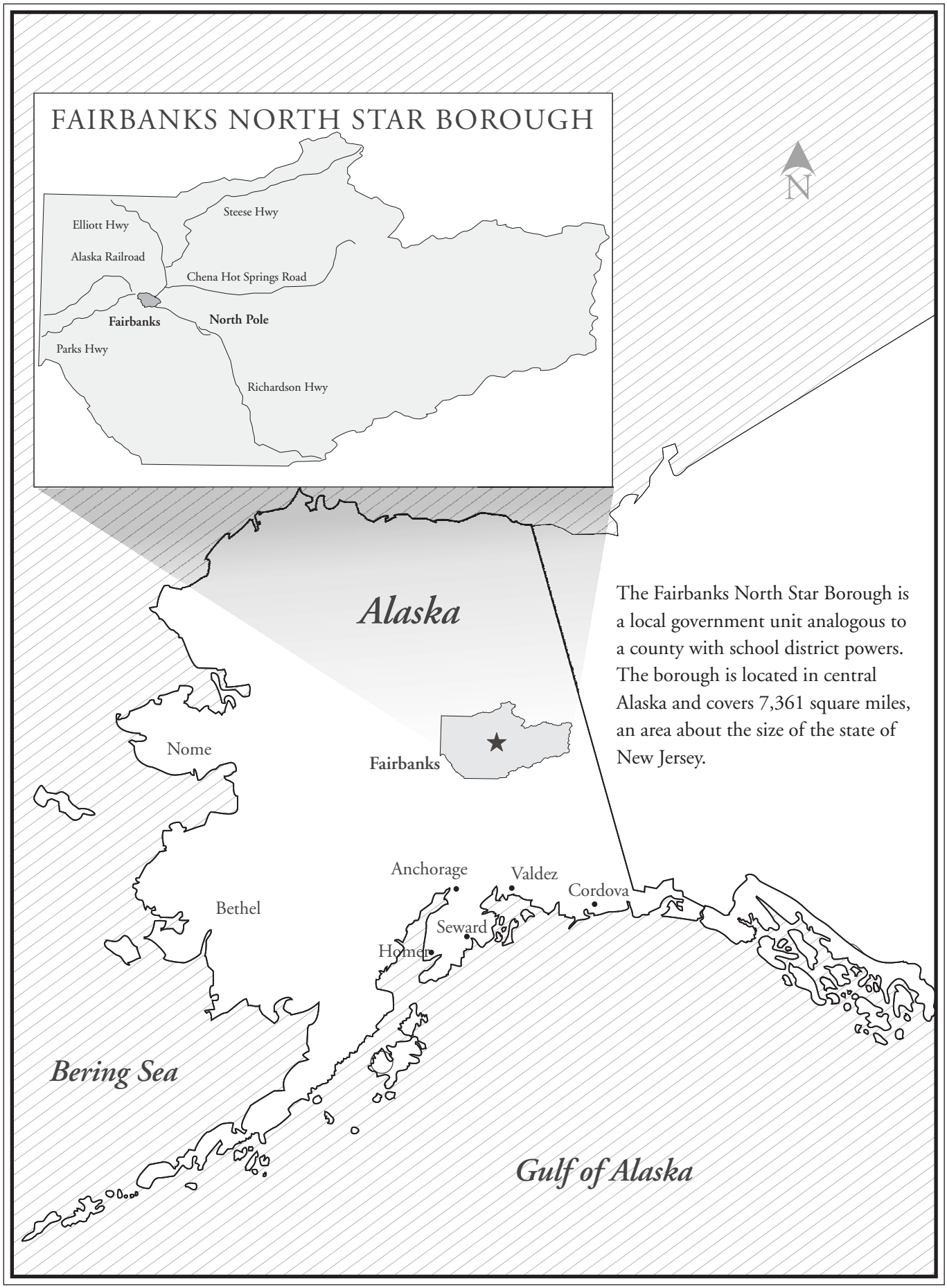
[1] population figures per Alaska Department of Commerce, Community and Economic Development – 2013 certified municipal populations

[2] for 2014 tax year



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

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

December 31, 2014

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, 2014. 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 2013-14 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 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. 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, 2014." These reports show that, during the fiscal year ended June 30, 2014, the Borough expended $13,204,099 from 55 federal awards and $37,349,846 from 79 State financial assistance awards.

For one major federal grant program, the Borough's federal single audit for the fiscal year ended June 30, 2014 uncovered a significant deficiency in the internal control over that program, resulting in a modified opinion on compliance with the grant requirements for that program and questioned costs of $19,617 for that program. The Borough has prepared a corrective action plan and has already performed some of the actions outlined in that plan. The Borough expects to complete most of the remaining actions in the plan by January 31, 2015 and the last action no later than by the end of next summer. The results of the federal single audit for the remaining federal programs and the results of the State single audit for the fiscal year ended June 30, 2014 provided no instances of material weaknesses or significant deficiencies in internal control, or any violations of applicable laws and regulations.

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 incorporated 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 a natural gas utility which began November 15, 2012 and is still in the development stage.

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 14,040 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: http://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 / Interior Gas Utility* 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. Two new members were elected at large in the October 2014 election.

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. The IGU publishes separate, audited financial statements which are available on their web site at: http://www.interiorgas.com/docs/.

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 two years of employment contraction, a 1.0 percent loss in jobs in 2013 and a 1.0 percent loss in 2009. After the 2009 loss, Fairbanks resumed its employment growth in 2010 and ended the year with more jobs than at the start of the recession. Despite the loss in 2013, total jobs in 2013 were still greater than at the start of the recession and on par with 2011's total employment. The 2013 decrease reflects average annual employment of 39,010 workers. The Alaska Department of Labor forecasts the labor force to grow to an average annual of 39,100 jobs for 2014 and for the first nine months of 2014, 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 small, steady decline 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 again, trending as expected, with the declines in unemployment and in the number of high school graduates. Grant-funded research expenditures for the Fairbanks campus were $114.5 million in fiscal year 2013, down from $117.4 million in 2012, due to the reduction in available funding from the federal government which is somewhat offset by increased funding from the State. Construction continued on the new $111.6 million engineering building, although $31.5 million of the project budget is still to be funded; this is a $3.0 million increase from the original cost estimate to cover inflation in material and labor costs and a portion of the extended direct project costs, due to delayed funding, which has also pushed the opening date to at least spring semester of 2017. Design for the $248.0 million campus heat and power plant replacement has begun, with construction completion expected in 2018. These two major projects have forced other new construction requests, that have already received some planning approval, into the out-years of the University's 10-year capital improvement plan.

A UAF-led team, headquartered at the UAF Geophysical Institute's Alaska Center for Unmanned Aircraft Systems Integration (ACUASI), is one of six test centers selected by the Federal Aviation Administration for the purpose of integrating Unmanned Aircraft Systems (UAS) – better known as "drones" – into the national airspace system. In 2014, the ACUASI became the second operational UAS test site in the nation. The team and the university are recognized nationwide as leaders in the industry; the program

and test site are viewed as well ahead of others in the business. UAF's program is positioned to secure a significant portion of the explosive growth in national UAS-related technical jobs, industry, operations, and education for Alaska. (See **Borough Initiatives**, *Unmanned Aircraft Systems (UAS) / Unmanned Aerial Vehicles (UAV) Tech Park* subsection, below.)

Trade, transportation, and utilities is the next largest employment sector in the borough, accounting for 21 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, Fred Meyer East, and Sam's Club are currently the seventh, ninth, eleventh, thirteenth, and fifteenth largest taxable properties in the Borough, respectively. The national outdoor retailer REI opened a store in Fairbanks in spring 2014. Walgreens, the nation's largest drugstore chain, opened its first Fairbanks store in November 2014, with a second store expected to open in February 2015. An Auto Zone store also opened in fall 2014, with a second store currently under construction. Construction of an ULTA Beauty retail store is underway, with opening expected in 2015.

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, Japan Airlines announced it is reducing this winter's schedule of non-stop charter flights between Japan and Fairbanks from 18 to nine flights, citing pilot training and aircraft maintenance needs, but is expecting to return to a full schedule next winter. Frontier Airlines is discontinuing its summer service between Denver and Fairbanks after two summer seasons, citing its efforts to reposition its national fleet and uncertainty over fuel costs resulting from the closure of the Flint Hills refinery. (For more about the closure, see the seventh paragraph following in this same subsection.)

Phase I of the proposed northern rail extension (NRE) project, a $188 million bridge over the Tanana River for the State-owned Alaska Railroad Corporation, began in summer 2011. Alaska's longest bridge was completed in summer 2014. Subsequent phases of the NRE project, including rails on the bridge, are subject to funding availability. The project included the building of a levee to protect against flooding to residential areas downstream from the bridge.

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.

Fourteen 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 eleven 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, 2012 saw another increase, and 2013 was flat. 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 2014, the first (winter) quarter was up again, as were the next two (summer) quarters. The Westmark Fairbanks Hotel and Fairbanks Princess Riverside Lodge are the eighth and tenth largest taxable properties in the Borough, respectively. In October 2013, the Princess Lodge announced its switch to a summer-only hotel, 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 the 2013 convention was $4 million. In March 2014, the Fairbanks area hosted 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 Systems (ACS) and GCI, Inc, 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" - AWN). In December 2014, GCI announced its agreement to buy ACS's stake in the AWN and ACS's wireless customer base. 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 activated its voice services and opened a Fairbanks retail store in September 2014.

The remaining employment sectors in the services-producing domain are professional and business services (5.5 percent), financial activities (3.2 percent), and other services (3.1 percent). The construction, mining and logging, and manufacturing sectors comprise the goods-producing domain, and represent 6.5 percent, 4.0 percent, and 1.5 percent of total employment, respectively.

Natural resources are an important part of the borough's economy. For fiscal years 2013 and 2014, Flint Hills Resources was the Borough's fourth largest taxable property. Previously the largest refinery in the state, Flint Hills Resources ceased refinery operations in May 2014, citing the high costs of doing business in Alaska and its ongoing obligations from groundwater contamination. Flint Hills Resources continues to operate as a terminal distribution center for the local market, railing gasoline and jet fuel imported through the Port of Anchorage or from other in-state refineries. The refinery facility has been decommissioned, a condition that would allow a prospective buyer to resume refinery production more quickly. Fairbanks Gold Mining, Inc., operating at Fort Knox, is the second largest taxable property. Gold processing at Fort Knox is expected to continue to 2020. 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 both mines 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. The focus now is on reducing costs and optimizing the production process.

Overall, the construction industry was forecasted to grow somewhat in 2014, due to highway and military projects. In addition to the construction projects previously mentioned, many 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). Uniformed military and their dependents comprise almost 25 percent of the Borough's total population.

In August 2014, the Air Force announced its selection of Eielson as the preferred base to host the first two F-35 squadrons for the Pacific Air Force. The decision is contingent on the satisfactory completion of an environmental impact statement (EIS) analysis process, expected to be complete in fall 2015. No alternate bases were included in the Air Force's decision. The Fairbanks Economic Development Corporation's impact study estimates more than 3,000 additional jobs would result from basing the squadrons at Eielson, more than doubling the base's current workforce. If the EIS analysis process is successful, the Air Force anticipates the F-35s would arrive in 2019.

Eielson currently hosts an F-16 squadron. The Air Force also announced that it will now re-evaluate the location of that squadron, with consideration given to keeping the squadron at Eielson as one of the alternatives. Alaska's Congressional delegation has pressed for keeping the F-16s, at least until the F-35s arrive.

In January 2012, the U.S. Army announced a force reduction of 80,000 soldiers, from a wartime high of 570,000 to 490,000. 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 gained 367 soldiers from the reorganization, most part of a new engineer battalion which was activated in September 2014.

In February 2014, the U.S. Secretary of Defense proposed to further reduce Army forces to between 440,000 and 450,000 by federal fiscal year 2017, in response to budget pressures. In June 2014, the Army released its report outlining options to achieve this lower level. In addition, further reductions, to a level of 420,000 troops by federal fiscal year 2019, may be required by federal sequestration rules and options for this level were also included in the report. A troop reduction at Fort Wainwright of up to 5,800 (over 70 percent) is among the many options in the report.

In April 2014, the Borough approved $250,000 to support efforts to increase missions at Eielson and Fort Wainwright and in the Joint Pacific Alaska Range Complex (JPARC) in interior Alaska, along with support to the EIS analysis process for the basing of F-35s at Eielson.

The Tanana River bridge construction project for the Alaska Railroad was completed in summer 2014, as previously mentioned, above, in the *Employment and Industries* subsection. The bridge provides year-round access to joint Army and Air Force training ranges south of the Tanana River.

Real Property Values

Net taxable assessed values (taxable values less exemptions) within the Borough, without the trans-Alaska pipeline system (TAPS), increased by $348 million from tax year 2013 to 2014, after having remained flat from tax year 2012 to 2013, and have increased 4.8 percent annually, on average, since 2005. Excluding new construction, TAPS, and exemptions in each year, assessed values increased by 2.6 percent ($207 million) from 2013 to 2014. As a percentage of total net taxable assessed values, 2014 valuations on new construction ($383 million) are back up at 4.5 percent, slightly more than the average percentage of 4.2 percent for the previous decade (excluding the flat 2013 tax year). In dollars, the rate of increase in State-mandated and voter-approved exemptions almost doubled compared to the previous year increase and are now at $916 million. The TAPS valuation decreased 8.6 percent, by $81 million, after a previous year increase of 42.2 percent or $282 million. At 9.3 percent of net taxable value, 2014 marks the second highest percent of TAPS to net taxable value in well over a decade. The 2014 tax year generates revenue for the 2014-15 fiscal year.

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 February 2014, the Alaska Supreme Court affirmed the Superior Court's ruling. 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 percentage of TAPS to total assessed value 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 various pending litigation, and the disputed valuations for the 2010, 2011, 2012, 2013, and 2014 tax years.

A brief discussion about low oil prices is included in the **State and Local Funding to the Borough and School District** section, below. Low oil prices also introduce the prospect of decreasing the valuation of TAPS for the 2015 tax year (fiscal year 2015-16). For one thing, State Statutes and regulations require the assessed valuation of TAPS be based on its economic value with consideration given to the reserves to be served by TAPS. Hence, a decrease in the value of those reserves, brought about by low oil prices, has the potential to cause a decrease in the overall valuation of TAPS.

Unemployment Rate

The average Borough monthly unemployment rate for the twelve months ended September 30, 2014 was 5.7 percent, down from 5.9 percent for the same period last year, still moving toward 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 were 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 remained below the national rate of unemployment during the recession and recovery. During the first nine months of 2014, Alaska's and the national monthly unemployment rates have leap-frogged each

other. However, for the nine months ended September 30, 2014, Alaska's average monthly unemployment rate is now higher than the national rate for the same period.

Energy Costs / Interior Energy Project

According to the Council for Community and Economic Research, in the first quarter of 2014, Fairbanks had the second highest utility costs of 300 urban areas throughout the nation, 142 percent above the average; in the first quarter of 2013, Fairbanks had the highest utility costs of 307 urban areas throughout the nation; and in the third quarter of 2012, Fairbanks had the highest utility costs of 304 urban areas. 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)
www.AGDC.us (Alaska Gasline Development Corp./Alaska Stand Alone Pipeline)
www.AK-LNG.com (Alaska LNG Project)
www.arcticgas.gov (Office of the Federal Coordinator/Alaska Natural Gas Transportation Projects)
www.arcticgas.gov/sites/default/files/documents/guide-to-alaska-natural-gas-projects.pdf
doyonoil.com (Interior exploration by Doyon, Limited)

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

As passed by the 2013 Alaska Legislature and signed by former Governor Parnell, the $362.5 million "Interior Energy Project" plans to make natural gas available for trucking to the Fairbanks North Star Borough and potentially other road and river communities in Alaska. It includes $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 $275 million passed the Legislature unanimously. The Interior Energy Project intends to reduce heating bills by 40 to 50 percent for residential ratepayers and to substantially improve air quality in the region (see **Borough Initiatives**, *$PM_{2.5}$ Air Quality Standards* subsection, below).

In January 2014, AIDEA approved $20 million of a $35 million loan to Fairbanks Natural Gas (FNG) to build a five million gallon liquefied natural gas storage facility in Fairbanks. The remaining $15 million is being loaned from an Alaska bank. Fairbanks Natural Gas is a private gas distribution utility serving a portion of the most densely populated areas in the borough. This transaction is separate from the Interior Energy Project. FNG has currently suspended its loan application due to low oil prices. (See second to last paragraph of the **State and Federal Funding to the Borough and School District** section, below.)

In April 2014, AIDEA approved two loans of funds from the SETS program for natural gas distribution systems in the borough. The loan to Fairbanks Natural Gas is $15.0 million. The Interior Gas Utility was authorized an $8.1 million loan.

In September 2014, a California company presented to AIDEA the option of taking gas north to Fairbanks from the Cook Inlet supply rather than from the North Slope. The company is working to develop a liquefaction plant in south central Alaska, with LNG dedicated for in-state use, not for export. Company officials say their plan is not dependent on participation from the Fairbanks market.

In September 2014, AIDEA signed a concession agreement with MWH Global (chosen in January 2014 after a competitive process) that created the legal framework for the development, financing, construction, operation, and maintenance of the liquefaction facility, which would be owned by AIDEA. The agreement also provided for negotiating gas supply customer contracts with the three local utilities in the borough. In October 2014, AIDEA announced that all permits are in place to build the facility.

At a mid-November 2014 meeting sponsored by the Fairbanks Economic Development Corporation, AIDEA made known the current estimated cost to construct the North Slope liquefaction plant, which was higher than expected, and provided a resulting higher-than-anticipated estimate of the cost to truck natural gas to the borough, about 25 percent higher than the targeted price point.

AIDEA thought that price could be lowered through modifications to each part of the project and to the financing structure. The concession agreement had a December 30th deadline for financial closing. Although AIDEA offered MWH Global the possibility of a one-time three-month extension, MWH Global declined the extension. The Borough Mayor and the IGU did not support an extension. The other two local utilities supported it. It is too soon to determine what ramifications will result from the failure to reach financial close on the partnership for the North Slope liquefaction plant. However, government and utility leaders agree work must continue toward a long-term, clean, affordable energy source for the Fairbanks area.

Governor Walker, who took office on December 1, made a campaign promise to declare a disaster on the cost of energy in Interior Alaska. His spokesperson says his administration began working on it during his first week in office.

For information on the Borough's efforts to lower energy costs, see *Efforts to Lower Energy Costs / Interior Gas Utility*, in the **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 2013-14 could not exceed the total amount levied for fiscal year 2012-13, adjusted for inflation with certain defined exclusions. For computational purposes, the fiscal year 2012-13 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 $10.4 million of reimbursements in fiscal year 2014. 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. Until the 2014 legislative session, the State had annually "forward-funded" the program for three years to allow for the maximum $60,000,000 total annual distribution prescribed by Statutes. The total distribution to the Borough for fiscal year 2014 was $3.8 million, of which $222,200 was passed through to unincorporated communities within the Borough. The distribution already received for fiscal year 2015 was also $3.8 million. During the 2014 legislative session, the State did not "forward-fund" enough to allow for a maximum distribution in fiscal year 2016. The total distribution for fiscal year 2016 for all communities will be approximately $57,333,000, a reduction of approximately 4.4 percent.

The Borough receives various other recurring amounts from the State and federal governments. The largest of these receipts in fiscal year 2014 were for operations of the Borough's mass transit system ($862,410), federal and State payments in lieu of taxes ($481,100), State telephone/electric co-op taxes ($416,870), the State's Health & Human Services Community Matching Grant Program ($411,450), Homeland Security functions and equipment ($375,500), transportation planning and air quality planning and programs – "FMATS" ($219,040), federal aid for debt service on ARRA Recovery Zone bonds ($204,430), various library programs ($179,980), emergency management planning ($142,500), and air quality monitoring ($125,000).

The Borough has also received numerous State and federal non-recurring grants. In fiscal year 2014, the largest of these were State dollars of $6.6 million for the construction of a new North Pole Branch Library, $4.3 million for Borough service area roads, $2.2 million for locker room and other major improvements at the Carlson Center, $2.0 million for major work at Pioneer Park, $1.3 million for the renovation and reconstruction of Barnette Elementary Magnet School, and $630,500 for planning, design, and pre-construction work for a natural gas distribution system (see discussion about *Efforts to Lower Energy Costs / Interior Gas Utility* under **Borough Initiatives**, below). Additional capital and other grants from the State totaled $3.3 million. The largest of the remaining revenues included $3.4 million for the construction of new cells 3 and 4 at the Borough's landfill; $2.0 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); $1.2 million for new buses, vans, and equipment for the Borough's transportation system; $1.2 million for operating the Borough's new and expanded bus routes; and $572,900 for major work at Tanana Lakes Recreation Area.

The School District's major sources of State revenues are the public school foundation funding program, at $117.0 million for fiscal year 2014, and pupil transportation at $11.9 million. Federal impact aid is received for educating student-dependents of the uniformed military and totaled $14.0 million in fiscal year 2014.

The State government's budget picture is greatly affected by the precipitous fifty percent drop in crude oil prices since mid-year, a price that is down as low as it was five-plus years ago. Approximately 88 percent of the State's fiscal year 2014 unrestricted revenue was attributable to oil. Current expectations are for a fiscal year 2015 budget shortfall of $3.5 billion and oil prices to stay low until after fiscal year 2016. State budget reserve funds that now total about $14.0 billion will allow the State flexibility in managing the current and projected revenue declines. In the opinion of Fitch ratings, "the impact [to local governments in the state] is less direct and much more gradual, driven by changes in property taxes revenues that are not directly linked to oil prices."[1]

The Governor's budget is required to be submitted to the Legislature by December 15. Governor Walker, who took office on December 1, submitted former Governor Parnell's FY 2016 operating budget without endorsement and submitted a preliminary capital budget that was significantly reduced from Governor Parnell's. Governor Walker and his administration will continue to work on his own FY 2016 budgets until the mid-February deadline for amendments.

Long-Term Financial Planning

Reserves

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

Information on the Borough's $3.1 million health care contingency reserve can be found in Note 14 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 insured at about $704 million. As of June 30, 2014, the Assembly has set aside $34.7 million in the FMR through the years, of which $31.6 million has been allocated to fund 166 discrete projects, leaving approximately $3.1 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 2014 was $2.3 million. The transfer to the FMR in fiscal year 2015 will be $1.9 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

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[1] Fitch Ratings. *Fitch: Alaska Revises FY2015 Oil Price Forecast; Increases Budget Gap; No Immediate Rating Impact*, 11 Dec 2014 12:34 PM (EST). <https://www.fitchratings.com/creditdesk/press_releases/detail.cfm?pr_id=948537>

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, $2,262,100 has been deposited into the ARF and $1,332,500 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, 2014, the available balance is almost $579,600. Almost $176,000 was transferred in fiscal year 2014. For fiscal year 2015, the transfer will be almost $144,000.

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, 2014, $5.3 million has been transferred to the SDFMR, of which over $5.2 million has been used for seven projects, leaving about $100,000 remaining for future projects. The fiscal year 2013-14 contribution, based on the fiscal year 2012-13 surplus, was $800,000. The fiscal year 2014-15 contribution, based on the fiscal year 2013-14 surplus will also 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 MD&A for information about the various multi-year 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 active usage of Cell 2; a recycling and household hazardous waste program; the original South Cushman landfill now used primarily for the disposal of construction debris and asbestos, along with postclosure care of a portion of that original landfill; and postclosure care of, and leachate recirculation in, Cell 1. Construction of Cell 3 was substantially complete in September 2014 (and is expected to begin operations in January 2015) and Cell 4 base layer work was completed in fiscal year 2013-14 which won't be worked on again for quite a few years. (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 2057.

Operation, closure, and postclosure care of the Solid Waste Facility is an expensive enterprise and continual planning is required. Gas generation in Cell 1, where leachate recirculation is occurring, is beginning to produce landfill gas that could potentially be captured for energy generation in the future. 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 second lowest in the nation (2011). 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 10.7 percent higher than it would be without exemptions, including both State-mandated exemptions (7.4 percent) and optional exemptions (3.4 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 / Interior Energy Project* 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.

As mentioned previously, the trans-Alaska pipeline system (TAPS) is valued by the State of Alaska. (See **Economy**, *Real Property Values* subsection, above.) When the Borough is preparing its annual budget, it must use the value as established by the State's Department of Revenue. Since the 2006 tax year, the State Department of Revenue's annual valuation has been appealed to the State Assessment Review Board (SARB) both by the owners and by the Borough and other municipalities. Subsequent to budget adoption, but prior to the setting of the annual mill levy, the Borough has received the SARB's valuation, which has consistently been higher than the Department of Revenue's.

While the Mayor initially proposed a slight 1.2 percent increase in the fiscal year 2014 areawide mill rate, the Assembly chose to keep it the same as the fiscal year 2013 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 2011. 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.

At the time the Mayor presented his fiscal year 2014-15 recommended budget to the Assembly, the Borough had a lower net taxable assessed value than the previous year (which later increased as a result of the SARB ruling). The Mayor proposed a budget which kept the total areawide taxes levied at the same amount as the taxes levied in the previous year. The Assembly affirmed this mill rate. This was only the second mill rate increase in the last ten years. That areawide mill rate is the second lowest in the last ten years. Mill rates for the last seven fiscal years are still lower than any mill rate in the 19-year period from fiscal year 1990 through fiscal year 2008. The SARB ruling caused an increase in the net taxable assessed value from what it was at the time the fiscal year 2015 budget was adopted. This gave the Borough a budget surplus for fiscal year 2015, with a contribution to fund balance of over $3.6 million.

In most 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 2014, areawide property taxes were levied $5.4 million under the tax limit. Fiscal year 2015's levy is $6.6 million under the limit. Historically, for many years, the Borough has levied significantly under the tax limit, a combined total of $68.1 million over the last 20 years; compounded, the amount not collected in those 20 years is over $450 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 $22.9 million annually.

Efforts to Lower Energy Costs / Interior Gas Utility

For a 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 / Interior Energy Project* 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 then Governor Parnell 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 / Interior Energy Project* 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 December 2013, the Regulatory Commission of Alaska (RCA) granted the IGU the right to distribute natural gas to the North Pole area and to the medium-density population areas in the rest of the borough which are not served by the private gas distribution utility, Fairbanks Natural Gas. In January 2014, IGU awarded its contract management services to MWH Americas, Inc. In March 2014, the Borough Assembly approved a $7.5 million line of credit to IGU, of which $500,000 was loaned in August 2014. In April 2014, AIDEA authorized an $8.1 million loan to IGU from the SETS program through the Interior Energy Project. (See the **Economy**, *Energy Costs / Interior Energy Project* subsection, above.) In July 2014, IGU awarded contracts for design work for the natural gas distribution systems; design is 65 percent complete for Phase I and expected to be done by January 2015. In October 2014, IGU released a bid request for the 80 miles of Phase I pipe. Proposals for operations, maintenance, and management

services for its natural gas distribution system were received in November 2014, with selection and award expected in the December 2014/January 2015 timeframe.

IGU continues to prepare for Phase I construction to begin in summer 2015. Current estimates are for gas to be available in late 2016. See www.interiorgas.com for more information about the Interior Gas Utility.

$PM_{2.5}$ 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 exceptional 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 changing out wood and other solid fuel burning devices with cleaner-burning devices, proper operation of solid fuel burning devices, supplemented with transportation projects such as new and expanded bus routes and van pools, electrical plug-ins for pre-warming vehicle engines, and anti-idling programs — all 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 / Interior Energy Project* subsection, above, and in this section, the *Efforts to Lower Energy Costs / Interior Gas Utility* sub-section, immediately above.

The federal Clean Air Act and its regulations require the State to submit to the EPA, by December 31, 2014, its State Implementation Plan (SIP) for bringing the air quality in the nonattainment area into compliance. The Borough continues to work with the State in monitoring air quality and in researching, quantifying, and modeling viable actions for attainment. In September 2013, the State published proposed air quality regulations and took public comment through January 2014. On November 14, 2014, the State published proposed air quality control regulations, with a draft SIP incorporated. Along with open houses and public hearings, public comments were taken through December 17, 2014. The State adopted the SIP and related regulations on December 24, 2014 and submitted the SIP to EPA on the December 31st deadline.

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 31, 2015, with possible extensions to December 31, 2019. Current modeling is not able to demonstrate attainment by December 31, 2015. Therefore, the Borough and State foresee an extension to be needed and anticipate approval of an extension based on current modeling showing expected continuous progress toward attainment. Current modeling also demonstrates that attainment is achievable by 2019, primarily driven by continued change-outs of solid fuel burning devices and by natural gas being more widely distributed in the community.

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, education to increase the use of dry wood in solid fuel burning devices, a 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 / Interior Gas Utility*, 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 old NPBL was 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). The official groundbreaking for the new $13.6 million facility occurred in June 2013. Construction was funded by $6.2 million from the library special revenue fund, a $6.8 million State grant, and a $500,000 "top-off" grant from a private foundation which was contingent on another $100,000 being contributed by the local community, which occurred during fiscal year 2014. The new NPBL opened in November 2014.

Solid Waste Transfer Sites

In fall 2013, the Mayor brought forward a proposed appropriating ordinance for $4 million of major maintenance and improvements to the Borough's 14 solid waste transfer sites. These sites serve the portion of the Borough outside the City of Fairbanks. The Assembly appropriated the first $1 million for the project. The Borough has contracted with an engineering firm to complete a comprehensive master plan for the project. To date, the firm has inventoried the existing facilities, forecast future waste volumes at the sites, established transfer site design criteria, and developed alternative concepts for growth and management of the sites. The next step is to prepare an implementation plan.

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 developing a 781-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 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. During spring 2014, the Borough purchased and installed 5,000 tons of sand for the swim beach and installed the calm-water boat launch and dock facility. The TLRA opened to the public in June 2014. There were an estimated 75,000 visitors to the TLRA during its short first season, from mid-June to mid-September. The estimated budget for the 2014 summer season was approximately $110,000. In October 2014, the Assembly appropriated an additional $110,000 for the remainder of fiscal year 2014-15 to provide a year-round supervisory presence. Grant-funded construction of a trail between the picnic area and the swim beach is planned for summer 2015.

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

In 2009, the Borough accepted a donation of the first 177 acres, of a proposed total of approximately 650 acres, for the Chena Flats Greenbelt, located between the base of Chena ridge and Chena Pump Road. In August 2011, the Borough accepted another 139-acre donation. In December 2013, another 68 acres were donated to the Borough. In exchange for the acceptance of these properties, the Borough is bound by a conservation easement to the donor requiring the property to be passively maintained for open space recreation.

In the Cripple Creek subdivision west of Fairbanks, the Borough is working on the development of a 471-acre, trail-focused recreation area, called the Isberg Recreation Area. A master plan for the area was approved by the Assembly in December 2007. The Borough plans to construct an eight-vehicle trailhead parking lot in summer 2015.

Unmanned Aircraft Systems (UAS) / Unmanned Aerial Vehicles (UAV) Tech Park

In 2013, the Borough became a member of the University of Alaska's UAS team. (See ACUASI mentioned in the fourth paragraph of the *Employment and Industries* subsection, above.) As a member of the team, the Borough agreed to support the project through local legislative actions to foster and promote economic development and mission growth associated with the local military and the establishment of an UAS test site within the Borough's boundaries. State legislation passed in 2012 created the ability to designate military facility zones (MFZ) (like economic development districts) for property tax exemptions and deferrals, and broadened the project financing authority of the Alaska Industrial Development and Export Authority for projects within MFZs supporting military missions and operations.

Over the last several months, the Borough has held a series of meetings to determine the area to be initially designated as a MFZ, and has begun the process of preparing an ordinance for approval to submit an application to the Alaska Department of Military and Veterans' Affairs for a MFZ. The Borough is also taking steps to create a UAS tech research park and test site under the MFZ program, on Borough land adjacent to Eielson Air Force Base, and which abuts the restricted airspace of the military's Yukon Training Area. The Tech Park would included a small airfield and a number of office buildings and shops where companies could either purchase or lease space to test their UAVs. A rezone of the land is not required, but the Borough's comprehensive land use plan would need to change it from an "open space" designation to a "heavy industrial" designation. Realizing the Borough's UAS potential will require a combined effort of the State, the University, and the Borough.

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, 2013, its twenty-sixth 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, 2013 and July 1, 2014, its twenty-fourth and twenty-fifth consecutive awards. In order to receive the Award, the Borough published a budget document that met program criteria as a policy document, as a financial plan, as an operations guide, and as a communication medium. Each award is valid for a period of one year only.

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

December 31, 2014

Acknowledgments

I give my special thanks to those who contributed to and assisted with the preparation of this report, most especially the Borough's Controller, along with 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

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, 2013

Jeffrey R. Emer

Executive Director/CEO

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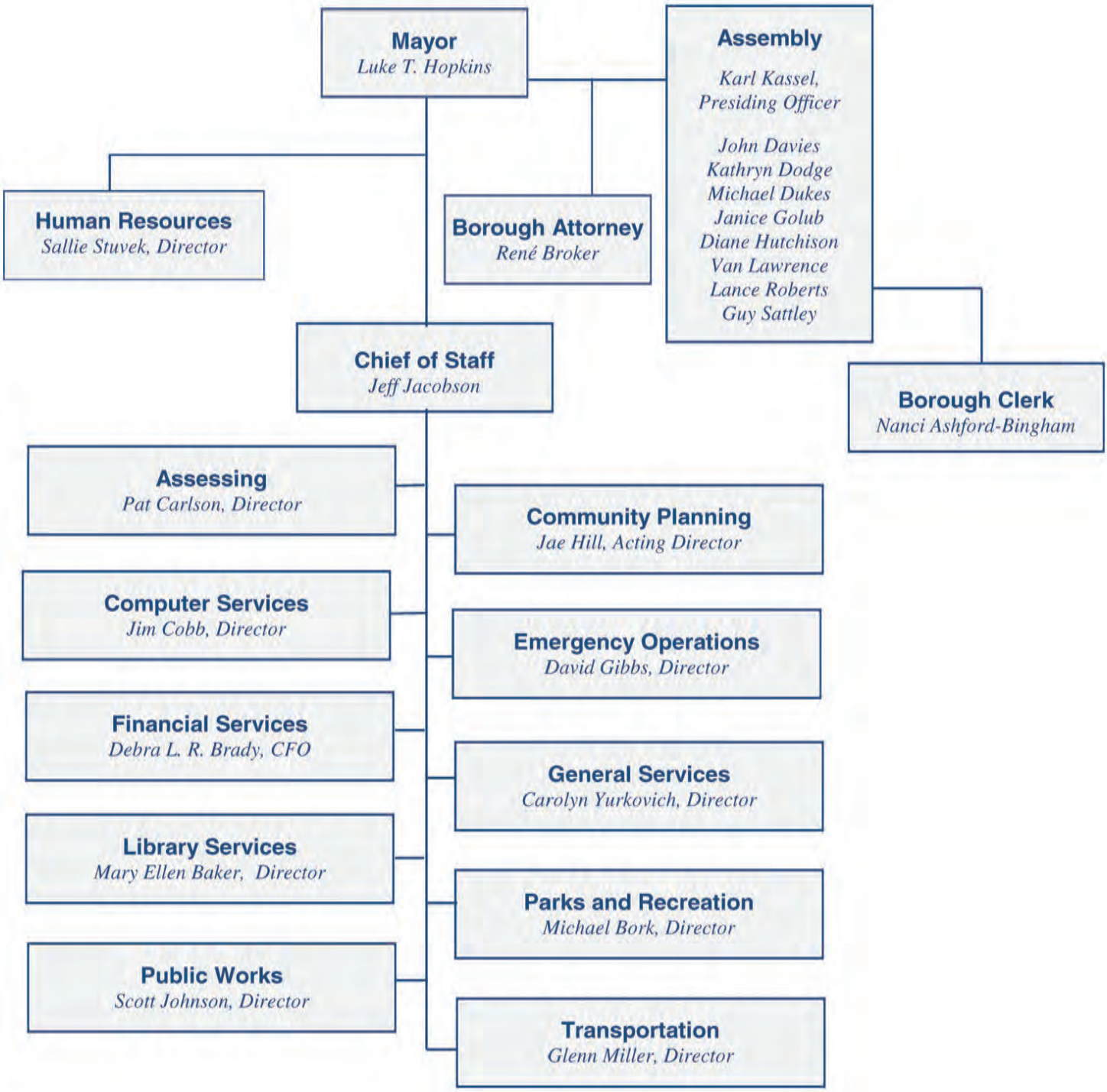
Fairbanks North Star Borough

Organization Chart

As of June 30, 2014



Fairbanks North Star Borough

LIST OF PRINCIPAL OFFICIALS

as of June 30, 2014

Borough Assembly

Karl Kassel, Presiding Officer
John Davies, Deputy Presiding Officer
Kathryn Dodge
Micheal Dukes
Janice Golub
Diane Hutchison
Van Lawrence
Lance Roberts
Guy Sattley

Board of Education

Heidi Hass, President
Wendy Dominique, Vice President
John Thies, Treasurer
Allyson Lambert, Clerk
Sue Hull, Member
Lisa Gentry, Member
Sean Rice, Member
Col. Larry G. Rice, Jr., Base Representative
Col. Sidney Zemp, Post Representative
Wyatt Hoyes, Student Representative

Borough Mayor

Luke T. Hopkins

Administration

Borough Clerk	Nanci Ashford-Bingham
Borough Attorney	René Broker
Chief of Staff	Jeff Jacobson
Director Assessing	Pat Carlson
Director Community Planning	Jae Hill (Acting)
Director Computer Services	Jim Cobb
Director Emergency Operations	David Gibbs
Chief Financial Officer	Debra L. R. Brady
Chief Procurement Officer	Carolyn Yurkovich
Director Human Resources	Sallie Stuvek
Director Library Services	Mary Ellen Baker
Director Parks and Recreation	Michael Bork
Director Public Works	Scott Johnson
Director Transportation	Glenn Miller

School District

Superintendent of Schools, Dr. Karen Gaborik (Interim)
Assistant Superintendent, Secondary Education, Dr. Karen Gaborik
Assistant Superintendent, Elementary Education, Roxa Hawkins (Temporary)
Chief Financial Officer, Mike Fisher

FINANCIAL SECTION

Independent Auditor’s Report

Basic Financial Statements and Required Supplementary Information

Combining and Individual Fund Statements and Schedules

Additional Information

Cook & Haugeberg LLC
CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2014

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 units, 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, 2014, 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, 2014, 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 accounting principles generally accepted in the Unites 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 from 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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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 units, each major fund, and the aggregate remaining fund information of the Fairbanks North Star Borough, as of June 30, 2014 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, 2014, 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 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, 2014 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, 2014 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, 2014, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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, 2014.

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 basic financial statements of the Borough as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated December 20, 2013, 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 and the financial statements of each of the Borough's nonmajor governmental, internal service and fiduciary funds. The 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 2013 financial statements. The additional information schedules have been subjected to the auditing procedures applied in the audit of the 2013 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, 2013.

Prior Year Comparative Information

We have previously audited the Borough's 2013 financial statements, and we expressed unmodified audit opinions on the respective financial statements and schedules of the

governmental activities, the business-type activities, the aggregate discretely presented component units, 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 20, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, 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, 2013, 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 31, 2014 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, 2014

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, 2014. 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.

The Borough implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for fiscal year 2013-14. Information on the Borough's implementation of GASB Statement No. 65 can be found in Notes 1. K. and 16. A. to the financial statements.

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 two component units for which the Borough is financially accountable: the Fairbanks North Star Borough School District and the Interior Gas Utility. Financial information for each of these

component units is reported separately from the financial information presented for the primary government itself. Complete financial information for the component units can be found in the School District's and Interior Gas Utility's separately issued financial statements.

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

Fund Financial Statements

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

Governmental funds

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

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

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

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

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

Proprietary funds

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

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

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

Fiduciary fund

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

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

Notes to the Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net 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 $623 million at the close of the most recent fiscal year.

Net Position
(shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2014	2013 Restated	2014	2013	2014	2013 Restated
Current and other assets	$143,311	$148,688	$24,443	$21,260	$167,754	$169,948
Capital assets	581,018	571,755	42,732	33,577	623,750	605,332
Total assets	724,329	720,443	67,175	54,837	791,504	775,280
Deferred outflows of resources	31	46			31	46
Long-term liabilities	113,593	125,705	25,328	18,954	138,921	144,659
Other liabilities	14,608	12,849	3,404	2,030	18,012	14,879
Total liabilities	128,201	138,554	28,732	20,984	156,933	159,538
Deferred inflows of resources	11,887	12,758			11,887	12,758
Net position:						
Net investment in capital assets	504,309	490,533	37,597	32,410	541,906	522,942
Restricted	48,318	50,100	445	723	48,762	50,823
Unrestricted	31,645	28,545	402	720	32,047	29,265
Total net position	$584,272	$569,177	$38,444	$33,853	$622,716	$603,030

The Borough implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* during fiscal year 2013-14. The effects of this statement were applied retroactively by restating beginning net position of the governmental activities and reclassifying certain account balances for the fiscal year ended June 30, 2013. This resulted in a $1.6 million decrease in net position at July 1, 2012. Additional details regarding the restatements and reclassifications can be found in Note 16. A. to the financial statements.

By far the largest portion of the Borough's net position ($542 million or 87 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 ($48.8 million or 7.8 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.

Changes in Net Position
(shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2014	2013 Restated	2014	2013	2014	2013 Restated
Revenues:						
Program revenues:						
Charges for services	$3,960	$3,943	$10,484	$9,386	$14,444	$13,329
Operating grants and contributions	2,236	3,563	4,378	4,322	6,613	7,885
Capital grants and contributions	21,640	17,542	3,928	3,195	25,568	20,737
General revenues:						
Property taxes	115,359	110,651			115,359	110,651
Other taxes	4,328	4,601			4,328	4,601
Grants and contributions not restricted to specific programs	15,210	16,407			15,210	16,407
Other	1,657	2,633	41	12	1,698	2,644
Total revenues	164,389	159,339	18,831	16,915	183,220	176,254
Expenses, netted with indirect expenses allocation:						
General government	19,161	22,848			19,161	22,848
Community planning	1,824	1,881			1,824	1,881
Public works	13,004	12,261			13,004	12,261
Parks and recreation	10,131	10,364			10,131	10,364
Library	6,870	6,865			6,870	6,865
Road and other service areas	7,164	7,720			7,164	7,720
Education	66,374	65,497			66,374	65,497
Emergency operations	7,132	6,858			7,132	6,858
Fire service areas	7,270	6,894			7,270	6,894
Interest on long-term debt	3,157	3,601			3,157	3,601
Transit			10,551	10,749	10,551	10,749
Carlson Center			2,158	1,670	2,158	1,670
Solid waste disposal			8,739	6,363	8,739	6,363
Total expenses, net	142,087	144,789	21,448	18,782	163,535	163,571
Changes in net position before transfers	22,302	14,550	(2,616)	(1,868)	19,685	12,682
Transfers	(7,207)	(6,264)	7,207	6,264		
Changes in net position	15,095	8,286	4,591	4,396	19,685	12,682
Net position, beginning as restated	569,177	560,891	33,853	29,457	603,030	590,348
Net position, ending	$584,272	$569,177	$38,444	$33,853	$622,716	$603,030

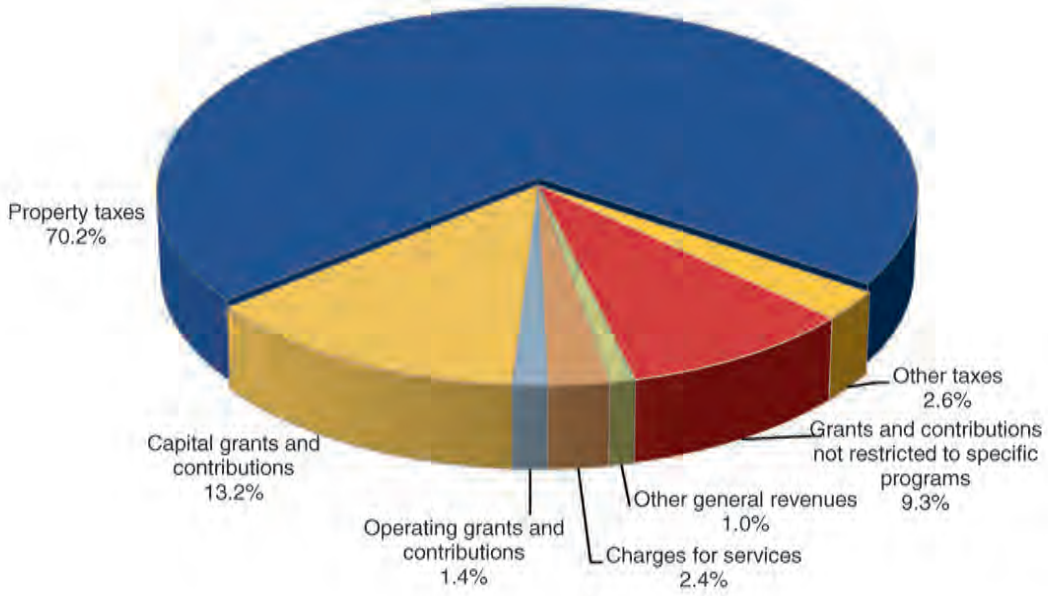
The remaining balance of unrestricted net position ($32.0 million or 5.1 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Borough is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. Table I in the Statistical Section of this report shows a history of net position by component (category) beginning with fiscal year 2004-05.

During the current fiscal year the Borough's net position increased by $19.7 million. Significant differences from the prior year's $12.7 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.)



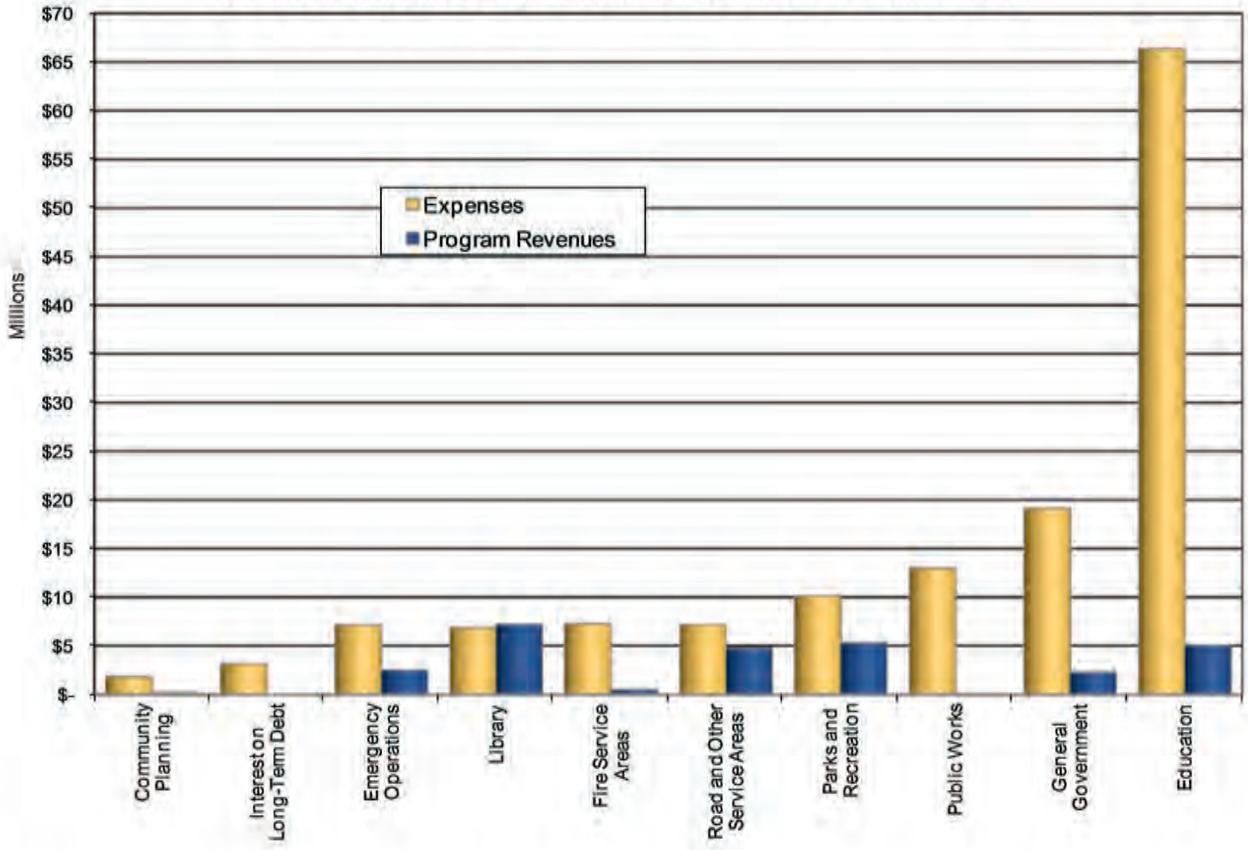
Governmental activities increased the Borough's net position by $15.1 million during the current fiscal year compared to the $8.3 million increase in the prior fiscal year. Key elements of this change are as follows:

- Capital grants and contributions had a net increase of $4.1 million as a result of the North Pole Branch Library project, offset with reductions due to the completion of the Barnette Magnet School discussed in the Capital Assets section of this MD&A. There was also a reduction attributed to fewer road service area projects.

- Property tax revenues of governmental activities increased by $4.7 million from the prior fiscal year, with the majority of the increase being in areawide property tax revenue. The increase in revenue was needed to fund existing functions and programs and to help cover increasing costs for both the Borough and School District. However, in recognition that taxpayers were affected by increased energy costs and other economic factors, property taxes were kept as low as possible while still maintaining existing basic functions. Refer to the Governmental Funds section of this MD&A for more information regarding property tax revenues.

- Expenses had a net decrease of $2.7 million from the prior year. Of this amount, $3.6 million is the result of an overall decrease in general government expenses. State and federal grant revenues and corresponding expenses are down about $1.3 million as energy projects funded in the prior fiscal year have concluded. Lower personnel services costs as a result of staffing turnover from retirements and ongoing vacancies also reduced expenses. The decreases are offset by the Borough's direct contribution to the School District which increased in the current fiscal year.

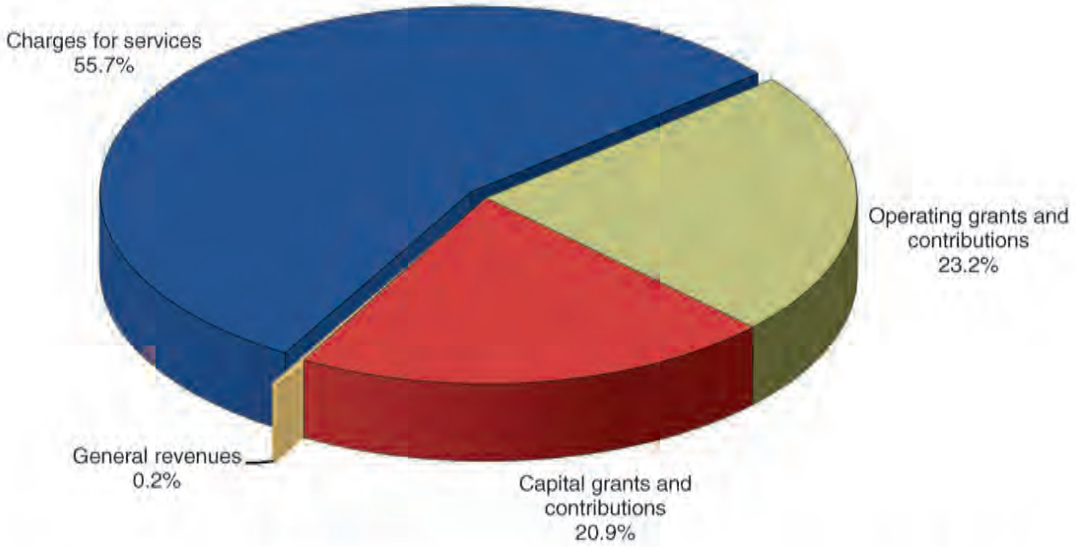
Expenses and Program Revenues - Governmental Activities
(Does not include transfers and general revenues such as taxes and unrestricted earnings.)



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

Business-type activities

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



The business-type activities, including transfers not included in the charts, increased the Borough's net position by $4.6 million in the current fiscal year, compared to the $4.4 million increase in the prior fiscal year. The most significant current year activity is as follows:

- Net position of the transit function increased by $1.8 million, primarily as a result of receiving $1.4 million of federal capital grant revenue for purchasing buses for the Metropolitan Area Commuter System (MACS), as discussed in the Capital Assets section of this MD&A.

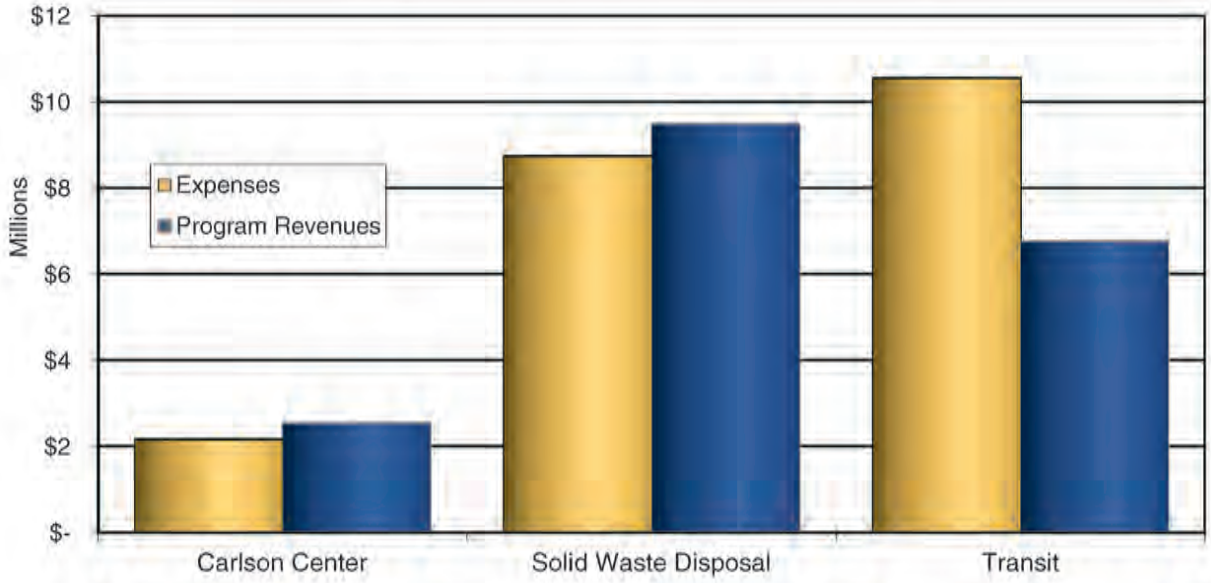
- Net position of the Carlson Center function increased by $1.8 million, primarily as a result of receiving $2.2 million of state capital grant revenue for improvements to the Carlson Activity Center, as discussed in the Capital Assets section of this MD&A.

- Solid waste disposal's net position increased by $1.0 million in the current fiscal year which included a $1.7 million decrease in unrestricted net position and a $2.7 million increase in net investment in capital assets. These changes are due to a combination of factors including the following:
    - Solid waste disposal's charges for services increased by $1.1 million in the current fiscal year as a result of a $7 per ton increase in the regular solid waste tipping fee as well as increases in some other landfill fees. This is the fourth consecutive year that the regular solid waste tipping fee has increased by $7 per ton in an effort to bring the solid waste landfill fees to a level that pays for all costs associated with each year's landfill usage including long-term landfill closure and postclosure care costs.
    - Expenses of the solid waste disposal function increased by $2.4 million in the current fiscal year which included the accrual for landfill closure and postclosure care. Landfill closure and

postclosure care costs increased by $3.0 million, from a negative $0.9 million in the prior fiscal year to $2.0 million in the current fiscal year (recorded as an expense and a long-term liability). This increase was based on the annual engineer's report and included adjustments for inflation and additional capacity used during the current fiscal year, and was also adjusted for landfill closure activity. Actual expenses for landfill closure activity decreased by $928,000, from $1.2 million in the prior fiscal year to $318,000 in the current fiscal year, as phase III of the partial landfill closure project is winding down and phase IV has not been started yet. Additional information on the landfill closure and postclosure care costs can be found in Note 11 to the financial statements.

- Other changes include an increase in cash mostly due to setting the solid waste fees at a level that accumulates funds for future years' costs; an increase in inventories, due to stockpiling 325,000 cubic yards of gravel to be used for the cells 3 and 4 expansion project and as daily cover for solid waste – extracting a large quantity of gravel at the same time is cost effective for the landfill operation; an increase in cells 3 and 4 landfill expansion construction in progress, discussed in the Capital Assets section of this MD&A; an increase in accounts payable due to increased construction activity for cells 3 and 4 and timing of payments around year-end; an increase in interfund payable to the general fund to fund landfill expansion expenditures while awaiting approval of loan drawdowns; and an increase in long-term loans payable for drawdowns on the cells 3 and 4 landfill expansion loan and the partial landfill closure loan, discussed in the Long-Term Debt section of this MD&A.

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 $112.6 million, a decrease of $6.3 million from the prior year's governmental funds fund balance. Approximately 41 percent ($46.7 million) of ending fund balances is restricted by specific authoritative definition, to indicate that it is subject to externally enforceable legal restrictions. Another 34 percent ($38.7 million) has been committed for various purposes by Assembly action, which remains binding unless removed in the same manner. Approximately 4 percent ($4.4 million) is assigned to reflect the Borough's intended use of those resources. The remaining $22.8 million is unassigned fund balance, with $23.9 million reported in the general fund and a $1.1 million deficit reported in the bond capital projects fund. Further information on the fund balances of governmental funds can be found in the governmental funds balance sheet and in Notes 1. P. and 13 to the financial statements.

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 $6.3 million decrease in governmental funds fund balance (and cash balance) during the current fiscal year include the following:

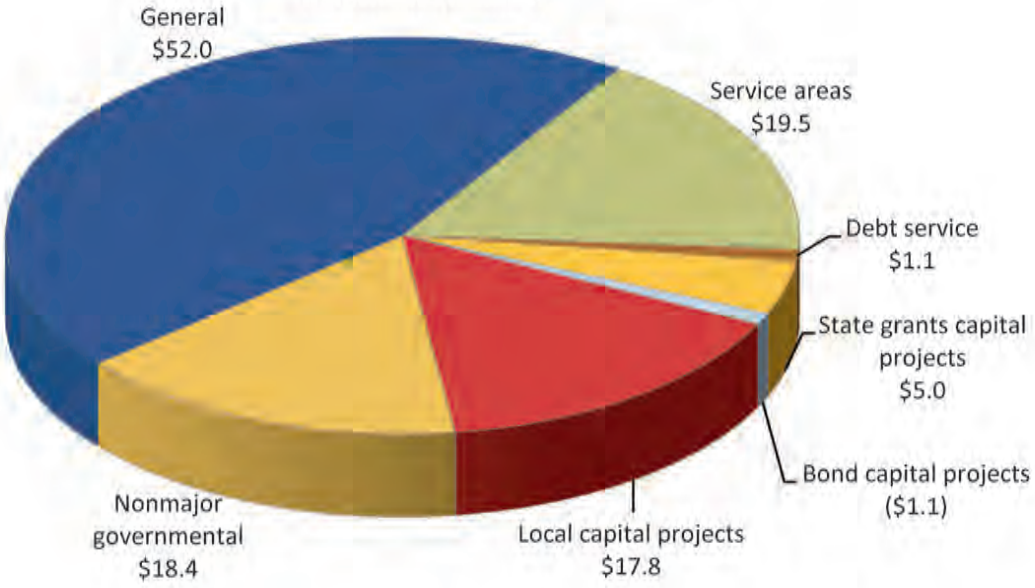
- Fund balance of the general fund increased by $3.2 million from the prior year's amount. The change in general fund fund balance is discussed below.

- Fund balance of the service areas special revenue fund increased by $2.0 million and cash increased by $2.2 million. This was due to a number of factors, including State funding for road service areas that was used 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, some service areas raised their mill rates by a vote of their citizens, and some service areas experienced an 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 net change in fund balance of the bond capital projects fund was a $10.6 million decrease as a result of spending in authorized bond projects including some spending prior to the issuance of a portion of the remaining authorized bonds. This completely spent the $9.5 million beginning restricted fund balance and resulted in a $1.1 million deficit unassigned fund balance, and reduced cash by $9.9 million, due to spending for the intended purposes, including renovation, upgrades, and major maintenance at various schools. The largest current year expenditure was $6.9 million for phase II of the Ryan Middle School renovation, discussed in the Capital Assets section of this MD&A.

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



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 $23.9 million, fund balance of $28.0 million was classified as restricted, committed, or assigned, and total general fund fund balance was $52.0 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 0.2 percent of total general fund expenditures and transfers out, committed fund balance represents 20.3 percent, assigned fund balance represents 3.8 percent, and unassigned fund balance represents 20.8 percent of that same amount, while total fund balance represents 45.1 percent.

The total fund balance of the Borough's general fund increased by $3.2 million during the current fiscal year, compared to a $2,000 increase in the prior year. The major differences from the prior year's amount are as follows:

- Property tax revenue of the general fund (including interest and penalties) increased by $3.4 million from the prior year, although the property tax levy was $5.4 million under the Borough's tax cap. The fiscal year 2013-14 areawide mill rate was set at 11.216 mills, the same as the prior year's mill rate, and the second lowest rate in the last 25 years. The Borough's ability to increase property tax revenue while keeping the mill rate stable was primarily due to the current year's $282 million increase in the assessed value of the trans-Alaska pipeline system (TAPS) and $200 million assessed value of new construction.

- Revenue from State community revenue sharing decreased by $1.5 million to $3.8 million in the current fiscal year. This is because only the annual distribution prescribed by Statutes was made in the current fiscal year, following two years in a row of special additional State appropriations for community revenue sharing distributions. In the current fiscal year, $3.5 million of the amount received was appropriated to general fund fund balance to replenish $3.5 million of fund balance used in the original budget to keep the mill rate as low as possible, and the remaining $222,000 was received by the Borough on behalf of unincorporated communities in the borough and was submitted to nonprofit entities in those communities, as approved by the Borough Assembly.

- The Borough's direct local contribution to the School District increased by $1.36 million in the current fiscal year to $48.36 million. The Borough's support for education continues to increase due to increasing School District operational costs. In addition, the Borough's assessed values continue to increase, which by law has a negative impact on State funding received for education.

- General fund transfers to the Borough's facilities maintenance reserve in the local capital projects fund were $2.3 million in the current fiscal year, compared to $3.7 million in the prior fiscal year. The decrease is due to a reduction in the net general fund lapse to the reserve, made in accordance with Borough Code, and the prior year's $1.0 million original budget appropriation that was not repeated in the current fiscal year. In addition, in keeping with the purpose of the facilities maintenance reserve, $3.9 million was appropriated from the reserve to actual facilities maintenance projects in the current fiscal year compared to none in the prior fiscal year.

- In the current fiscal year, the Borough implemented GASB Statement number 65, *Items Previously Reported as Assets and Liabilities*. The effects of this statement were applied retroactively to the fund statements by reclassifying certain account balances from liabilities to deferred inflows of resources.

The increase in general fund cash is primarily due to the increase in property tax revenue, offset by a smaller increase in expenditures. These factors combined with other asset, liability, and deferred inflow variances resulted in a $3.2 million net increase in general fund cash.

Differences from the prior year in the debt service fund include the prior year issuance of $16.67 million of general obligation refunding bonds at a premium to refund the remaining balances of year 2004 and 2005 general obligation school bonds. No refunding bonds were issued during the current fiscal year.

In the state grants capital projects fund, both revenues from the State and related 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 State grant revenue and expenditures were $6.9 million for construction of the new North Pole Branch Library, discussed in the Capital Assets section of this MD&A.

It should be noted that although fund balance of the governmental funds decreased by $6.3 million from the prior fiscal year, governmental activities net position increased by $15.1 million, for a difference of $21.4 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, capital outlay expenditures exceeded depreciation expense by $6.7 million. In addition, the net effect of other transactions involving capital assets increased net position by another $2.4 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 $3.1 million, Carlson Center enterprise fund amounted to $815,000, solid waste disposal enterprise fund was a $3.6 million deficit, and the vehicle and equipment fleet internal service fund was $848,000. The total increase in net position of the enterprise funds was $4.6 million, consisting of a $1.8 million increase for the transit enterprise fund, a $1.8 million increase for the Carlson Center enterprise fund, and a $1.0 million increase for the solid waste disposal enterprise fund. Net position of the internal service fund increased by $32,000.

Although the solid waste disposal enterprise fund has $18.0 million in cash, it has a deficit in unrestricted net position of $3.6 million. This difference is largely due to the $18.1 million accrued liability for landfill closure and postclosure care.

Schedule 6 in the Additional Information section of this report shows balances in major reserve accounts. The major reserve accounts reported in proprietary funds are Carlson Center for replacement of major equipment, renovations, or improvements to the Center, and the solid waste disposal fund's landfill closure and postclosure care.

Other major factors concerning the finances of these funds, if any, have already been addressed in the discussion of the Borough's business-type activities. Reconciliations between enterprise funds and business-type activities are included on the last page of the proprietary funds statement of net 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.

GENERAL FUND BUDGETARY HIGHLIGHTS

The $3.8 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 general fund operating to capital projects funds increased by $2.8 million from the original budget. The most significant transfer was $2.3 million to the facilities maintenance reserve, which represents two-thirds percent of the fiscal year 2012-13 net general fund lapse (with certain limitations), and $176,000 to the asset replacement reserve, which represents five percent of the fiscal year 2012-13 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 $6.0 million, from the $3.9 million budgeted decrease in fund balance to the actual fund balance increase of $2.1 million. The most significant budget-to-actual differences follow:

- Revenue from current year property tax was $943,000 more than budgeted. The Borough uses a 2.0 percent delinquency rate to set a conservative property tax revenue amount for the budget; the actual delinquency rate for the current year was 0.9 percent.

- Revenue from indirect charges to grants was $947,000 more than budgeted. Indirect revenue is budgeted based on the assumption that grant expenditures (upon which indirect is calculated) will be evenly and proportionately incurred throughout the life of the grant. In the current fiscal year, grant expenditures and related indirect expenditures/revenue exceeded the proportion budgeted, plus new grants were awarded that were not anticipated during the budget process. The largest indirect expenditures recorded in the current fiscal year were $607,000 for the construction of the North Pole Branch Library and $359,000 for road service area projects.

- Of the $4.5 million expenditure budget lapse, $3.3 million was in the personnel services category due to a combination of position vacancies and favorable variance for self-insured healthcare and other benefit costs.
  - Salary costs were lower due to various factors, many related to the large number of retirements and other staff turnover during the last several fiscal years. 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 have been vacant for longer periods, some for more than a year, and remained unfilled at year-end, due to a lack of qualified applicants, the impact of higher competing local wage levels for applicants that were qualified, or the differences in benefits offered by competing employers.
  - 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. The large number of lengthy position vacancies was a significant contributing factor to the lower healthcare costs, and to lower benefit costs overall.

- In addition, all general fund departments and functions lapsed funds in most other expenditure categories roughly in line with past years' expenditures.

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, 2014, amounts to $624 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 $18.4 million (3.0 percent), a $9.3 million increase (1.6 percent) for governmental activities and a $9.2 million increase (27.3 percent) for business-type activities.

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

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
All land and land improvements*	$256,963	$255,890	$1,883	$1,892	$258,846	$257,782
Buildings	243,189	247,358	20,863	17,283	264,051	264,641
Improvements other than buildings	48,261	44,090	5,077	5,874	53,339	49,964
Equipment	9,956	9,577	4,952	4,251	14,908	13,828
Works of art	157	157	121	121	278	278
Library materials	2,218	2,177			2,218	2,177
Construction in progress	20,274	12,507	9,837	4,157	30,111	16,665
Total	$581,018	$571,755	$42,732	$33,577	$623,750	$605,332

* 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:
  - $7.9 million phase III of the renovation of Barnette Magnet School, financed with a State grant. Phase III of the renovation included 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.
  - $2.4 million reconstruction and major maintenance of water and sewer systems, roads, and parking at Pioneer Park, financed with State grants. This project provided substantial reconstruction and major maintenance to a portion of the Pioneer Park water and sewer systems that have been in continuous use for over 40 years.

- $2.1 million replacement of paving inside Pioneer Park, funded by a State grant. This project included 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.
- $1.0 million for Tanana Lakes Recreation Area improvements, including the boat launch and completion of the swim beach. The grand opening for the Tanana Lakes Recreation Area was held June 13, 2014.

- Work continues on the following facilities/projects:
  - $13.3 million replacement of the North Pole Branch Library building with a new 18,625 square foot North Pole Branch Library. The library nonmajor special revenue fund which accounts for donations received from several trusts (all now dissolved) of which the Borough Public Library was a 15 percent beneficiary, contributed $6.2 million to the project and $6.8 million is funded with a State grant. The remainder will be financed with funding from the Rasmuson Foundation and the Fairbanks Library Foundation.
  - $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 system; lateral force resisting system; and building envelope; abatement of hazardous materials; and realignment of interior spaces according to the educational specification.
  - $4.0 million for artificial turf fields, financed with a State grant and with funding from the Rasmuson Foundation passed through the Fairbanks Youth Soccer Association. This project includes planning, design, and construction of artificial turf fields. Work may include accessory items normally associated with sports fields such as scoreboards, lighting, bleachers, and other necessary improvements.
  - $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.

- Planning, design, or construction began on the following facilities:
  - $37.2 million phase III for the replacement of a portion of Ryan Middle School, financed mostly with general obligation bonds. Phase III of the project will construct a new academic wing of approximately 62,600 square feet connected to the gymnasium building, demolish the existing main academic building, reconstruct a ball field in a new location, and construct a soccer field in the existing building location.
  - $1.8 million for replacement of the portable classrooms at Badger Elementary School with three permanent classrooms, financed with school district facilities maintenance reserve funds.
  - $1.6 million phase II of the reconstruction and major maintenance to the water and sewer systems at Pioneer Park, financed with a State grant. Phase II of the project is to finish replacing the existing wood stave sewer pipe to the public restrooms, to connect the Alaska Salmon Bake restaurant, and to expand sewer services to the waterfront area inside the park.
  - $1.6 million for site improvements to Weller Elementary School, funded with State grants. This includes planning, design, and construction for site access improvements, traffic configuration revisions, and improvements to the drop-off areas, parking, and playgrounds to address safety concerns.

- Governmental activities construction in progress was $20.3 million at fiscal year-end.

Business-type activities:

- Work was substantially completed on the $4.4 million phase II of the Carlson Activity Center improvements, funded by a combination of State sources. Phase II of the improvements included 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.

- Work continues on the $11.4 million landfill expansion, cells 3 and 4, financed with an Alaska Department of Environmental Conservation loan.

- Planning, design, and construction began on the $1.0 million project to construct bus shelters, passenger benches, and permanent sign installations. This project is funded with federal grants.

- The transit enterprise fund purchased three new Gillig 35 foot lowfloor buses for use in the Borough's MACS public transportation system, at a cost of $1.2 million using a federal grant.

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 $111.6 million. The Borough's total long-term debt decreased by $6.0 million (5.1 percent) during the current fiscal year.

Outstanding Debt
(shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
General obligation bonds	$103,605	$114,120	$	$	$103,605	$114,120
Solid waste disposal loans			6,490	2,188	6,490	2,188
Capital leases payable	1,465	1,285			1,465	1,285
Total	$105,070	$115,405	$6,490	$2,188	$111,560	$117,593

The decrease in governmental activities long-term debt was due to the retirement of $10.52 million of bond principal.

Standard & Poor's upgraded the Borough's rating on its general obligation bonds to "AA+" from "AA." The upgrade was based on several factors, including a strong local economy and very strong budgetary flexibility.

In business-type activities, the Borough drew down $3.97 million on the $10.50 million Alaska Department of Environmental Conservation (ADEC) solid waste landfill expansion (cells 3 and 4) loan, and drew down $0.33 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 winter 2015.

- 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 winter 2015.

- Alyeska Pipeline Service Company has paid tax years 2006 through 2014 taxes under protest (fiscal years 2006-07 through 2014-15), due to the assessed valuation of the TAPS. The Alaska Supreme Court affirmed the Superior Court's higher 2006 assessed value; decisions on the 2007, 2008, and 2009 valuations by the State Superior Court have been favorable to the municipalities (including the Borough), but Alyeska has appealed the 2007, 2008, and 2009 ruling to the Alaska Supreme Court and the Borough has cross-appealed. There is various pending litigation regarding disputed valuations for tax years 2010, 2011, 2012, 2013, and 2014.

  The Borough is required to use the State-set valuation for TAPS in building its budget. 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) are unknown at this time and are not quantifiable, but the Borough considers this to be a material financial issue. The TAPS properties represent 9.29 percent of the Borough's total assessed valuation, based on the State's original 2014 assessed value of TAPS properties. This is a decrease from tax year 2013's 10.51 percent, due to a decrease in the State-set valuation for TAPS from $952 million in tax year 2013 to $870 million in tax year 2014. Additional information on the TAPS assessed valuation litigation and related appeals can be found in Note 17. A. to the financial statements.

- In August 2014, Eielson Air Force Base was selected as the preferred location to receive a squadron of 48 F-35 fighter aircraft, pending an environmental impact statement without insurmountable negative factors. This would mean about 2,000 Air Force personnel and dependents would transfer to Eielson. The fighter jets would be scheduled to arrive in 2019.

  Then in November 2014, the U.S. Air Force revealed that the F-16s at Eielson Air Force Base were again under review for possible relocation. The review is part of an ongoing and recurring Air Force process. The Alaska Congressional delegation's goal, should it be decided the F-16s will indeed relocate, would be to keep the F-16s at Eielson until the F-35s are delivered.

- Early in 2014, Flint Hill Resources, LLC, which was the Borough's fourth largest taxpayer in tax year 2013, announced that it was discontinuing its crude refining operations and transitioning to a terminal business of already-refined petroleum products. The closure resulted in the elimination of about 80 jobs in the Borough and will result in an unknown amount of decrease in the property's assessed valuation beginning in fiscal year 2015-16.

- The School District is financially dependent on the Borough, although it receives significant funding from the State and federal governments. Maintaining sustainable adequate future funding for the School District is an ongoing issue given changing federal education mandates and reductions based on the State's education foundation formula for school funding, combined with the School District's increasing salaries, benefits, and other costs. The Borough's direct local contribution to the School District has increased $13.4 million (37 percent) over the last ten fiscal years (fiscal year 2004-05 to fiscal year 2014-15).

  On November 21, 2014, the Alaska Superior Court ruled that organized municipalities are not required to help pay for public education, invalidating the Required Local Contribution statute saying that it is essentially a tax earmarked for a special purpose and violates the State Constitution. The State has not yet responded to the ruling.

- In April 2014, the Alaska State Legislature passed House Bill 385, which pays down $1 billion of the Public Employees' Retirement System (PERS) defined benefits plan's unfunded liability (a closed plan). However, the bill also extended, by nine years, the amortization period over which employers would pay down the debt. By statute, the required employer contribution is 22 percent of the employee's wages, with the State paying the balance of the actuarially-determined amount. Under the bill, the State's annual payments will be lower, but the total cost to employers will be much greater. For the Borough, an estimated additional $104 million will be paid in retirement contributions for those additional nine years.

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

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

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 are accounted for on a modified accrual basis of accounting. Proprietary funds and the fiduciary fund 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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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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FAIRBANKS NORTH STAR BOROUGH

Statement of Net Position
June 30, 2014

	Primary Government	
	Governmental Activities	Business-type Activities
Assets		
Equity in central treasury cash	$78,079,255	$22,551,771
Restricted equity in central treasury cash	51,964,731	400,960
Cash		
Taxes receivable (net of allowance for uncollectibles 2014 - $814,514; 2013 - $701,759)	2,484,864	
Restricted taxes receivable	467,386	
Accounts receivable (net of allowance for uncollectibles 2014 - $19,960; 2013 - $22,067)	77,244	611,943
Restricted accounts receivable (net of allowance for uncollectibles 2014 - $1,213,924; 2013 - $1,162,870)	1,325,286	2,772
Accrued interest receivable	41,410	
Restricted accrued interest receivable	8	
Internal balances (payable from restricted assets: governmental activities - none; business-type activities - $996,345)	2,493,391	(2,493,391)
Due from Borough		
Due from School District	800,000	
Restricted due from School District		
Due from governmental agencies	527,535	
Restricted due from governmental agencies	4,773,026	1,262,097
Inventories		2,106,839
Other assets	37,620	
Notes receivable - land sales	239,338	
Long-term receivables (net of allowance for uncollectibles 2014 - $182,250; 2013 - $216,507)		
Capital assets (See Note 6)		
Non-depreciable	278,562,136	11,808,465
Depreciable, net of accumulated depreciation	302,455,480	30,924,031
Assets total	724,328,710	67,175,488
Deferred Outflows of Resources		
Deferred amount on refunding	30,605	
Assets and deferred outflows total	724,359,316	67,175,488

See accompanying notes to financial statements.

Primary Government Totals		Component Units	
2014	2013 Restated	School District	Interior Gas Utility
$100,631,026	$92,917,629	$25,029,434	$
52,365,690	63,321,475	193,596	
			354,956
2,484,864	2,831,848		
467,386	474,632		
689,188	1,521,612	8,048,895	
1,328,058	597,806		
41,410	35,475		
8	88		
		567,858	
800,000	800,000		
	132		
527,535	721,951		
6,035,124	6,005,747		
2,106,839	231,828	1,088,912	
37,620	86,290	55,185	
239,338	401,011		
290,370,602	275,829,966		1,031,541
333,379,511	329,502,410	4,001,914	
791,504,198	775,279,899	38,985,794	1,386,497
30,605	45,555		
791,534,803	775,325,454	38,985,794	1,386,497

FAIRBANKS NORTH STAR BOROUGH

Statement of Net Position
June 30, 2014

	Primary Government	
	Governmental Activities	Business-type Activities
Liabilities		
Accounts payable	$3,479,268	$2,619,763
Due to Borough		
Due to School District	6,213	
Wages and payroll taxes	1,985,940	423,608
Payable from restricted assets		
Accounts payable	5,207,237	224,970
Due to School District	561,645	
Unearned revenues	2,091,075	
Deposits from others	9,888	
Unearned revenues		
Accrued interest payable	1,074,188	135,637
Deposits from others	192,295	
Line of credit		
Long-term liabilities (See Note 10)		
Due within one year	13,770,545	438,383
Due in more than one year	99,822,683	24,889,345
Liabilities total	128,200,976	28,731,705
Deferred Inflows of Resources		
Deferred amount on refunding	37,168	
Advance tax payments	11,849,384	
Deferred inflows of resources total	11,886,553	
Net Position		
Net investment in capital assets	504,309,177	37,597,280
Restricted for		
Employee healthcare and labor relations	3,119,163	
Grant-funded special programs	55,592	
Service areas	22,002,482	
Non-areawide	3,835,349	
Solid waste collection	6,356,008	
911 special revenue	2,636,518	
Library special revenue (donor-restricted)	5,081,040	
Grant-funded capital projects	5,131,510	
School bond capital projects	100,054	
Proprietary fund grants and asset replacement		444,514
Unrestricted	31,644,893	401,988
Total net position	$584,271,787	$38,443,782

See accompanying notes to financial statements.

Primary Government Totals		Component Units	
2014	2013 Restated	School District	Interior Gas Utility
$6,099,030	$2,091,698	$1,575,812	$290,602
		800,000	
6,213	7,521		
2,409,548	2,171,038	1,605,890	
5,432,208	3,837,984		
561,645	136,132		
2,091,075	5,291,934	193,596	
9,888	9,888		
			39,780
1,209,825	1,196,552		
192,295	136,008	33,856	
			15,000
14,208,928	14,413,372	8,199,364	
124,712,027	130,245,470	1,634,266	
156,932,681	159,537,597	14,042,784	345,382
37,168	43,123		
11,849,384	12,714,519		
11,886,553	12,757,642		
541,906,457	522,942,322	4,001,914	1,031,541
3,119,163	2,945,134		
55,592	203,009		
22,002,482	19,930,827		
3,835,349	3,442,218		
6,356,008	6,081,233		
2,636,518	2,864,956		
5,081,040	6,684,014		
5,131,510	4,628,654		
100,054	3,319,574		
444,514	723,243		
32,046,882	29,265,034	20,941,096	9,574
$622,715,570	$603,030,216	$24,943,010	$1,041,115

FAIRBANKS NORTH STAR BOROUGH

Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government					
Governmental activities					
General government	$22,950,631	($3,789,471)	$1,024,435	$1,240,806	$
Community planning	1,823,339	419		172,164	4,544
Public works	14,613,072	(1,609,071)	53,777		84
Parks and recreation	10,113,303	17,241	1,248,394	8,000	4,069,293
Library	6,869,529	692	80,107	198,791	6,929,995
Road and other service areas	6,496,395	667,370		15,362	4,785,247
Education	66,374,349			55,208	4,941,914
Emergency operations	6,575,537	556,850	1,552,994	536,934	424,933
Fire service areas	7,174,797	95,585		8,522	483,774
Interest on long-term debt	3,156,513				
Total governmental activities	146,147,466	(4,060,385)	3,959,707	2,235,787	21,639,784
Business-type activities					
Transit	9,718,000	832,643	1,091,643	4,271,199	1,398,660
Carlson Center	1,601,437	556,881		106,341	2,433,549
Solid waste disposal	7,866,041	872,626	9,392,173		96,128
Total business-type activities	19,185,478	2,262,150	10,483,816	4,377,539	3,928,337
Total primary government	$165,332,944	($1,798,235)	$14,443,523	$6,613,327	$25,568,121
Component units					
School District	$251,782,735	$1,798,235	$1,782,643	$68,202,040	$126,935
Interior Gas Utility	391,120			1,304,556	
Total component units	$252,173,855	$1,798,235	$1,782,643	$69,506,596	$126,935

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 as restated (see note 16A)

Net position, ending

See accompanying notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets					
Primary Government				Component Units	
		Totals			
Governmental Activities	Business-type Activities	2014	Restated 2013	School District	Interior Gas Utility
($16,895,919)	$	($16,895,919)	($19,581,182)	$	$
(1,647,050)		(1,647,050)	(1,630,648)		
(12,950,142)		(12,950,142)	(12,162,196)		
(4,804,856)		(4,804,856)	(6,187,522)		
338,672		338,672	(6,428,899)		
(2,363,156)		(2,363,156)	(1,876,357)		
(61,377,226)		(61,377,226)	(58,355,717)		
(4,617,525)		(4,617,525)	(3,890,949)		
(6,778,087)		(6,778,087)	(6,026,578)		
(3,156,513)		(3,156,513)	(3,601,263)		
(114,251,803)		(114,251,803)	(119,741,310)		
	(3,789,141)	(3,789,141)	(4,643,934)		
	381,571	381,571	454,400		
	749,634	749,634	2,310,322		
	(2,657,936)	(2,657,936)	(1,879,211)		
(114,251,803)	(2,657,936)	(116,909,738)	(121,620,522)		
				(183,469,352)	
					913,436
				(183,469,352)	913,436
115,359,140		115,359,140	110,650,804		
1,857,091		1,857,091	2,031,249		
1,049,356		1,049,356	1,104,640		
1,421,503		1,421,503	1,464,783		
15,210,021		15,210,021	16,406,955		9,500
				117,038,885	
				18,671,590	
271,672	18,870	290,542	105,350		
				48,360,000	
1,384,839	22,600	1,407,439	2,538,983	1,048,638	
(7,207,210)	7,207,210				
129,346,412	7,248,680	136,595,091	134,302,764	185,119,113	9,500
15,094,609	4,590,744	19,685,353	12,682,243	1,649,761	922,936
569,177,178	33,853,038	603,030,216	590,347,972	23,293,249	118,179
$584,271,787	$38,443,782	$622,715,570	$603,030,216	$24,943,010	$1,041,115

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FUND FINANCIAL STATEMENTS

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FAIRBANKS NORTH STAR BOROUGH

Governmental Funds

Balance Sheet
June 30, 2014

	General	Service Areas	Debt Service
Assets			
Equity in central treasury cash	$63,174,257	$19,982,679	$333,647
Taxes receivable (net of allowance for uncollectibles - $814,514)	2,484,864	253,197	
Accounts receivable (net of allowance for uncollectibles - $1,223,634)	77,244		
Accrued interest receivable	41,410		
Interfund receivable	4,856,596		
Due from School District			
Due from governmental agencies	527,535		
Other assets	37,620		728,184
Notes receivable - land sales	239,338		
Assets total	$71,438,865	$20,235,876	$1,061,830
Liabilities, Deferred Inflows, and Fund Balances			
Liabilities			
Accounts payable	$1,699,545	$489,434	$
Wages and payroll taxes	1,524,153		
Accrued self-insurance losses	773,708		
Interfund payables		50,000	
Due to School District	6,213		
Deposits from others	192,295		
Unearned revenues	101,554		
Liabilities total	4,297,468	539,434	
Deferred inflows of resources			
Unavailable revenues	3,329,042	238,302	
Advance tax payments	11,849,384		
Deferred inflows of resources total	15,178,427	238,302	
Fund balances (deficit)			
Restricted	211,240	19,458,139	
Committed	23,397,523		1,061,830
Assigned	4,420,000		
Unassigned	23,934,207		
Fund balances (deficit) total	51,962,970	19,458,139	1,061,830
Liabilities, deferred inflows, and fund balances (deficit) total	$71,438,865	$20,235,876	$1,061,830

See accompanying notes to financial statements.

State Grants Capital Projects	Bond Capital Projects	Local Capital Projects	Other Governmental Funds	Total Governmental Funds
$6,805,045	$518,273	$19,053,472	$19,282,832	$129,150,206
		661	213,528	2,952,250
		450,000	875,286	1,402,530
	8			41,418
100,095				4,956,691
		800,000		800,000
3,526,183			1,246,844	5,300,562
				765,803
				239,338
$10,431,322	$518,281	$20,304,134	$21,618,490	$145,608,798
$2,010,539	$1,635,272	$1,996,047	$809,430	$8,640,268
				1,524,153
				773,708
1,882,703		50,095	418,480	2,401,278
	29,668		531,978	567,858
			9,888	202,182
1,520,372			570,702	2,192,628
5,413,615	1,664,940	2,046,142	2,340,477	16,302,075
		450,602	857,221	4,875,167
				11,849,384
		450,602	857,221	16,724,552
5,017,707		5,270,255	16,707,473	46,664,815
		12,537,135	1,713,319	38,709,808
				4,420,000
	(1,146,659)			22,787,548
5,017,707	(1,146,659)	17,807,390	18,420,792	112,582,171
$10,431,322	$518,281	$20,304,134	$21,618,490	$145,608,798

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FAIRBANKS NORTH STAR BOROUGH

Governmental Funds

Reconciliation of Balance Sheet
to the Statement of Net Position
June 30, 2014

Fund balances - total governmental funds		$ 112,582,171
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	$ 840,710,873	
Less accumulated depreciation	(263,429,689)	
		577,281,184
Some long-term assets are not available to pay for current period expenditures and, therefore, are classified as deferred outflows of resources.		
Deferred refunding on bonds		(37,168)
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.		3,057,193
Earned revenues that are not available to pay current period expenditures reduce revenues in the funds or are classified as deferred inflows of resources.		4,976,721
Some liabilities, and related deferred outflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds payable	(103,605,000)	
Premiums on bonds	(5,299,246)	
Deferred refunding on bonds	30,605	
Accrued interest payable on bonds	(1,074,188)	
Accrued compensated absences	(2,912,301)	
Other payables	(728,184)	
		(113,588,313)
Net position of governmental activities		$584,271,787

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, 2014

	General	Service Areas	Debt Service
Revenues			
Taxes	$97,545,489	$11,659,085	$
Intergovernmental revenues	15,246,573		
Charges for services	2,007,737		
Land sales and interest on land notes receivable	107,822		
Other revenues	3,087,694	131,703	
Revenues total	117,995,315	11,790,788	
Expenditures			
Current			
General government	18,715,365		
Community planning	1,683,352		
Public works	6,243,334		
Parks and recreation	7,132,930		
Library	5,398,467		
Road and other service areas		2,792,320	
Education	48,360,000		
Emergency operations	1,972,117		
Fire service areas		6,457,652	
Capital outlay	468,973		
Debt service			
Principal retirement			10,515,000
Interest and other debt service costs			4,446,456
Expenditures total	89,974,538	9,249,972	14,961,456
Excess (deficiency) of revenues over expenditures	28,020,777	2,540,816	(14,961,456)
Other financing sources (uses)			
Transfers in	388,445	37,009	15,127,450
Transfers out	(25,179,556)	(625,468)	
Other financing sources (uses) total	(24,791,111)	(588,459)	15,127,450
Net change in fund balances	3,229,666	1,952,356	165,994
Fund balances (deficit), beginning	48,733,305	17,505,783	895,836
Fund balances (deficit), ending	$51,962,970	$19,458,139	$1,061,830

See accompanying notes to financial statements.

State Grants Capital Projects	Bond Capital Projects	Local Capital Projects	Other Governmental Funds	Total Governmental Funds
$	$	$8,352	$9,850,888	$119,063,814
16,517,939			4,059,878	35,824,390
			1,989,063	3,996,800
				107,822
3,329	613	967,742	512,809	4,703,890
16,521,268	613	976,093	16,412,639	163,696,716
		3,272	1,691,106	20,409,744
			177,701	1,861,053
		279,300	6,580,797	13,103,430
383,880		677,613	36,893	8,231,316
214,870		313,876	312,328	6,239,540
3,962,168		384,030	26,058	7,164,576
591,322	3,673,192	1,571,253	716,933	54,912,700
111,628			5,025,751	7,109,496
125,972			24,257	6,607,882
11,285,184	6,948,158	2,197,462	1,295,732	22,195,509
				10,515,000
				4,446,456
16,675,024	10,621,350	5,426,805	15,887,556	162,796,702
(153,756)	(10,620,738)	(4,450,712)	525,083	900,015
633,333		9,785,977	1,297,568	27,269,781
(5,655)		(7,177,275)	(1,483,670)	(34,471,624)
627,678		2,608,702	(186,102)	(7,201,843)
473,922	(10,620,738)	(1,842,010)	338,981	(6,301,828)
4,543,785	9,474,079	19,649,400	18,081,811	118,883,999
$5,017,707	($1,146,659)	$17,807,390	$18,420,792	$112,582,171

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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, 2014

Net change in fund balances - total governmental funds		($6,301,828)
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	$22,195,509	
Depreciation expense	(15,501,554)	
		6,693,955
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.		2,419,569
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		4,730,257
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.		(4,248,788)
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.		
Deferred bond issuance costs	(8,995)	
Debt principal payments	10,515,000	
Accrued interest and amortization	1,347,858	
		11,853,863
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.		(71,439)
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.		32,143
The internal service fund lookback adjustment results in a balance between governmental and business-type activities.		(13,124)
Change in net position of governmental activities		$15,094,609

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, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property tax	$90,694,520	$90,694,520	$91,637,775	$943,255
Hotel-motel tax	1,750,000	1,750,000	1,853,945	103,945
Alcoholic beverage tax	1,040,000	1,040,000	1,044,090	4,090
Tobacco excise tax	1,450,000	1,450,000	1,421,403	(28,597)
Interest and penalties on taxes	729,100	729,100	795,480	66,380
Payment in lieu of taxes for privatized military housing	792,800	792,800	792,797	(3)
Taxes total	96,456,420	96,456,420	97,545,489	1,089,069
Intergovernmental revenues				
State of Alaska				
Aid for school construction	10,788,950	10,788,950	10,350,725	(438,225)
Aid to local government	3,751,522	3,751,522	3,756,906	5,384
Other shared revenue and assistance	470,500	470,500	423,939	(46,561)
Grants	60,000			
Federal government				
Payment in lieu of taxes			438,822	438,822
Aid for debt service	221,210	221,210	204,931	(16,279)
Grants		71,250	71,250	
Intergovernmental revenues total	15,292,182	15,303,432	15,246,573	(56,859)
Charges for services	2,213,430	2,213,430	1,950,877	(262,553)
Charges to School District	1,847,710	1,847,710	1,798,235	(49,475)
Other revenues				
Charges to other funds	4,196,120	4,196,120	3,798,229	(397,891)
Investment income, including net unrealized investment gains/losses	134,070	134,070	266,805	132,735
Indirect charges to grants	914,860	914,860	1,861,686	946,826
Various	55,000	58,160	48,463	(9,698)
Other revenues total	5,300,050	5,303,210	5,975,183	671,973
Revenues total	121,109,792	121,124,202	122,516,357	1,392,155

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, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Expenditures				
Current				
General government				
Non-departmental	$827,150	$502,150	$272,094	$230,056
Mayor	970,272	959,272	864,483	94,788
Assembly	1,798,500	1,797,000	1,549,267	247,733
Legal	1,144,930	1,152,930	1,090,553	62,377
Computer services	4,319,940	4,240,498	3,987,525	252,973
Financial services	4,003,666	3,968,131	3,367,633	600,498
Assessing	2,927,990	2,919,990	2,462,649	457,341
General services	1,834,930	1,834,930	1,827,507	7,423
Human resources	3,434,060	3,412,696	3,249,182	163,514
Land management	1,230,570	1,169,555	782,124	387,431
General government total	22,492,008	21,957,152	19,453,017	2,504,134
Community planning	1,988,750	1,964,541	1,680,902	283,639
Public works	8,546,560	8,526,665	8,019,581	507,084
Parks and recreation	7,399,230	7,381,420	7,000,429	380,991
Library	5,659,370	5,623,796	5,109,215	514,581
Education	48,360,000	48,360,000	48,360,000	
Emergency operations	2,131,200	2,125,290	1,870,735	254,554
Capital outlay	698,150	1,016,687	981,587	35,100
Expenditures total	97,275,268	96,955,550	92,475,466	4,480,084

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, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over expenditures	$23,834,524	$24,168,652	$30,040,892	$5,872,239
Other financing sources (uses)				
Transfers in				
Special revenue funds			59,619	59,619
Capital projects funds			4,826	4,826
General fund - multi-year	415,000	415,000	451,255	36,255
Transfers out				
Special revenue funds	(218,342)	(218,342)	(218,342)	
Debt service fund	(15,127,450)	(15,127,450)	(15,127,450)	
Capital projects funds	(275,000)	(3,081,254)	(3,081,254)	
Enterprise funds	(6,740,010)	(6,740,010)	(6,740,010)	
General fund - multi-year	(1,903,500)	(3,272,170)	(3,272,170)	
Other financing sources (uses) total	(23,849,302)	(28,024,226)	(27,923,527)	100,700
Net change in fund balance	($14,778)	($3,855,574)	$2,117,365	$5,972,939

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, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Air Park				
Total revenues and transfers in	$10	$10	$7	($3)
Total expenditures and transfers out	$6,819	$6,819	$1,750	$5,069
Airway				
Total revenues and transfers in	$13,310	$13,310	$13,350	$40
Total expenditures and transfers out	$64,445	$64,445	$11,981	$52,464
Arctic Fox				
Total revenues and transfers in	$5,220	$5,220	$5,187	($33)
Total expenditures and transfers out	$25,045	$40,045	$7,485	$32,560
Aztec				
Total revenues and transfers in	$25,620	$25,620	$25,333	($287)
Total expenditures and transfers out	$115,774	$115,774	$8,250	$107,525
Ballaine Lake Sewer & Water				
Total revenues and transfers in	$28,270	$28,270	$28,160	($110)
Total expenditures and transfers out	$88,794	$88,794	$6,095	$82,699
Bear's Den Road				
Total revenues and transfers in	$500	$500	$454	($46)
Total expenditures and transfers out	$500	$500	$500	$
Becker Ridge				
Total revenues and transfers in	$123,850	$123,850	$122,834	($1,016)
Total expenditures and transfers out	$322,695	$322,695	$107,795	$214,900
Birch Hill				
Total revenues and transfers in	$132,050	$132,050	$132,549	$499
Total expenditures and transfers out	$447,701	$447,701	$89,270	$358,431
Bluebird Road				
Total revenues and transfers in	$7,510	$7,510	$7,534	$24
Total expenditures and transfers out	$40,850	$40,850	$1,912	$38,938

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, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Borda Road				
Total revenues and transfers in	$30,670	$30,670	$30,680	$10
Total expenditures and transfers out	$155,956	$155,956	$4,400	$151,556
Brookside				
Total revenues and transfers in	$9,020	$9,020	$8,981	($39)
Total expenditures and transfers out	$52,754	$52,754	$7,955	$44,799
Chena Goldstream Volunteer Fire				
Total revenues and transfers in	$1,457,070	$1,457,070	$1,454,660	($2,410)
Total expenditures and transfers out	$2,449,326	$2,449,895	$1,072,448	$1,377,448
Chena Hills Road				
Total revenues and transfers in	$106,630	$106,630	$107,794	$1,164
Total expenditures and transfers out	$172,362	$172,362	$97,619	$74,742
Chena Hot Springs II				
Total revenues and transfers in	$400	$400	$397	($3)
Total expenditures and transfers out	$512	$512	$500	$12
Chena Marina				
Total revenues and transfers in	$26,920	$26,920	$26,281	($639)
Total expenditures and transfers out	$82,529	$82,529	$24,613	$57,915
Chena Point Road				
Total revenues and transfers in	$133,540	$133,540	$132,767	($773)
Total expenditures and transfers out	$161,800	$206,800	$163,712	$43,088
Chena Spur				
Total revenues and transfers in	$46,060	$46,060	$46,145	$85
Total expenditures and transfers out	$174,880	$174,880	$37,479	$137,402
Cleary Summit				
Total revenues and transfers in	$	$	$15	$15
Total expenditures and transfers out	$1,098	$1,098	$500	$598

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, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
College				
Total revenues and transfers in	$438,394	$438,394	$441,656	$3,262
Total expenditures and transfers out	$3,019,951	$3,019,951	$413,055	$2,606,896
College Hills				
Total revenues and transfers in	$27,621	$27,621	$27,266	($355)
Total expenditures and transfers out	$58,424	$58,424	$11,557	$46,867
Cooper Estates				
Total revenues and transfers in	$30,760	$30,760	$30,413	($347)
Total expenditures and transfers out	$142,027	$142,027	$20,576	$121,451
Cordes Drive				
Total revenues and transfers in	$27,710	$27,710	$27,952	$242
Total expenditures and transfers out	$54,010	$54,010	$23,328	$30,682
Cripple Creek				
Total revenues and transfers in	$76,440	$76,440	$76,065	($375)
Total expenditures and transfers out	$243,052	$243,052	$48,713	$194,339
Deep Forest				
Total revenues and transfers in	$25,130	$25,130	$25,163	$33
Total expenditures and transfers out	$58,355	$58,355	$6,381	$51,974
Diane Subdivision				
Total revenues and transfers in	$3,800	$3,800	$3,849	$49
Total expenditures and transfers out	$31,361	$29,494	$11,580	$17,915
Drake Estates				
Total revenues and transfers in	$8,680	$8,680	$8,695	$15
Total expenditures and transfers out	$35,189	$31,189	$3,522	$27,666
Edanella Heights Road				
Total revenues and transfers in	$45,749	$45,749	$44,682	($1,067)
Total expenditures and transfers out	$75,250	$75,250	$59,611	$15,639

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, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Ester Lump Road				
Total revenues and transfers in	$34,400	$34,400	$34,411	$11
Total expenditures and transfers out	$134,941	$134,941	$20,929	$114,012
Ester Volunteer Fire				
Total revenues and transfers in	$442,070	$442,070	$455,057	$12,987
Total expenditures and transfers out	$532,884	$533,260	$392,266	$140,994
Fairfields				
Total revenues and transfers in	$16,990	$16,990	$17,068	$78
Total expenditures and transfers out	$82,894	$82,894	$9,942	$72,952
Fairhill				
Total revenues and transfers in	$11,910	$11,910	$13,983	$2,073
Total expenditures and transfers out	$27,674	$27,674	$5,174	$22,500
Fairwest				
Total revenues and transfers in	$25,040	$25,040	$36,620	$11,580
Total expenditures and transfers out	$226,858	$236,858	$25,157	$211,701
Garden				
Total revenues and transfers in	$44,090	$44,090	$44,199	$109
Total expenditures and transfers out	$247,197	$247,197	$14,402	$232,795
Golden Valley Road				
Total revenues and transfers in	$17,470	$17,470	$16,977	($493)
Total expenditures and transfers out	$30,526	$33,526	$56,538	($23,012)
Goldstream Alaska				
Total revenues and transfers in	$29,690	$29,690	$29,478	($212)
Total expenditures and transfers out	$102,159	$102,159	$10,713	$91,446
Goldstream Moose Creek				
Total revenues and transfers in	$59,920	$59,920	$59,976	$56
Total expenditures and transfers out	$95,626	$120,626	$80,859	$39,767

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, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Gordon				
Total revenues and transfers in	$58,530	$58,530	$58,287	($243)
Total expenditures and transfers out	$331,419	$331,419	$26,679	$304,740
Granola Estates				
Total revenues and transfers in	$6,570	$6,570	$6,824	$254
Total expenditures and transfers out	$39,893	$39,893	$4,595	$35,298
Grieme Road				
Total revenues and transfers in	$23,039	$23,039	$23,175	$136
Total expenditures and transfers out	$111,637	$111,637	$18,283	$93,354
Haystack				
Total revenues and transfers in	$43,500	$43,500	$43,121	($379)
Total expenditures and transfers out	$62,631	$66,631	$40,383	$26,248
Herning Hills				
Total revenues and transfers in	$28,810	$28,810	$28,352	($458)
Total expenditures and transfers out	$59,076	$79,076	$46,157	$32,919
Hopeless				
Total revenues and transfers in	$24,970	$24,970	$25,207	$237
Total expenditures and transfers out	$47,958	$87,958	$56,760	$31,198
Horseshoe Downs				
Total revenues and transfers in	$24,580	$24,580	$25,117	$537
Total expenditures and transfers out	$33,410	$33,410	$17,737	$15,673
Jennifer Drive				
Total revenues and transfers in	$6,210	$6,210	$6,216	$6
Total expenditures and transfers out	$9,045	$17,045	$8,131	$8,913
Jones Road				
Total revenues and transfers in	$70,020	$70,020	$70,286	$266
Total expenditures and transfers out	$179,130	$179,130	$53,174	$125,956

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, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Joy Road				
Total revenues and transfers in	$8,830	$8,830	$9,040	$210
Total expenditures and transfers out	$34,803	$38,803	$11,064	$27,739
Keeney Road				
Total revenues and transfers in	$2,270	$2,270	$2,311	$41
Total expenditures and transfers out	$12,436	$12,436	$846	$11,590
Kendall				
Total revenues and transfers in	$12,480	$12,480	$12,328	($152)
Total expenditures and transfers out	$87,166	$87,166	$5,912	$81,254
Keystone				
Total revenues and transfers in	$16,570	$16,570	$16,760	$190
Total expenditures and transfers out	$58,225	$58,225	$5,345	$52,880
Kris Kringle				
Total revenues and transfers in	$14,800	$14,800	$14,853	$53
Total expenditures and transfers out	$93,697	$93,697	$5,080	$88,616
Lakloey Hill				
Total revenues and transfers in	$39,860	$39,860	$39,921	$61
Total expenditures and transfers out	$135,420	$133,420	$32,493	$100,926
Lee Lane				
Total revenues and transfers in	$7,090	$7,090	$7,060	($30)
Total expenditures and transfers out	$7,090	$25,225	$11,971	$13,254
Loose Moose				
Total revenues and transfers in	$6,880	$6,880	$7,747	$867
Total expenditures and transfers out	$13,481	$13,481	$3,252	$10,228
Martin				
Total revenues and transfers in	$40,520	$40,520	$40,061	($459)
Total expenditures and transfers out	$79,111	$79,111	$6,830	$72,281

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, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
McCloud				
Total revenues and transfers in	$25,480	$25,480	$26,161	$681
Total expenditures and transfers out	$132,295	$132,295	$7,078	$125,217
McGrath Estates				
Total revenues and transfers in	$73,760	$73,760	$75,455	$1,695
Total expenditures and transfers out	$238,700	$238,700	$66,828	$171,873
McKinley View				
Total revenues and transfers in	$7,650	$7,650	$14,729	$7,079
Total expenditures and transfers out	$24,374	$24,374	$1,806	$22,569
Mellow Woods Road				
Total revenues and transfers in	$16,790	$16,790	$16,548	($242)
Total expenditures and transfers out	$99,107	$99,107	$5,692	$93,414
Miller Hill Extension				
Total revenues and transfers in	$65,870	$65,870	$64,605	($1,265)
Total expenditures and transfers out	$169,350	$169,350	$44,656	$124,694
Moose Creek				
Total revenues and transfers in	$16,450	$16,450	$16,463	$13
Total expenditures and transfers out	$57,745	$53,745	$24,272	$29,473
Moose Meadows				
Total revenues and transfers in	$79,570	$79,570	$80,001	$431
Total expenditures and transfers out	$216,431	$216,431	$40,860	$175,571
Mt. View				
Total revenues and transfers in	$27,900	$27,900	$28,176	$276
Total expenditures and transfers out	$118,290	$118,290	$27,408	$90,881
Murphy				
Total revenues and transfers in	$15,500	$15,500	$15,644	$144
Total expenditures and transfers out	$39,089	$38,889	$12,688	$26,201

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, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Musk Ox				
Total revenues and transfers in	$38,250	$38,250	$38,135	($115)
Total expenditures and transfers out	$91,553	$87,553	$43,956	$43,596
Newby Park				
Total revenues and transfers in	$17,890	$17,890	$17,966	$76
Total expenditures and transfers out	$37,075	$35,675	$21,272	$14,404
North Ridge				
Total revenues and transfers in	$13,660	$13,660	$13,694	$34
Total expenditures and transfers out	$52,088	$52,088	$7,212	$44,876
North Star Volunteer Fire				
Total revenues and transfers in	$1,831,030	$1,831,030	$1,870,651	$39,621
Total expenditures and transfers out	$2,164,095	$2,164,095	$1,990,435	$173,660
O'Connor Creek				
Total revenues and transfers in	$126,470	$126,470	$126,461	($9)
Total expenditures and transfers out	$388,224	$388,224	$64,177	$324,047
Old Wood Road				
Total revenues and transfers in	$14,940	$14,940	$14,976	$36
Total expenditures and transfers out	$50,499	$50,499	$5,534	$44,965
Our				
Total revenues and transfers in	$4,100	$4,100	$4,113	$13
Total expenditures and transfers out	$14,444	$14,444	$2,037	$12,407
Parksridge				
Total revenues and transfers in	$13,400	$13,400	$13,267	($133)
Total expenditures and transfers out	$35,268	$35,268	$15,770	$19,498
Peede Country Estates				
Total revenues and transfers in	$7,730	$7,730	$7,750	$20
Total expenditures and transfers out	$35,277	$35,277	$1,542	$33,735

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, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Pine Stream				
Total revenues and transfers in	$31,400	$31,400	$31,435	$35
Total expenditures and transfers out	$145,576	$145,576	$15,858	$129,718
Pleasureland				
Total revenues and transfers in	$8,240	$8,240	$8,578	$338
Total expenditures and transfers out	$35,929	$35,929	$1,654	$34,276
Polar Heights				
Total revenues and transfers in	$20,210	$20,210	$20,534	$324
Total expenditures and transfers out	$56,093	$56,093	$9,269	$46,825
Potlatch				
Total revenues and transfers in	$13,650	$13,650	$13,152	($498)
Total expenditures and transfers out	$38,434	$38,434	$5,201	$33,233
Prospect Park				
Total revenues and transfers in	$8,390	$8,390	$8,422	$32
Total expenditures and transfers out	$44,543	$44,543	$4,396	$40,148
Reed Acres Road				
Total revenues and transfers in	$9,810	$9,810	$9,700	($110)
Total expenditures and transfers out	$71,790	$71,790	$4,390	$67,400
Ridgecrest				
Total revenues and transfers in	$2,240	$2,240	$2,240	$
Total expenditures and transfers out	$6,302	$5,652	$5,334	$318
Salchaket Heights				
Total revenues and transfers in	$4,950	$4,950	$4,897	($53)
Total expenditures and transfers out	$14,204	$14,204	$2,583	$11,621
Scenic Heights				
Total revenues and transfers in	$20,410	$20,410	$20,424	$14
Total expenditures and transfers out	$86,490	$86,490	$8,889	$77,601

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, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Seavy				
Total revenues and transfers in	$10,690	$10,690	$10,889	$199
Total expenditures and transfers out	$70,617	$70,617	$6,851	$63,766
Secluded Acres				
Total revenues and transfers in	$13,110	$13,110	$13,136	$26
Total expenditures and transfers out	$18,770	$18,496	$17,786	$709
Serendipity Hill				
Total revenues and transfers in	$6,970	$6,970	$6,998	$28
Total expenditures and transfers out	$45,258	$45,258	$3,206	$42,052
Six Mile Village Road				
Total revenues and transfers in	$9,270	$9,270	$9,383	$113
Total expenditures and transfers out	$46,283	$56,283	$10,899	$45,384
Smallwood Trail Road				
Total revenues and transfers in	$7,290	$7,290	$7,312	$22
Total expenditures and transfers out	$37,722	$38,722	$4,410	$34,312
Smith Ranch				
Total revenues and transfers in	$8,400	$8,400	$8,398	($2)
Total expenditures and transfers out	$71,529	$121,529	$36,840	$84,688
Spring Glade				
Total revenues and transfers in	$31,960	$31,960	$31,806	($154)
Total expenditures and transfers out	$116,059	$113,059	$35,361	$77,699
Spruce Acres				
Total revenues and transfers in	$6,910	$6,910	$6,792	($118)
Total expenditures and transfers out	$36,804	$36,804	$5,004	$31,800
Steamboat Landing				
Total revenues and transfers in	$19,070	$19,070	$18,838	($232)
Total expenditures and transfers out	$44,062	$44,062	$6,449	$37,612

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, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Steese Volunteer Fire				
Total revenues and transfers in	$1,461,040	$1,461,040	$1,481,172	$20,132
Total expenditures and transfers out	$1,708,312	$1,708,312	$1,353,251	$355,062
Straight Creek				
Total revenues and transfers in	$19,230	$19,230	$19,485	$255
Total expenditures and transfers out	$32,496	$42,496	$18,542	$23,954
Summerwood				
Total revenues and transfers in	$43,000	$43,000	$42,610	($390)
Total expenditures and transfers out	$243,725	$243,725	$25,795	$217,930
Summit Drive				
Total revenues and transfers in	$128,620	$128,620	$128,687	$67
Total expenditures and transfers out	$506,410	$506,410	$58,059	$448,351
Sunny Hills Terrace				
Total revenues and transfers in	$33,110	$33,110	$33,249	$139
Total expenditures and transfers out	$160,639	$160,639	$7,545	$153,094
Sunrise				
Total revenues and transfers in	$13,060	$13,060	$14,026	$966
Total expenditures and transfers out	$82,482	$82,482	$2,353	$80,128
Tan Terra				
Total revenues and transfers in	$34,080	$34,080	$34,070	($10)
Total expenditures and transfers out	$84,636	$84,636	$24,498	$60,137
Thomas				
Total revenues and transfers in	$12,990	$12,990	$12,283	($707)
Total expenditures and transfers out	$31,217	$31,217	$9,473	$21,744
Timberlane Road				
Total revenues and transfers in	$8,140	$8,140	$13,917	$5,777
Total expenditures and transfers out	$45,768	$45,768	$2,435	$43,333

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, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Tungsten				
Total revenues and transfers in	$50,860	$50,860	$51,192	$332
Total expenditures and transfers out	$112,273	$112,273	$86,738	$25,535
Twenty Three Mile Slough				
Total revenues and transfers in	$47,830	$47,830	$51,344	$3,514
Total expenditures and transfers out	$144,534	$144,534	$40,463	$104,071
Ullrhaven				
Total revenues and transfers in	$4,430	$4,430	$4,447	$17
Total expenditures and transfers out	$26,092	$24,892	$4,580	$20,312
University Fire				
Total revenues and transfers in	$2,630,030	$2,630,030	$2,673,415	$43,385
Total expenditures and transfers out	$5,034,939	$5,034,939	$1,993,253	$3,041,686
University Heights				
Total revenues and transfers in	$58,710	$58,710	$58,886	$176
Total expenditures and transfers out	$161,347	$161,347	$17,019	$144,328
University West Street Light				
Total revenues and transfers in	$66,940	$66,940	$68,788	$1,848
Total expenditures and transfers out	$269,767	$269,767	$42,341	$227,426
Vienna Wood				
Total revenues and transfers in	$25,600	$25,600	$25,630	$30
Total expenditures and transfers out	$59,555	$59,555	$7,358	$52,197
Viewpointe				
Total revenues and transfers in	$19,050	$19,050	$18,804	($246)
Total expenditures and transfers out	$148,923	$156,923	$22,555	$134,368
Violet Drive				
Total revenues and transfers in	$70,470	$70,470	$70,069	($401)
Total expenditures and transfers out	$118,899	$168,899	$116,361	$52,538

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, 2014

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Vista Gold Road				
Total revenues and transfers in	$44,620	$44,620	$44,380	($240)
Total expenditures and transfers out	$69,679	$89,679	$43,495	$46,184
Vue Crest				
Total revenues and transfers in	$34,677	$34,677	$34,722	$45
Total expenditures and transfers out	$131,993	$131,993	$11,782	$120,211
Whitman				
Total revenues and transfers in	$4,570	$4,570	$4,548	($22)
Total expenditures and transfers out	$19,851	$24,851	$2,219	$22,632
Wildview				
Total revenues and transfers in	$203,790	$203,790	$203,102	($688)
Total expenditures and transfers out	$778,772	$778,772	$101,927	$676,845
Woodland				
Total revenues and transfers in	$2,700	$2,700	$2,701	$1
Total expenditures and transfers out	$10,519	$10,519	$1,475	$9,044
Yak Road				
Total revenues and transfers in	$84,790	$84,790	$85,234	$444
Total expenditures and transfers out	$136,122	$136,122	$60,177	$75,946
Total All Service Areas				
Total revenues and transfers in	$11,679,790	$11,679,790	$11,827,796	$148,006
Total expenditures and transfers out	$26,027,165	$26,351,654	$9,834,557	$16,517,098

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Net Position
June 30, 2014

	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	$3,706,846	$815,214	$18,029,710	$22,551,771	$893,779
Restricted equity in central treasury cash	24,136	376,823		400,960	
Accounts receivable (net of allowance for uncollectibles - $10,250)	38,791	55,942	517,210	611,943	
Restricted accounts receivable		2,772		2,772	
Restricted due from governmental agencies	1,131,958	130,139		1,262,097	
Inventories	332,363		1,774,476	2,106,839	
Current assets total	5,234,095	1,380,891	20,321,396	26,936,383	893,779
Noncurrent assets					
Long-term receivables (net of allowance for uncollectibles - $182,250)					
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	397,463		9,439,943	9,837,406	
Capital assets - depreciable					
Land			346,044	346,044	
Buildings	4,045,284	21,266,719	7,951,549	33,263,552	
Improvements other than buildings	269,296	1,608,028	16,871,527	18,748,851	
Equipment	5,774,331	1,750,093	3,812,638	11,337,062	7,502,076
Accumulated depreciation	(4,981,172)	(8,879,278)	(18,911,028)	(32,771,478)	(3,765,644)
Noncurrent assets (net) total	6,100,436	16,375,384	20,256,677	42,732,496	3,736,432
Assets total	$11,334,531	$17,756,274	$40,578,073	$69,668,878	$4,630,211

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Net Position
June 30, 2014

	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	$93,259	$47,610	$2,478,893	$2,619,763	$46,237
Wages and payroll taxes	306,371	7,202	110,034	423,608	
Accrued interest payable			135,637	135,637	
Accrued compensated absences	260,791	1,236	86,488	348,516	
Accrued self-insurance losses	63,867		26,000	89,867	
Interfund payable			1,559,068	1,559,068	
Payable from restricted assets					
Accounts payable	124,970	100,000		224,970	
Interfund payable	966,206	30,139		996,345	
Capital leases payable					519,236
Current liabilities total	1,815,465	186,188	4,396,121	6,397,774	565,473
Long-term liabilities					
Accrued compensated absences	92,122		43,678	135,800	
Accrued self-insurance losses	114,693		57,198	171,891	
Capital leases payable					945,523
Loans payable			6,490,051	6,490,051	
Landfill closure and postclosure care			18,091,603	18,091,603	
Long-term liabilities total	206,814		24,682,530	24,889,345	945,523
Liabilities total	2,022,279	186,188	29,078,651	31,287,118	1,510,997
Net position					
Net investment in capital assets	6,100,436	16,375,384	15,121,460	37,597,280	2,271,673
Restricted for					
Asset replacement		379,595		379,595	
Grants	64,919			64,919	
Unrestricted (deficit)	3,146,897	815,107	(3,622,039)	339,966	847,542
Net position total	9,312,252	17,570,087	11,499,422	38,381,760	3,119,215
Liabilities and net position total	$11,334,531	$17,756,274	$40,578,073		$4,630,211

Reconciliation to government-wide statement of net position:

Adjustment to reflect consolidation of internal service fund activites related to enterprise funds	62,022
Net position of business-type activites	$38,443,782

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Position
June 30, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities
	Transit	Carlson Center	Solid Waste Disposal	Total	Internal Service Fund
Operating revenues					
Fares	$343,751	$	$	$343,751	$
Advertising	20,521			20,521	
Charges for services	727,371	106,341	9,392,173	10,225,884	603,012
Operating revenues total	1,091,643	106,341	9,392,173	10,590,156	603,012
Operating expenses					
Wages and benefits	5,718,787	56,963	1,726,806	7,502,556	
Fuels, lubricants, and parts	953,619		283,407	1,237,026	
Other commodities	24,830	13,123	6,146	44,099	
Contractual services	1,712,894	691,226	1,626,419	4,030,539	5,571
Utilities	166,147		169,663	335,810	
Professional services	210,108	30,898	166,137	407,143	
Depreciation	565,374	607,310	1,304,964	2,477,648	465,445
Training, dues, and professional expenses	73,019		21,632	94,651	
Repairs and maintenance	207,255	500	343,633	551,387	25
Supplies	90,751	12,550	153,669	256,969	
Management contractor fee		184,144		184,144	
Landfill closure and postclosure care costs			2,025,465	2,025,465	
Interest expense - capital leases					50,219
Intragovernmental charges	830,862	556,124	867,379	2,254,365	47,031
Operating expenses total	10,553,646	2,152,838	8,695,318	21,401,801	568,291
Operating income (loss)	(9,462,003)	(2,046,497)	696,855	(10,811,645)	34,721

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Position
June 30, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities
	Transit	Carlson Center	Solid Waste Disposal	Total	Internal Service Fund
Non-operating revenues (expenses)					
Interest expense	$	$	($8,194)	($8,194)	$
Grants revenue	4,271,199			4,271,199	
Investment income	2,039	356	16,475	18,870	
Gain (loss) on disposal of capital assets	19,725	(6,757)	(44,000)	(31,032)	(2,578)
Miscellaneous revenue (expense)	223	982	1,670	2,876	
Non-operating revenues (expenses) total	4,293,186	(5,419)	(34,049)	4,253,718	(2,578)
Income (loss) before contributions and transfers	(5,168,817)	(2,051,916)	662,806	(6,557,927)	32,143
Transfers in	5,583,720	1,418,790	212,500	7,215,010	
Transfers out		(13,167)		(13,167)	
Capital contributions	1,404,027	2,433,549	96,128	3,933,704	
Change in net position	1,818,930	1,787,255	971,434	4,577,619	32,143
Net position, beginning	7,493,322	15,782,831	10,527,988		3,087,072
Net position, ending	$9,312,252	$17,570,087	$11,499,422		$3,119,215

Reconciliation to government-wide statement of activities:

Adjustment to reflect consolidation of internal service fund activities related to enterprise funds	13,124
Change in net position of business-type activities	$4,590,744

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Cash Flows
Increases (Decreases) in Equity in Central Treasury Cash
For the Year Ended June 30, 2014

	Business-type Activities -	
	Transit	Carlson Center
Cash flows from operating activities		
Cash received from customers	$1,064,448	$160,244
Cash payments to suppliers for goods and services	(4,348,740)	(1,488,565)
Cash payments for employee services	(5,647,234)	(56,217)
Cash from surplus sale	223	982
Net cash provided by (used for) operating activities	(8,931,303)	(1,383,556)
Cash flows from noncapital financing activities		
Grants received	3,798,735	
Transfers from other funds	5,583,720	1,418,790
Transfers to other funds		(13,167)
Proceeds from loans		
Proceeds from (repayment of) interfund financing activity	492,677	
Net cash provided by (used for) noncapital financing activities	9,875,132	1,405,623
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(1,346,544)	(2,553,777)
Capital grants received	1,241,328	2,955,121
Capital lease payments		
Interest on capital lease payments		
Proceeds from disposal of capital assets	25,000	125
Proceeds from (repayment of) interfund financing activity	(428,485)	(223,032)
Proceeds from loan		
Net cash provided by (used for) capital and related financing activities	(508,700)	178,437
Cash flows from investing activities		
Investment income allocation from central treasury	2,039	356
Net cash provided by investing activities	2,039	356
Net increase (decrease) in equity in central treasury cash	437,168	200,860
Equity in central treasury cash at beginning of year	3,293,815	991,177
Equity in central treasury cash at end of year	$3,730,982	$1,192,037

See accompanying notes to financial statements.

Enterprise Funds		Governmental Activities
Solid Waste Disposal	Total	Internal Service Fund
$9,335,582	$10,560,274	$603,012
(5,082,298)	(10,919,603)	(52,148)
(1,693,252)	(7,396,703)	
1,670	2,875	
2,561,703	(7,753,157)	550,864
	3,798,735	
212,500	7,215,010	
	(13,167)	
	492,677	
212,500	11,493,255	
(6,316,797)	(10,217,118)	
297,500	4,493,949	
		(547,936)
		(50,219)
	25,125	52,751
1,357,697	706,180	
4,302,413	4,302,413	
(359,188)	(689,451)	(545,404)
16,475	18,870	
16,475	18,870	
2,431,490	3,069,517	5,460
15,598,220	19,883,213	888,319
$18,029,710	$22,952,731	$893,779

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Cash Flows
Increases (Decreases) in Equity in Central Treasury Cash
For the Year Ended June 30, 2014

	Business-type Activities -	
	Transit	Carlson Center
Reconciliation of equity in central treasury cash to Statement of Net Position accounts		
Equity in central treasury cash	$3,706,846	$815,214
Restricted equity in central treasury cash	24,136	376,823
Equity in central treasury cash at end of year	$3,730,982	$1,192,037
Reconciliation of operating income (loss) to net cash provided by (used for) operating activites		
Operating income (loss)	($9,462,003)	($2,046,497)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation	565,374	607,310
Miscellaneous non-operating income	223	982
Interest expense for capital leases		
Change in assets and liabilities		
(Increase) decrease in receivables	(27,195)	53,903
(Increase) decrease in inventories	(119,301)	
Increase (decrease) in accounts payable	40,046	
Increase (decrease) in wages and payroll taxes	46,415	1,199
Increase (decrease) in accrued compensated absences	10,013	(452)
Increase (decrease) in accrued self-insurance losses	15,124	
Increase (decrease) in landfill closure and postclosure care liability		
Adjustments total	530,700	662,942
Net cash provided by (used for) operating activities	($8,931,303)	($1,383,556)
Noncash investing, capital, and financing activities		
Capital leases		
Capital asset transfer from other funds	$5,367	
Gain/(loss) on disposal of capital assets		
Purchase of equipment on account		
Accrued interest payable		
Capital grants receivable, net change	157,332	($521,572)
Operating grants receivable, net change	(39,654)	
Operating grants unearned revenues, net change	512,118	

See accompanying notes to financial statements.

Enterprise Funds		Governmental Activities
Solid Waste Disposal	Total	Internal Service Fund
$18,029,710	$22,551,771	$893,779
	400,960	
$18,029,710	$22,952,731	$893,779
$696,855	($10,811,645)	$34,721
1,304,964	2,477,648	465,445
1,670	2,876	
		50,219
(56,590)	(29,882)	
(1,755,710)	(1,875,011)	
311,495	351,541	479
12,511	60,125	
26,983	36,544	
(5,940)	9,184	
2,025,465	2,025,465	
1,864,848	3,058,490	516,143
$2,561,703	($7,753,157)	$550,864
		$727,472
($44,000)		
		45,737
(83,227)		
(201,372)		

FAIRBANKS NORTH STAR BOROUGH

Fiduciary Fund

Statement of Net Position
June 30, 2014

	Taxes Agency Fund
Assets	
Equity in central treasury cash	$491,243
Property tax liens receivable	336,471
Assets total	$827,714
Liabilities	
Due to other governmental agencies for collected taxes	$28,749
Due to other governmental agencies for uncollected taxes	336,471
Advance tax payments	462,494
Liabilities total	$827,714

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

Areawide: property assessment and collection of taxes, public schools, planning and zoning, animal control, flood control, library, air pollution control, solid waste disposal (landfill), parks and recreation, transportation system, health and social services (limited), emergency communication services (911), 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 units, the Fairbanks North Star Borough School District (School District), and the Interior Alaska Natural Gas Utility (IGU).

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

Any year-end fund balance surplus in excess of seven percent of the local appropriation to the School District lapses to the Borough's general fund, and 28.5 percent of the annual lapse, not to exceed $800,000, is returned to the Borough and deposited in the School District facilities maintenance reserve.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

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

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

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

The School District is reported in a separate column in the government-wide financial statements. Complete financial statements of the School District can be obtained from the School District's Department of Administrative Services at 520 Fifth Avenue, Fairbanks, Alaska 99701-4756; telephone number (907) 452-2000. The report is also available on their website at http://www.k12northstar.org/sites/default/files/2013-14comprehensiveannualfinancialreport_1.pdf.

The IGU is a legally separate entity, with some board directors appointed by the Borough and two cities and some elected at-large. The Board has full authority to manage and operate the utility. The IGU is reported in these financial statements because the Borough is financially accountable for the IGU in the following ways:

Borough Assembly approval of the IGU's budget is required when the IGU's annual budgeted revenues are less than its budgeted expenditures. The Borough Assembly has the ability, by ordinance, to require Assembly approval for the IGU's entire budget.

The Borough Assembly has the ability, by ordinance, to require Assembly approval for any debt issued by the IGU.

The Borough Assembly has the ability, by ordinance, to access the resources of the IGU.

The Borough Assembly has authorized the Borough to provide resources to the IGU board, such as staff and equipment, through November 15, 2015.

The IGU is reported in a separate column in the government-wide financial statements. Complete financial statements for the IGU can be obtained from Interior Gas Utility, P.O. Box 70200, Fairbanks, AK 99707; phone number (907) 374-4474. Information can also be found on their website at http://www.interiorgas.com/docs and on the Borough's website at http://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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. FUNDS (continued)

types used by the Borough are general, special revenue, debt service, capital projects, enterprise, internal service, and agency. All fund types can be categorized into three broad classifications: governmental, proprietary, and fiduciary.

Governmental Funds

The Borough has six major governmental funds:

The general fund is the government's primary operating fund. It is used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund. Programs in the multi-year general subfund are of a non-capital, non-enterprise nature.

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

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

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, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. FUNDS (continued)

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

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

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

Fiduciary Fund

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

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

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 units, the School District and IGU. 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 and IGU.

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 non-operating 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 non-operating revenues and expenses.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. EQUITY IN CENTRAL TREASURY CASH - DEPOSITS AND INVESTMENTS

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

Investment income is earned by or allocated to the following funds and accounts based upon their cumulative, month-end cash equity balances: land revenue reserve general fund - multi-year program and any capital projects funded by the land revenue reserve, service areas special revenue fund and any capital projects funded by service areas, health care contingency reserve local special revenue program, 911 special revenue fund and any capital projects funded by the 911 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. CAPITAL ASSETS (continued)

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 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:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. CAPITAL ASSETS (continued)

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

The capital assets of the School District consist of machinery, equipment (including commissioned works of art installed in school buildings), 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:

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

K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that is applicable to a future period and will not be recognized as an outflow of resources (expenses/expenditures) until then. The Borough has one item that qualifies for reporting in this category. It is the deferred amount on debt refunding reported in the government-wide statement of net position. A deferred outflow on refunding results when the carrying value of refunded debt is less than its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or the refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that is applicable to a future period and so will not be recognized as an inflow of resources (revenues) until then. The Borough has three types of items that qualify for reporting in this category. The first is the deferred amount on debt refunding reported in the government-wide statement of net position (when the carrying value of the old debt exceeds its reacquisition price). The second item is advance tax payments presented in both the governmental fund statements and the government-wide statement of net position. The third item, unavailable revenues, includes amounts recognized as receivables but not as revenues on the modified accrual basis of accounting since the revenue recognition criterion (availability) has not been met. Accordingly, the item,

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (continued)

unavailable revenues is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

L. ACCRUED COMPENSATED ABSENCES

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

M. UNEARNED REVENUES

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.

N. OTHER LONG-TERM LIABILITIES

In the government-wide financial statements and the fund financial statements of the proprietary funds, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts 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 reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. ENVIRONMENTAL LIABILITIES

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. FUND EQUITY

Fund equity is classified in the government-wide and the proprietary funds 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 them, 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, 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.

Q. IN-KIND SUPPORT TO THE SCHOOL DISTRICT

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

R. 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. COMPARATIVE DATA/RECLASSIFICATION (continued)

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, 2013, from which such partial information was derived. Also, certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

S. ROUNDING

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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.

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 are reported to the Borough Assembly through the administration by memorandum. All 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 (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.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. BUDGETARY PROCESS (continued)

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, 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:

	General Fund	Service Areas
Revenues reported on the basis of budgeting	$122,516,357	$11,827,796
Revenues reported in multi-year general subfund	1,075,422	
Adjustment for other financing sources – uses (transfers in)		(37,009)
Adjustment for intragovernmental cost plan revenues	(5,596,464)	
Revenues reported on the basis of GAAP	$117,995,315	$11,790,788
Expenditures reported on the basis of budgeting	$92,475,466	$9,834,557
Expenditures reported in multi-year general subfund	3,682,912	
Expenditures on prior year encumbrances	358,296	50,998
Current year encumbrances	(920,000)	(10,114)
Adjustment for other financing sources – uses (transfers out)		(625,468)
Adjustment for intragovernmental cost plan	(5,596,464)	
Adjustment for accrued compensated absences	(25,672)	
Expenditures reported on the basis of GAAP	$89,974,538	$9,249,972

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

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

Because 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 accrual basis of accounting is used and only that portion of the accrued compensated absences that is due and payable is shown as a liability.

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

C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no excesses of actual expenditures over appropriations for the year ended June 30, 2014.

D. DEFICIT FUND EQUITY

There was a deficit fund balance at June 30, 2014 in the Golden Valley road service area of $20,011 resulting from a loan for a road construction project.

E. TAXES LEVIED IN EXCESS OF MAXIMUM TAX COMPUTATION

Thirty-six service areas and the non-areawide taxing authorities levied a total of $2,944 of taxes in excess of the maximum tax computation by which the subsequent years levy will be reduced (see Note 4).

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

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, 2014, 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 are paid for monthly through a fee based structure. The contract requires that WFB sweep the Borough's central treasury accounts daily and invest all available funds in an overnight investment.

Investments - 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

3. DEPOSITS AND INVESTMENTS (continued)

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 affirmed 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 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, 2014, 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, 2014 are:

Investment Type	Fair Value	Maturity	Ratings
Overnight investments:			
Wells Fargo Bank Alaska N.A.	$5,698,418		n/a
Government securities money market funds:			
Fidelity Institutional Money Market Government Fund	209,318		AAAm/Aaa
BNY Goldman Sachs Financial Square Government Fund	474,789		AAAm/Aaa
Invesco Government & Agency Portfolio Cash Management	37,010,832		AAAm/Aaa
Invesco Government TaxAdvantage Portfolio Cash Management	25,665,131		AAAm/Aaa
Morgan Stanley Government Portfolio Institutional	52,959,868		AAAm/Aaa

3. DEPOSITS AND INVESTMENTS (continued)

Investment Type	Fair Value	Maturity	Ratings
External investment pool – money market fund:			
Alaska Municipal League Investment Pool	$14,493,210		AAAm
Commercial Paper:			
Abbey National N.A. LLC	2,492,611	July 2, 2014	A-1/P-1
Prudential Funding	2,494,123	July 11, 2014	A-1/P-2
Certificates of Deposit:			
Certificates of Deposit Account Registry Service – CDARS	5,000,000	July 10, 2014	n/a
Certificates of Deposit Account Registry Service – CDARS	5,000,000	October 9, 2014	n/a
Certificates of Deposit Account Registry Service – CDARS	5,000,000	October 9, 2014	n/a
Certificates of Deposit Account Registry Service – CDARS	5,000,000	April 9, 2015	n/a
	$161,498,300		
Alaska Rule of Civil Procedure No. 67*			
Wells Fargo Bank Alaska N.A.	$8,720,807		
Wells Fargo Bank Alaska N.A.	10,525,587		

*Alaska Rule of Civil Procedure No. 67: The Borough received settlements for the 2006 tax year and 2007, 2008, and 2009 tax years combined from Alyeska Pipeline Service Company as a result of trials 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 Rule 67 interest bearing accounts. 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 June 30, 2014 amounts reflected in the Rule 67 accounts are the fair value of the accounts 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

4. PROPERTY AND OTHER TAXES (continued)

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 1.D.).

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 2.E.). 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 8.38 percent. The annual installments of principal due for the next five years on notes receivable – land sales are as follows:

June 30	Annual Installments
2015	$56,000
2016	46,094
2017	41,798
2018	38,199
2019	35,359

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, 2014, the total receivable for delinquent accounts amounted to $91,372.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and land improvements	$255,889,746	$1,087,575	($13,977)	$256,963,343
Works of art	156,800			156,800
Library materials	1,147,828	20,277		1,168,105
Construction work in progress	12,507,422	22,852,831	(15,086,365)	20,273,889
Total capital assets, not being depreciated	269,701,796	23,960,682	(15,100,342)	278,562,136
Capital assets, being depreciated:				
Buildings	452,917,833	7,659,716		460,577,549
Improvements other than buildings	78,814,297	6,930,814	(476,614)	85,268,497
Machinery and equipment	21,021,873	1,633,961	(889,000)	21,766,834
Library materials	1,972,324	354,828	(289,218)	2,037,934
Total capital assets, being depreciated	554,726,326	16,579,319	(1,654,832)	569,650,813
Less accumulated depreciation for:				
Buildings	(205,559,995)	(11,828,845)		(217,388,840)
Improvements other than buildings	(34,724,208)	(2,594,039)	311,113	(37,007,134)
Machinery and equipment	(11,445,362)	(1,209,927)	844,380	(11,810,910)
Library materials	(943,479)	(334,188)	289,218	(988,450)
Total accumulated depreciation	(252,673,045)	(15,966,999)	1,444,711	(267,195,333)
Total capital assets, being depreciated, net	302,053,282	612,320	(210,122)	302,455,480
Governmental activities capital assets, net	$571,755,078	$24,573,002	($15,310,464)	$581,017,616

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	4,157,110	10,021,368	(4,341,072)	9,837,406
Total capital assets, not being depreciated	6,128,169	10,021,368	(4,341,072)	11,808,465
Capital assets, being depreciated:				
Land and land improvements	346,044			346,044
Buildings	28,922,479	4,341,072		33,263,552
Improvements other than buildings	18,748,851			18,748,851
Machinery and equipment	9,969,725	1,722,635	(355,298)	11,337,062
Total capital assets, being depreciated	57,987,100	6,063,707	(355,298)	63,695,509
Less accumulated depreciation for:				
Land and land improvements	(304,483)	(9,324)		(313,806)
Buildings	(11,639,690)	(761,127)		(12,400,817)
Improvements other than buildings	(12,875,182)	(796,468)		(13,671,649)
Machinery and equipment	(5,718,617)	(910,729)	244,141	(6,385,205)
Total accumulated depreciation	(30,537,971)	(2,477,648)	244,141	(32,771,478)
Total capital assets, being depreciated, net	27,449,129	3,586,059	(111,157)	30,924,031
Business-type activities capital assets, net	$33,577,298	$13,607,427	($4,452,230)	$42,732,496

Capitalized interest costs for business-type activities construction work in progress increased by $75,033 in fiscal year 2014 (see Note 10.B.).

6. CAPITAL ASSETS (continued)

Component Unit - School District

	Beginning Balance	Increases	Decreases	Ending Balance
Machinery and equipment	$9,455,391	$573,489	($465,093)	$9,563,787
Less accumulated depreciation	(6,115,308)	(659,209)	431,379	(6,343,138)
Total, net of accumulated depreciation	3,340,083	(85,720)	(33,714)	3,220,649
Intangible assets (software)	1,322,438	97,616	(19,947)	1,400,107
Less accumulated amortization	(493,243)	(127,546)	1,947	(618,842)
Total, net of accumulated amortization	829,195	(29,930)	(18,000)	781,265
Component unit capital assets, net	$4,169,278	($115,650)	($51,714)	$4,001,914

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

Governmental activities:	
General government	$180,867
Community planning	539
Public works	91,365
Parks and recreation	1,919,444
Library	639,239
Education	11,683,993
Emergency operations	323,595
Fire service areas	662,512
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.	465,445
Total depreciation expense - governmental activities	$15,966,999
Business-type activities:	
Transit	$565,374
Carlson Center	607,310
Solid waste disposal	1,304,964
Total depreciation expense - business-type activities	$2,477,648

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 between business-type activities and governmental activities. The composition of interfund balances in the fund financial statements as of June 30, 2014, were as follows:

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

Receivable	Payable	Amount
General fund	State grants capital projects	$1,882,703
General fund	Nonmajor governmental	418,480
General fund	Transit enterprise	966,206
General fund	Carlson Center enterprise	30,139
General fund	Solid waste disposal enterprise	1,559,068
State grants capital projects	Local capital projects	50,095
State grants capital projects	Service areas special revenue	50,000
Total interfund receivable/payable		$4,956,691

- The general fund receivable totaling $4,856,596 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 totaling $100,095 is three loans to Golden Valley, 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 Golden Valley loan at an interest rate of 4.25 percent on $50,000 through November 15, 2023, the Murphy loan at an interest rate of 4.25 percent on $33,507 through November 15, 2021, and the Potlatch loan at an interest rate of 8.25 percent on $16,587 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, 2014, were as follows:

	Transfers Out						
Transfers In	General Fund	Service Areas Special Revenue	State Grants Capital Projects	Local Capital Projects	Nonmajor Governmental	Carlson Center Enterprise	Total All Funds
General fund	$	$	$	$	$388,445	$	$388,445
Service areas special revenue			5,655	31,354			37,009
Debt service	15,127,450						15,127,450
State grants capital projects				633,333			633,333
Local capital projects	2,792,634	280,468		5,699,587	1,000,120	13,167	9,785,977
Nonmajor governmental	506,962	345,000		413,001	32,604		1,297,568
Transit enterprise	5,433,720			150,000			5,583,720
Carlson Center enterprise	1,318,790			100,000			1,418,790
Solid waste disposal enterprise				150,000	62,500		212,500
Total transfers in	$25,179,556	$625,468	$5,655	$7,177,275	$1,483,670	$13,167	$34,484,791

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, 2014 were $620,319.

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 Lake Recreation Area land lease with the U.S. Army Corps of Engineers. Fifty-year lease expires in 2034. Payment is made through ongoing operation and management for parks 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 Master Plan. Payment is made through maintenance and repairs of the recreation area.
- Alaska Railroad Corporation permit lease for crossing drainage channel at Chena Lake. The lease expires in 2019.
- various equipment leases, data/voice communication leases, and dumpster site leases.

8. OPERATING LEASES (continued)

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

Year Ending June 30	Amount
2015	$288,368
2016	225,964
2017	84,235
2018	53,163
2019	44,403
Total	$696,133

There are no other operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2014.

The School District is obligated under a building operating lease for a small school facility for the B.R.I.D.G.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 2014 was $216,972.

9. CAPITAL LEASES

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

	Proprietary Fund
Machinery and equipment	$3,424,065
Less: Accumulated depreciation	(791,755)
Total	$2,632,310

9. CAPITAL LEASES (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

Year Ending June 30	Proprietary Fund
2015	$550,691
2016	427,928
2017	320,830
2018	182,313
2019	66,351
Total minimum lease payments	1,548,113
Less: Amount representing interest	(82,578)
Present value of minimum lease payments	$1,465,535

10. LONG-TERM LIABILITIES AND SUBSEQUENT EVENTS

A. GENERAL OBLIGATION BONDS

The Borough issues general obligation bonds to provide funds for the acquisition, construction, renovation, and major maintenance 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 bonds due in annual installments of $440,000 to $735,000 through November 1, 2025 at 4.25 to 4.30% interest	$6,885,000
$12,000,000 2007 Series J school facilities bonds due in annual installments of $530,000 to $880,000 through November 1, 2026 at 4.25 to 4.50% interest	8,955,000
$10,460,000 2007 Series K refunding bonds due in annual installments of $1,170,000 to $1,320,000 through November 1, 2016 at 4.00% interest	3,745,000
$11,128,000 2008 Series L school facilities bonds due in annual installments of $465,000 to $835,000 through November 1, 2027 at 3.50 to 4.50% interest	8,805,000
$11,950,000 2010 Series M school facilities bonds due in annual installments of $485,000 to $820,000 through July 1, 2029 at 2.50 to 5.75% interest	10,170,000

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

A. GENERAL OBLIGATION BONDS (continued)

	Amount
$17,480,000 2010 Series N refunding bonds due in annual installments of $2,210,000 to $2,450,000 through November 1, 2017 at 5.00% interest	$9,325,000
$13,680,000 2010 Series O refunding bonds due in annual installments of $1,475,000 to $1,760,000 through April 1, 2019 at 4.00 to 5.00% interest	8,035,000
$5,565,000 2011 Series P refunding bonds due in annual installments of $530,000 to $645,000 through December 1, 2020 at 2.00 to 3.00% interest	4,080,000
$21,000,000 2011 Series Q refunding bonds due in annual installments of $1,745,000 to $1,850,000 through September 1, 2022 at 4.00 to 5.00% interest	17,690,000
$11,500,000 2012 Series R school facilities bonds due in annual installments of $495,000 to $730,000 through May 1, 2032 at 2.00 to 3.10% interest	10,525,000
$16,670,000 2012 Series S refunding bonds due in annual installments of $800,000 to $1,685,000 through October 1, 2024 at 2.00 to 5.00% interest	15,390,000
Total	$103,605,000

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
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	8,635,000	2,365,750
2020-2024	32,760,000	7,156,706
2025-2029	14,725,000	1,928,181
2030-2032	2,945,000	156,036
Total	$103,605,000	$25,374,619

On October 4, 2011 voters approved two bond authorizations totaling $20,290,000 for capital improvements to North Pole and Ryan Middle Schools, Salcha and Woodriver Elementary Schools, and North Pole High School. At June 30, 2014, $8,790,000 of these bonds remain unissued, but will be sold in the winter of 2015.

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

A. GENERAL OBLIGATION BONDS (continued)

On October 1, 2013 voters approved two bond authorizations totaling $56,550,000 for the replacement of Ryan Middle School and capital improvements to Ticasuk Brown and University Park Elementary Schools, Tanana and North Pole Middle Schools, and Two Rivers K-8 School. The first $31,210,000 of these bonds will be sold in the winter of 2015.

B. SOLID WASTE DISPOSAL ENTERPRISE FUND

The long-term debt in the solid waste disposal enterprise fund at June 30, 2014 is as follows:

Loans payable	
$5,135,216 of Alaska Clean Water Fund loan drawdowns for solid waste expansion (cell 3 and cell 4). Interest accrual of 1.0 percent commenced April 2013 on project-to-date drawdowns. Payments due in five annual installments.	$5,135,216
$1,354,835 of Alaska Clean Water Fund loan drawdowns for partial landfill closure (cell 1 and cell 2). Interest accrual of 1.0 percent commenced October 2013 on project-to-date drawdowns. Payments due in five annual installments.	1,354,835
Total	$6,490,051

In January 2011, the Borough negotiated an $8 million loan with Alaska Department of Environmental Conservation (ADEC) for construction of a solid waste expansion (cell 3 and cell 4). In 2013, ADEC made an additional $3 million of loan funds available to the Borough. Of the total $11 million loan amount, there is a funding subsidy (principal forgiveness) of $503,552 which is not required to be repaid. Repayment is due in five annual installments beginning one year after substantial completion and initiation of operations. Substantial completion is estimated to be January 2015.

The Borough negotiated a $3.5 million loan with Alaska Department of Environmental Conservation for partial landfill closure (cell 1 and cell 2) in December 2009. Repayment is due in five annual installments beginning one year after substantial completion. Substantial completion is estimated to be September 2016.

C. SCHOOL DISTRICT COMPONENT UNIT

The School District has $4,181,243 in liabilities for compensated absences at June 30, 2014. The current portion of this balance is $3,841,550.

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

D. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2014, was as follows:

	Beginning Balance As Restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	$114,120,000	$	($10,515,000)	$103,605,000	$10,850,000
Plus (less) unamortized amounts:					
For issuance premiums	6,577,150		(1,277,904)	5,299,246	
Bonds payable total	120,697,150		(11,792,904)	108,904,246	10,850,000
Capital leases	1,285,223	727,472	(547,936)	1,464,759	519,236
Self-insurance losses	1,300,506	6,729,157	(7,255,952)	773,708	629,081
Accrued compensated absences	2,421,842	2,992,262	(2,963,590)	2,450,514	1,772,228
Governmental activities long-term liabilities	$125,704,720	$10,448,891	($22,560,382)	$113,593,228	$13,770,545
Business-type Activities:					
Loans payable	$2,187,638	$4,302,412	$	$6,490,051	$
Landfill closure and postclosure care	16,066,138	2,343,757	(318,292)	18,091,603	
Self-insurance losses	252,573	62,177	(52,992)	261,758	89,867
Accrued compensated absences	447,773	610,400	(573,857)	484,316	348,516
Business-type activities long-term liabilities	$18,954,122	$7,318,746	($945,141)	$25,327,727	$438,383

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

11. MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the Borough to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. Landfill closure and postclosure care costs, and their related liability, are recognized in the solid waste disposal enterprise fund and are based on the amount of landfill capacity used during the year. As of June 30, 2014, the estimated liability for landfill closure and postclosure care costs was $18,091,603, which was

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

based on 87.70 percent of the landfill used (filled) to date. It is estimated that an additional $2,581,872 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill will be filled to capacity in 2057. The estimated total cost for future landfill closure and postclosure care ($20,991,767) 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, 2014. 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, 2014.

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 care 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 $2,445,428 in central treasury cash at June 30, 2014. 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 $3,483,223 was expended by June 30, 2014. 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, 2014 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.

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.

12. COMMITMENTS (continued)

As of June 30, 2014 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	$1,266,535
Service areas special revenue	10,114
Debt service	400
State grants capital projects	6,216,140
Bond capital projects	7,180,267
Local capital projects	3,701,611
Nonmajor governmental funds	4,088,607
	22,463,673
Major business-type funds	
Transit enterprise	1,144,344
Carlson Center enterprise	39,655
Solid waste disposal enterprise	1,486,145
	2,670,144
Total – all funds	$25,133,817

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

The Borough is reporting restricted, committed, and assigned fund balances at June 30, 2014. The dollar amounts and purposes for each of these classifications follow:

	General Fund	Service Areas	State Grants Capital Projects	Local Capital Projects	Nonmajor Governmental	Total
Restricted						
Road and fire service areas	$	$19,458,139	$	$	$	$19,458,139
911					2,167,168	2,167,168
Nonareawide					2,954,953	2,954,953
Economic development	211,240					211,240
Health and social services					6,597	6,597
Parks and recreation					13,888	13,188

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

	General Fund	Service Areas	State Grants Capital Projects	Local Capital Projects	Nonmajor Governmental	Total
Restricted (continued)						
Emergency operations	$	$	$	$	$98	$98
Health care and labor relations					3,120,514	3,120,514
Solid waste collections					5,293,609	5,293,609
Library					1,109,005	1,109,005
Capital projects			5,017,707	5,270,255	1,859,630	12,147,592
Multi-year programs					182,711	182,711
	$211,240	$19,458,139	$5,017,707	$5,270,255	$16,707,473	$46,664,814

	General Fund	Debt Service	Local Capital Projects	Nonmajor Governmental	Total
Committed					
Compensated absences	$2,295,739	$	$	$	$2,295,739
Self-insurance losses	1,500,000				1,500,000
Interior Gas Utility line of credit	7,500,000				7,500,000
Pipeline valuation deposit	9,669,600				9,669,600
Health and social services	306,377				306,377
Health care and labor relations	164,622				164,622
Community planning	30,880				30,880
Emergency operations	240				240
Land revenue reserve	418,656				418,656
General fund multi-year projects	645,528				645,528
Economic development	570,451				570,451
Public works	175,575				175,575
Parks and recreation	44,754				44,754
Transportation	2,521				2,521
Library	72,578			16,491	89,069
Debt service		1,061,830			1,061,830
Capital projects			12,537,135	1,696,828	14,233,964
	$23,397,523	$1,061,830	$12,537,135	$1,713,319	$38,709,808

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

Assigned	General Fund
Purchases on order	$920,000
Subsequent year's expenditures	3,500,000
	$4,420,000

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

Nonspendable	
Inventories	$463,606
Prepaid items	55,185
Assigned	
Encumbrances	1,689,890
Impact aid advance	13,068,830
Subsequent year's expenditures	960,580
	$16,238,091

14. RISK MANAGEMENT

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

14. RISK MANAGEMENT (continued)

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 percent of the established target for the prior fiscal year. The June 30, 2014 HCCR restricted fund balance of $3,089,861 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 2014 and 2013 follow:

Borough	2013-14 Accrued Self-Insurance Losses	2012-13 Accrued Self-Insurance Losses
July 1	$1,553,079	$1,509,192
Current year claims	6,870,346	7,741,189
Changes in estimates	(79,015)	(154,405)
Claims payments	(7,308,944)	(7,542,898)
June 30	$1,035,466	$1,553,079
School District		
July 1	$5,322,299	$5,906,473
Current year claims	35,690,954	33,180,779
Changes in estimates	(278,481)	507,437
Claims payments	(35,082,317)	(34,272,390)
June 30	$5,652,454	$5,322,299

15. 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 email to doa.drb.accountants@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.

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 2014 was 35.68 percent (18.38 percent for pension costs and 17.30 percent for postemployment healthcare costs). The average normal cost rate portion was 8.12 percent (2.79 percent for pension costs and 5.33 percent for post-employment healthcare costs) and the average past service rate portion was 27.56 percent (15.59 percent for pension costs and 11.97 percent for postemployment healthcare costs).

The Alaska Legislature appropriated $312,472,952 for the State's direct contribution for the fiscal year ended June 30, 2014. 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

15. RETIREMENT PLANS (continued)

A. ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

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

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 2014, this amount was $5,034,322.

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
2014	$3,665,721	$5,015,753
2013	3,836,381	5,149,965
2012	3,896,453	5,219,783

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, 2013 (the most recent actuarial valuation) for the PERS defined benefit plan was 62.60 percent, up from 58.85 percent at June 30, 2012.

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, 1.14 percent for firefighters and 0.20 percent for general members for occupational death and disability benefits, a flat dollar amount per employee based on 3.00 percent of the employers' average annual employee compensation (into the employee's Health Reimbursement Arrangement account), and a residual contribution applied as a payment to the defined benefit plan's unfunded liability. For both the Borough and the School District, the flat dollar amount per employee for fiscal year 2014 was $72.95 per pay period for full-time employees and $1.22 per hour for part-time employees.

15. RETIREMENT PLANS (continued)

A. ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

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

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, 2014 were as follows:

	Fiscal Year Ended June 30	Employer Contributions to the Defined Contribution Plan	Residual Contributions to the Defined Benefit Plan's Unfunded Liability	Total Employer Payments	Total Employee Contributions
Borough	2014	$385,581	$999,787	$1,385,368	$616,928
School District	2014	1,398,166	1,471,405	2,869,571	1,043,008

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.

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 2014 was 53.62 percent (33.72 percent for pension costs and 19.90 percent for postemployment healthcare costs). The normal cost rate portion was 6.59 percent (2.72 percent for pension costs and 3.87 percent for postemployment healthcare costs) and the past service rate portion was 47.03 percent (31.00

15. RETIREMENT PLANS (continued)

B. ALASKA TEACHERS' RETIREMENT SYSTEM (continued)

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

percent for pension costs and 16.03 percent for postemployment healthcare costs). The Alaska Legislature appropriated $316,847,291 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, 2014, 2013, and 2012 were $6,875,256, $7,234,005, and $7,374,940, respectively, equal to the required employer contributions for each year. For fiscal years 2014, 2013, and 2012, the TRS "on-behalf" payments allocated to the School District by the State were $31,150,634, $30,229,983, and $22,767,876, 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, 2013 (the most recent actuarial valuation) for the TRS defined benefit plan was 53.62 percent, up from 49.60 percent at June 30, 2012.

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, 0.47 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 2014 was $72.95 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.

The amounts paid by the School District to the TRS through the defined contribution plan for the fiscal year ended June 30, 2014 were $2,161,009. The employer residual contributions to the defined benefit plan's unfunded liability for fiscal year 2014 were $448,983. Employee contributions to the plan were $1,662,075 for fiscal year 2014.

16. ACCOUNTING CHANGE AND RECLASSIFICATIONS

A. RESTATEMENT AND RECLASSIFICATION DUE TO IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT NO. 65

The Borough implemented GASB Statement No. 65 (GASB 65), *Items Previously Reported as Assets and Liabilities,* during the fiscal year ended June 30, 2014. Certain balances that were previously reported as assets and liabilities are now required to be reported as either deferred outflows or deferred inflows of resources, and

16. ACCOUNTING CHANGE AND RECLASSIFICATIONS (continued)

A. RESTATEMENT AND RECLASSIFICATION DUE TO IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT NO. 65 (continued)

bond issuance costs, which had previously been amortized over the life of the bonds, are now required to be expensed in the period incurred.

Retroactive application of this statement resulted in a decrease of the Borough's net position at June 30, 2012 of $1,568,475 and an increase at June 30, 2013 of $20,640 as follows:

	June 30, 2012 Previously Reported	June 30, 2012 GASB 65 Restatement	June 30, 2012 After GASB 65 Restatement
Government-wide net position:			
Primary Government			
Governmental activities	$562,459,901	($1,568,475)	$560,891,426
Business-type activities	29,456,546		29,456,546
Total net position	$591,916,447	($1,568,475)	$590,347,972

	June 30, 2013 Previously Reported	June 30, 2012 GASB 65 Restatement	June 30, 3013 GASB 65 Restatement	June 30, 2013 After Both Restatements
Government-wide net position:				
Primary Government				
Governmental activities	$570,725,012	($1,568,475)	$20,640	$569,177,177
Business-type activities	33,853,039			33,853,039
Total net position	$604,578,051	($1,568,475)	$20,640	$603,030,216

Additionally, there were reclassifications of assets and liabilities to deferred outflows and deferred inflows that did not change the Borough's net position. The components of deferred outflows and deferred inflows as reported in the government-wide and fund level financial statements at June 30, 2013 are as follows:

	Government-Wide Governmental Activities		Fund Level Statements Governmental Funds
	Deferred Outflows	Deferred Inflows	Deferred Inflows
Previous assets:			
Deferred amount on refunding	$45,555	$	$
Previous liabilities:			
Deferred amount on refunding		43,123	
Unavailable revenues			3,506,193
Advance tax payments		12,714,519	12,714,519
	$45,555	$12,757,642	$16,220,711

16. ACCOUNTING CHANGE AND RECLASSIFICATIONS (continued)

A. RESTATEMENT AND RECLASSIFICATION DUE TO IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT NO. 65 (continued)

Deferred inflows and outflows as reported at June 30, 2014 are as follows:

	Government-Wide Governmental Activities		Fund Level Statements Governmental Funds
	Deferred Outflows	Deferred Inflows	Deferred Inflows
Deferred amount on refunding	$30,605	$	$
Deferred amount on refunding		37,168	
Unavailable revenues			4,875,167
Advance tax payments		11,849,384	11,849,384
	$30,605	$11,886,553	$16,724,552

B. PRIOR PERIOD RECLASSIFICATION

During fiscal year 2014, a prior period error was found and corrected. The components of the solid waste disposal enterprise fund net position reported with the business-type activities on the government-wide statement has been reclassified between net investments in capital assets and unrestricted net position for fiscal year 2013. The investment in capital assets was erroneously reduced for debt that was not related to the construction of a capital asset. A correction was made to increase the net investment in capital assets along with a corresponding decrease in unrestricted net position of the business-type activities as follows:

	June 30, 2013 Before Reclassification	June 30, 2013 Reclassification Correction	June 30, 2013 After Reclassification
Government-wide net position:			
Business-type activities			
Net investment in capital assets	$31,389,660	($1,020,008)	$32,409,668
Restricted	723,243		723,243
Unrestricted	1,740,135	1,020,008	720,127
Total business-type activities net position	$33,853,039	$	$33,853,039

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

17. CONTINGENCIES AND SUBSEQUENT EVENTS (continued)

A. LITIGATION (continued)

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. 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. 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 trans-Alaska pipeline system (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 TAPS and related properties, taxes for fiscal years 2007, 2008, 2009, 2010, 2011, 2012, 2013, and 2014 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, 2012, and 2014 appeals and sided with the municipalities. The owners appealed the Board's decisions on the fiscal year 2006, 2007, 2008, 2009, 2010, 2011, 2012, and 2014 valuations to the Superior Court, and certain municipalities, including the Borough, cross-appealed. In the trials for 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 decisions for the 2006 tax year and the 2007, 2008, and 2009 tax years also included the recovery of attorney fees and costs. The Borough received attorneys' fees of $975,800 for the 2006 award during fiscal year 2012, and $891,600 for the 2007, 2008, and 2009 combined award in fiscal year 2014. The Borough Assembly directed that receipts from the Superior Court's rulings (excluding attorneys' fees) be set aside in Court accounts until final determinations by the Alaska Supreme Court. The Superior Court 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, 2012 or 2014 valuations. The owners have appealed both Superior Court decisions to the Alaska Supreme Court. In February 2014, the Supreme Court affirmed the Superior Court's ruling for fiscal year 2007 (2006 tax year). The Supreme Court has not issued a decision for the fiscal years 2008, 2009 and 2010 (2007, 2008, and 2009 tax years) combined appeal; oral arguments were held in December 2014. Following the Supreme Court's affirmation for fiscal year 2007 (2006 tax year), the Borough withdrew its funds from the Rule 67 account for fiscal year 2007 (2006 tax year) effective in November 2014.

17. CONTINGENCIES AND SUBSEQUENT EVENTS (continued)

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, 2014

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Assets			
Equity in central treasury cash	$15,691,580	$3,591,253	$19,282,832
Taxes receivable	$213,528		213,528
Accounts receivable (net of allowance for uncollectibles - $1,213,924)	$875,286		875,286
Due from governmental agencies	$812,145	434,699	1,246,844
Assets total	$17,592,539	$4,025,951	$21,618,490
Liabilities, Deferred Inflows, and Fund Balances			
Liabilities			
Accounts payable	$418,054	$391,376	$809,430
Interfund payables	340,363	78,117	418,480
Due to School District	531,978		531,978
Deposits from others	9,888		9,888
Unearned revenues	570,702		570,702
Liabilities total	1,870,984	469,493	2,340,477
Deferred inflows of resources			
Unavailable revenues	857,221		857,221
Deferred inflows of resources total	857,221		857,221
Fund balances (deficit)			
Restricted	14,847,843	1,859,630	16,707,473
Committed	16,491	1,696,828	1,713,319
Fund balances (deficit) total	14,864,333	3,556,459	18,420,792
Liabilities, deferred inflows, and fund balances (deficit) total	$17,592,539	$4,025,951	$21,618,490

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, 2014

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Revenues			
Taxes	$9,850,888	$	$9,850,888
Intergovernmental revenues	2,970,254	1,089,624	4,059,878
Charges for services	1,989,063		1,989,063
Other revenues	231,352	281,457	512,809
Revenues total	15,041,557	1,371,082	16,412,639
Expenditures			
Current			
General government	1,580,334	110,772	1,691,106
Community planning	177,701		177,701
Public works	6,580,797		6,580,797
Parks and recreation	6,999	29,894	36,893
Library	182,911	129,417	312,328
Road and other service areas		26,058	26,058
Education	716,855	78	716,933
Emergency operations	4,344,729	681,022	5,025,751
Fire service areas		24,257	24,257
Capital outlay	428,847	866,885	1,295,732
Expenditures total	14,019,171	1,868,384	15,887,556
Excess (deficiency) of revenues over expenditures	1,022,386	(497,303)	525,083
Other financing sources (uses)			
Transfers in	250,948	1,046,620	1,297,568
Transfers out	(1,477,508)	(6,162)	(1,483,670)
Other financing sources (uses) total	(1,226,560)	1,040,458	(186,102)
Net change in fund balances	(204,174)	543,155	338,981
Fund balances (deficit), beginning	15,068,507	3,013,303	18,081,811
Fund balances (deficit), ending	$14,864,333	$3,556,459	$18,420,792

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, 2014

	Operating	Multi-Year	Total General Fund
Assets			
Equity in central treasury cash	$60,174,445	$2,999,812	$63,174,257
Taxes receivable (net of allowance for uncollectibles - $814,514)	2,484,864		2,484,864
Accounts receivable (net of allowance for uncollectibles - $9,710)	42,676	34,569	77,244
Accrued interest receivable	41,410		41,410
Interfund receivable	4,856,596		4,856,596
Due from governmental agencies	527,535		527,535
Other assets	37,620		37,620
Notes receivable - land sales		239,338	239,338
Assets total	$68,165,145	$3,273,719	$71,438,865
Liabilities, Deferred Inflows, and Fund Balances			
Liabilities			
Accounts payable	$1,331,162	$368,383	$1,699,545
Wages and payroll taxes	1,524,153		1,524,153
Accrued self-insurance losses	773,708		773,708
Due to School District	6,213		6,213
Deposits from others	189,295	3,000	192,295
Unearned revenues	101,554		101,554
Liabilities total	3,926,084	371,383	4,297,468
Deferred inflows of resources			
Unavailable revenues	3,070,130	258,912	3,329,042
Advance tax payments	11,849,384		11,849,384
Deferred inflows of resources total	14,919,515	258,912	15,178,427
Fund balances			
Restricted		211,240	211,240
Committed	20,965,339	2,432,184	23,397,523
Assigned	4,420,000		4,420,000
Unassigned	23,934,207		23,934,207
Fund balances total	49,319,547	2,643,424	51,962,970
Liabilities, deferred inflows, and fund balances total	$68,165,145	$3,273,719	$71,438,865

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

General Fund

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
June 30, 2014

	Operating	Multi-Year	Total General Fund
Revenues			
Taxes			
Property tax	$91,637,775	$	$91,637,775
Hotel-motel tax	1,853,945		1,853,945
Alcoholic beverage tax	1,044,090		1,044,090
Tobacco excise tax	1,421,403		1,421,403
Interest and penalties on taxes	795,480		795,480
Payment in lieu of taxes for privatized military housing	792,797		792,797
Taxes total	97,545,489		97,545,489
Intergovernmental revenues			
State of Alaska			
Aid for school construction	10,350,725		10,350,725
Aid to local government	3,756,906		3,756,906
Other shared revenue and assistance	423,939		423,939
Federal government			
Payment in lieu of taxes	438,822		438,822
Aid for debt service	204,931		204,931
Grants	71,250		71,250
Intergovernmental revenues total	15,246,573		15,246,573
Charges for services	1,950,877	56,860	2,007,737
Land sales and interest on land notes receivable		107,822	107,822
Other revenues			
Investment income, including net unrealized investment gains/losses	266,805	1,172	267,977
Indirect charges to grants	1,861,686		1,861,686
Various	48,463	909,568	958,030
Other revenues total	2,176,954	910,740	3,087,694
Revenues total	116,919,893	1,075,422	117,995,315

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, 2014

	Operating	Multi-Year	Total General Fund
Expenditures			
Current			
General government			
Non-departmental	$265,694	$	$265,694
Mayor	831,590	2,151,323	2,982,912
Assembly	1,504,183		1,504,183
Legal	975,141	1,059,293	2,034,434
Computer services	3,248,007		3,248,007
Financial services	2,708,793	201,279	2,910,072
Assessing	2,430,884		2,430,884
General services	1,504,393		1,504,393
Human resources	1,008,126		1,008,126
Land management	811,701	14,959	826,660
General government total	15,288,511	3,426,854	18,715,365
Community planning	1,664,671	18,681	1,683,352
Public works	6,210,139	33,195	6,243,334
Parks and recreation	7,009,263	123,667	7,132,930
Library	5,398,467		5,398,467
Education	48,360,000		48,360,000
Emergency operations	1,892,817	79,300	1,972,117
Capital outlay	467,758	1,215	468,973
Expenditures total	86,291,626	3,682,912	89,974,538

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, 2014

	Operating	Multi-Year	Total General Fund
Excess (deficiency) of revenues over expenditures	$30,628,267	($2,607,490)	$28,020,777
Other financing sources (uses)			
Transfers in			
Special revenue funds	59,619	324,000	383,619
Capital projects funds	4,826		4,826
General fund - multi-year	451,255	4,409,670	4,860,924
Transfers out			
Special revenue funds	(218,342)		(218,342)
Debt service fund	(15,127,450)		(15,127,450)
Capital projects funds	(3,081,254)		(3,081,254)
Enterprise funds	(6,740,010)	(12,500)	(6,752,510)
General fund - multi-year	(3,272,170)	(1,588,755)	(4,860,924)
Other financing sources (uses) total	(27,923,527)	3,132,415	(24,791,111)
Net change in fund balance	2,704,741	524,925	3,229,666
Fund balance, beginning	46,614,806	2,118,499	48,733,305
Fund balance, ending	$49,319,547	$2,643,424	$51,962,970

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

General Fund - Operating

Comparative Balance Sheet
June 30, 2014 and 2013

	2014	2013 Restated
Assets		
Equity in central treasury cash	$60,174,445	$57,429,436
Taxes receivable (net of allowance for uncollectibles 2014 - $814,514; 2013 - $701,759)	2,484,864	2,831,848
Accounts receivable (net of allowance for uncollectibles 2014 - $9,710; 2013 - $11,817)	42,676	32,440
Accrued interest receivable	41,410	35,475
Interfund receivable	4,856,596	4,395,313
Due from governmental agencies	527,535	520,579
Other assets	37,620	86,290
Assets total	$68,165,145	$65,331,380
Liabilities, Deferred Inflows, and Fund Balance		
Liabilities		
Accounts payable	$1,331,162	$715,572
Wages and payroll taxes	1,524,153	1,383,759
Accrued self-insurance losses	773,708	1,300,506
Due to School District	6,213	7,521
Deposits from others	189,295	133,008
Unearned revenues	101,554	102,059
Liabilities total	3,926,084	3,642,424
Deferred inflows of resources		
Unavailable revenues	3,070,130	2,359,632
Advance tax payments	11,849,384	12,714,519
Deferred inflows of resources total	14,919,515	15,074,150
Fund balances		
Committed	20,965,339	20,813,450
Assigned	4,420,000	3,926,435
Unassigned	23,934,207	21,874,921
Fund balance total	49,319,547	46,614,806
Liabilities, deferred inflows, and fund balance total	$68,165,145	$65,331,380

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

General Fund - Operating

Comparative Schedule of Revenues and Expenditures
Budgetary Basis
June 30, 2014 and 2013

	2014	2013
Revenues		
Taxes		
Property tax	$91,637,775	$88,206,491
Hotel-motel tax	1,853,945	2,028,261
Alcoholic beverage tax	1,044,090	1,088,021
Tobacco excise tax	1,421,403	1,464,733
Interest and penalties on taxes	795,480	811,268
Payment in lieu of taxes for privatized military housing	792,797	742,500
Taxes total	97,545,489	94,341,274
Intergovernmental revenues		
State of Alaska		
Aid for school construction	10,350,725	9,979,176
Aid to local government	3,756,906	5,348,361
Other shared revenue and assistance	423,939	31,998
Federal government		
Payment in lieu of taxes	438,822	409,639
Aid for debt service	204,931	225,418
Grants	71,250	60,000
Intergovernmental revenues total	15,246,573	16,054,592
Charges for services	1,950,877	2,060,078
Charges to School District	1,798,235	1,660,385
Other revenues		
Charges to other funds	3,798,229	3,573,786
Investment income, including net unrealized investment gains/losses	266,805	87,162
Indirect charges to grants	1,861,686	1,258,998
Various	48,463	157,634
Other revenues total	5,975,183	5,077,581
Revenues total	122,516,357	119,193,911

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund - Operating

Comparative Schedule of Revenues and Expenditures
Budgetary Basis
June 30, 2014 and 2013

	2014	2013
Expenditures		
Current		
General government		
Non-departmental	$272,094	$623,369
Mayor	864,483	884,413
Assembly	1,549,267	1,598,212
Legal	1,090,553	1,016,391
Computer services	3,987,525	3,876,135
Financial services	3,367,633	3,605,915
Assessing	2,462,649	2,576,562
General services	1,827,507	1,634,635
Human resources	3,249,182	3,082,498
Land management	782,124	1,053,708
General government total	19,453,017	19,951,838
Community planning	1,680,902	1,615,361
Public works	8,019,581	7,716,604
Parks and recreation	7,000,429	6,700,381
Library	5,109,215	5,105,532
Education	48,360,000	47,000,000
Emergency operations	1,870,735	1,791,331
Capital outlay	981,587	902,413
Expenditures total	92,475,466	90,783,462

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund - Operating

Comparative Schedule of Revenues and Expenditures
Budgetary Basis
June 30, 2014 and 2013

	2014	2013
Excess (deficiency) of revenues over expenditures	$30,040,892	$28,410,449
Other financing sources (uses)		
Transfers in		
Special revenue funds	59,619	
Capital projects funds	4,826	52,846
Enterprise funds		38
General fund - multi-year	451,255	1,061,274
Transfers out		
Special revenue funds	(218,342)	(215,958)
Debt service fund	(15,127,450)	(14,891,180)
Capital projects funds	(3,081,254)	(4,451,423)
Enterprise funds	(6,740,010)	(6,258,396)
General fund - multi-year	(3,272,170)	(2,143,712)
Other financing sources (uses) total	(27,923,527)	(26,846,511)
Net change in fund balance	$2,117,365	$1,563,938

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, 2014

	Actual			Program Budgets	Variance from Program Budgets
	2014	Prior Years	Total		
Revenues					
Charges for services	$56,860	$194,477	$251,336	$114,190	$137,146
Land sales and interest on land notes receivable	107,822	1,136,378	1,244,200	237,540	1,006,660
Other revenues	910,740	1,011,238	1,921,977	1,947,442	(25,465)
Revenues total	1,075,422	2,342,092	3,417,514	2,299,172	1,118,342
Expenditures					
Current					
General government	3,426,854	10,692,922	14,119,776	15,915,626	1,795,850
Community planning	18,681	7,337	26,018	56,898	30,880
Public works	33,195	72,535	105,730	176,444	70,715
Parks and recreation	123,667	104,191	227,858	296,026	68,167
Library		185	185	376	191
Emergency operations	79,300	20,700	100,000	100,240	240
Capital outlay	1,215	1,421	2,637	74,989	72,352
Expenditures total	3,682,912	10,899,292	14,582,204	16,620,599	2,038,395
Excess (deficiency) of revenues over expenditures	(2,607,490)	(8,557,200)	(11,164,690)	(14,321,427)	3,156,737
Other financing sources (uses)					
Transfers in	4,733,670	17,358,925	22,092,595	19,691,562	2,401,032
Transfers out	(1,601,255)	(6,683,227)	(8,284,481)	(8,237,657)	(46,824)
Other financing sources (uses) total	3,132,415	10,675,698	13,808,114	11,453,905	2,354,208
Net change in fund balance	$524,925	$2,118,499	$2,643,424	($2,867,521)	$5,510,945

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 for 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.

* * * * *

911 Fund - This fund is used to account for the revenues and expenditures of the Fairbanks North Star Borough's 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, 2014

	State Grants	Federal Pass-Through Grants	Federal Grants	Local Programs
Assets				
Equity in central treasury cash	$574,251	$	$349,230	$3,276,403
Taxes receivable				
Accounts receivable (net of allowance for uncollectibles - $1,213,924)				
Due from governmental agencies	426,836	354,441	20,380	
Assets total	$1,001,087	$354,441	$369,610	$3,276,403
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	$30,742	$68,643	$	$1,098
Interfund payables	50,140	269,843	20,380	
Due to School District	524,505	7,473		
Deposits from others				9,888
Unearned revenues	221,473		349,230	
Liabilities total	826,859	345,958	369,610	10,986
Deferred inflows of resources				
Unavailable revenues				
Deferred inflows of resources total				
Fund balances (deficit)				
Restricted	174,228	8,483		3,265,418
Committed				
Fund balances (deficit) total	174,228	8,483		3,265,418
Liabilities,deferred inflows, and fund balances (deficit) total	$1,001,087	$354,441	$369,610	$3,276,403

See accompanying notes to financial statement.

911	Non-Areawide	Solid Waste Collection District	Library	Total Nonmajor Special Revenue Funds
$1,938,166	$2,898,126	$5,554,930	$1,100,475	$15,691,580
	62,128	151,400		213,528
213,804	661,482			875,286
	10,487			812,145
$2,151,970	$3,632,223	$5,706,330	$1,100,475	$17,592,539
$30,902	$15,015	$271,655	$	$418,054
				340,363
				531,978
				9,888
				570,702
30,902	15,015	271,655		1,870,984
53,899	662,255	141,066		857,221
53,899	662,255	141,066		857,221
2,067,168	2,954,953	5,293,609	1,083,984	14,847,843
			16,491	16,491
2,067,168	2,954,953	5,293,609	1,100,475	14,864,333
$2,151,970	$3,632,223	$5,706,330	$1,100,475	$17,592,539

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Year Ended June 30, 2014

	State Grants	Federal Pass-Through Grants	Federal Grants	Local Programs
Revenues				
Taxes	$	$	$	$
Intergovernmental revenues	2,054,628	716,938	127,439	
Charges for services				
Other revenues				221,582
Revenues total	2,054,628	716,938	127,439	221,582
Expenditures				
Current				
General government	1,342,562	67,431	42,224	34,271
Community planning		97,346	80,355	
Public works	84			
Parks and recreation				6,999
Library	19,800	156,455		6,655
Education	708,635	8,220		
Emergency operations	40,534	125,164	4,860	6,780
Capital outlay	169,500	259,347		
Expenditures total	2,281,114	713,963	127,439	54,705
Excess (deficiency) of revenues over expenditures	(226,486)	2,974		166,877
Other financing sources (uses)				
Transfers in	218,342			
Transfers out	(120)			(59,619)
Other financing sources (uses) total	218,222			(59,619)
Net change in fund balances	(8,264)	2,974		107,258
Fund balances (deficit), beginning	182,492	5,509		3,158,160
Fund balances (deficit), ending	$174,228	$8,483	$	$3,265,418

See accompanying notes to financial statement.

911	Non-Areawide	Solid Waste Collection District	Library	Total Nonmajor Special Revenue Funds
$	$2,828,050	$7,022,838	$	$9,850,888
	71,250			2,970,254
1,274,065	714,998			1,989,063
1,919	594		7,256	231,352
1,275,984	3,614,893	7,022,838	7,256	15,041,557
	93,846			1,580,334
				177,701
		6,580,713		6,580,797
				6,999
				182,911
				716,855
1,041,012	3,126,379			4,344,729
				428,847
1,041,012	3,220,225	6,580,713		14,019,171
234,972	394,668	442,125	7,256	1,022,386
	1,337		31,268	250,948
(31,268)	(300,000)	(1,086,500)		(1,477,508)
(31,268)	(298,663)	(1,086,500)	31,268	(1,226,560)
203,703	96,005	(644,375)	38,525	(204,174)
1,863,465	2,858,948	5,937,984	1,061,950	15,068,507
$2,067,168	$2,954,953	$5,293,609	$1,100,475	$14,864,333

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, 2014

	Actual			Program Budgets	Variance from Program Budgets
	2014	Prior Years	Total		
Revenues					
Intergovernmental revenues	$2,054,628	$7,845,092	$9,899,719	$12,221,061	($2,321,342)
Revenues total	2,054,628	7,845,092	9,899,719	12,221,061	(2,321,342)
Expenditures					
Current					
General government	1,342,562	4,352,992	5,695,553	7,052,029	1,356,476
Community planning		149,962	149,962	250,000	100,038
Public works	84	60,482	60,566	22,663	(37,903)
Parks and recreation		400,313	400,313	435,198	34,885
Library	19,800	34,553	54,353	67,030	12,677
Road and other service areas		1,543,387	1,543,387	1,543,387	
Education	708,635	831,426	1,540,061	1,869,011	328,950
Emergency operations	40,534	27,657	68,191	430,167	361,976
Fire service areas		78,891	78,891	78,891	
Capital outlay	169,500	325,241	494,741	833,213	338,472
Expenditures total	2,281,114	7,804,906	10,086,019	12,581,589	2,495,570
Excess (deficiency) of revenues over expenditures	(226,486)	40,186	(186,300)	(360,528)	174,228
Other financing sources (uses)					
Transfers in	218,342	425,404	643,746	643,746	
Transfers out	(120)	(283,098)	(283,218)	(283,218)	
Other financing sources (uses) total	218,222	142,306	360,528	360,528	
Net change in fund balances	($8,264)	$182,492	$174,228	$	$174,228

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, 2014

	Actual			Program Budgets	Variance from Program Budgets
	2014	Prior Years	Total		
Revenues					
Intergovernmental revenues	$716,938	$2,526,508	$3,243,445	$3,724,075	($480,629)
Revenues total	716,938	2,526,508	3,243,445	3,724,075	(480,629)
Expenditures					
Current					
General government	67,431	708,733	776,164	806,412	30,247
Community planning	97,346	356,224	453,569	478,774	25,205
Parks and recreation		12,796	12,796	74,697	61,902
Library	156,455	377,787	534,243	543,196	8,953
Education	8,220		8,220	240,000	231,780
Emergency operations	125,164	914,467	1,039,631	1,098,115	58,484
Capital outlay	259,347	153,665	413,012	485,553	72,541
Expenditures total	713,963	2,523,671	3,237,635	3,726,747	489,112
Excess (deficiency) of revenues over expenditures	2,974	2,836	5,811	(2,673)	8,483
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	$2,974	$5,509	$8,483	$	$8,483

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, 2014

	Actual			Program Budgets	Variance from Program Budgets
	2014	Prior Years	Total		
Revenues					
Intergovernmental revenues	$127,439	$1,539,746	$1,667,185	$2,099,745	($432,561)
Revenues total	127,439	1,539,746	1,667,185	2,099,745	(432,561)
Expenditures					
Current					
General government	42,224	1,073,117	1,115,341	1,120,428	5,087
Community planning	80,355	46,884	127,239	179,082	51,843
Emergency operations	4,860	435,412	440,272	815,903	375,631
Capital outlay		5,760	5,760	5,760	
Expenditures total	127,439	1,561,174	1,688,613	2,121,173	432,561
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	$	$	$	$	$

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, 2014

	Actual			Program Budgets	Variance from Program Budgets
	2014	Prior Years	Total		
Revenues					
Intergovernmental revenues	$	$105,737	$105,737	$60,000	$45,737
Other revenues	221,582	4,922,068	5,143,650	3,663,960	1,479,690
Revenues total	221,582	5,027,806	5,249,388	3,723,960	1,525,427
Expenditures					
Current					
General government	34,271	959,844	994,115	2,682,841	1,688,726
Parks and recreation	6,999	263,027	270,026	283,214	13,188
Library	6,655	182,373	189,029	213,422	24,393
Emergency operations	6,780	59,240	66,020	80,000	13,980
Capital outlay		152,885	152,885	253,512	100,627
Expenditures total	54,705	1,617,370	1,672,075	3,512,989	1,840,914
Excess (deficiency) of revenues over expenditures	166,877	3,410,436	3,577,312	210,972	3,366,341
Other financing sources (uses)					
Transfers in		110,000	110,000	110,000	
Transfers out	(59,619)	(362,276)	(421,895)	(362,276)	(59,619)
Other financing sources (uses) total	(59,619)	(252,276)	(311,895)	(252,276)	(59,619)
Net change in fund balances	$107,258	$3,158,160	$3,265,418	($41,304)	$3,306,722

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - 911

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
Years Ended June 30, 2014 and 2013

	2014	2013
Revenues		
Charges for services	$1,274,065	$1,336,708
Other revenues	1,919	1,123
Revenues total	1,275,984	1,337,831
Expenditures		
Current		
Emergency operations	1,041,012	1,032,685
Expenditures total	1,041,012	1,032,685
Excess (deficiency) of revenues over expenditures	234,972	305,146
Other financing sources (uses)		
Transfers out	(31,268)	(345,000)
Other financing sources (uses) total	(31,268)	(345,000)
Net change in fund balance	203,703	(39,854)
Fund balance, beginning	1,863,465	1,903,319
Fund balance, ending	$2,067,168	$1,863,465

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - 911

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2014

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance from Budget-Positive (Negative)
Revenues					
Charges for services	$1,310,000	$1,274,065	$	$1,274,065	($35,935)
Other revenues	930	1,919		1,919	989
Revenues total	1,310,930	1,275,984		1,275,984	(34,946)
Expenditures					
Current					
Emergency operations	1,169,090	1,041,012	6,649	1,047,661	121,429
Expenditures total	1,169,090	1,041,012	6,649	1,047,661	121,429
Excess (deficiency) of revenues over expenditures	141,840	234,972	(6,649)	228,323	86,483
Other financing sources (uses)					
Transfers out		(31,268)		(31,268)	(31,268)
Other financing sources (uses) total		(31,268)		(31,268)	(31,268)
Net change in fund balance	$141,840	203,703	($6,649)	$197,054	$55,214
Fund balance, beginning		1,863,465			
Fund balance, ending		$2,067,168			

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, 2014 and 2013

	2014	2013
Revenues		
Taxes	$2,828,050	$2,690,126
Intergovernmental revenues	71,250	60,000
Charges for services	714,998	1,122,973
Other revenues	594	46
Revenues total	3,614,893	3,873,144
Expenditures		
Current		
General government	93,846	139,411
Emergency operations	3,126,379	3,000,944
Expenditures total	3,220,225	3,140,355
Excess (deficiency) of revenues over expenditures	394,668	732,790
Other financing sources (uses)		
Transfers in	1,337	
Transfers out	(300,000)	(300,000)
Other financing sources (uses) total	(298,663)	(300,000)
Net change in fund balance	96,005	432,790
Fund balance, beginning	2,858,948	2,426,158
Fund balance, ending	$2,954,953	$2,858,948

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, 2014

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance from Budget-Positive (Negative)
Revenues					
Taxes	$2,789,830	$2,828,050	$	$2,828,050	$38,220
Intergovernmental revenues	71,250	71,250		71,250	
Charges for services	1,058,750	714,998		714,998	(343,752)
Other revenues	83,331	594		594	(82,737)
Revenues total	4,003,161	3,614,893		3,614,893	(388,268)
Expenditures					
Current					
General government	137,720	93,846	(573)	93,273	44,447
Emergency operations	3,209,132	3,126,379	(42,244)	3,084,136	124,996
Capital outlay	4,898		4,898	4,898	
Expenditures total	3,351,750	3,220,225	(37,919)	3,182,306	169,444
Excess (deficiency) of revenues over expenditures	651,411	394,668	37,919	432,587	(218,824)
Other financing sources (uses)					
Transfers in		1,337		1,337	1,337
Transfers out	(300,000)	(300,000)		(300,000)	
Other financing sources (uses) total	(300,000)	(298,663)		(298,663)	1,337
Net change in fund balance	$351,411	96,005	$37,919	$133,924	($217,487)
Fund balance, beginning		2,858,948			
Fund balance, ending		$2,954,953			

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, 2014 and 2013

	2014	2013
Revenues		
Taxes	$7,022,838	$6,690,039
Revenues total	7,022,838	6,690,039
Expenditures		
Current		
Public works	6,580,713	5,942,482
Expenditures total	6,580,713	5,942,482
Excess (deficiency) of revenues over expenditures	442,125	747,557
Other financing sources (uses)		
Transfers in		24,000
Transfers out	(1,086,500)	(24,000)
Other financing sources (uses) total	(1,086,500)	
Net change in fund balance	(644,375)	747,557
Fund balance, beginning	5,937,984	5,190,426
Fund balance, ending	$5,293,609	$5,937,984

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, 2014

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance from Budget-Positive (Negative)
Revenues					
Taxes	$6,934,600	$7,022,838	$	$7,022,838	$88,238
Revenues total	6,934,600	7,022,838		7,022,838	88,238
Expenditures					
Current					
Public works	6,940,860	6,580,713	3,000	6,583,713	357,147
Expenditures total	6,940,860	6,580,713	3,000	6,583,713	357,147
Excess (deficiency) of revenues over expenditures	(6,260)	442,125	(3,000)	439,125	445,385
Other financing sources (uses)					
Transfers out	(1,086,500)	(1,086,500)		(1,086,500)	
Other financing sources (uses) total	(1,086,500)	(1,086,500)		(1,086,500)	
Net change in fund balance	($1,092,760)	(644,375)	($3,000)	($647,375)	$445,385
Fund balance, beginning		5,937,984			
Fund balance, ending		$5,293,609			

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, 2014 and 2013

	2014	2013
Revenues		
Investment income	$7,191	$5,296
Donations	65	276
Revenues total	7,256	5,572
Expenditures		
Excess (deficiency) of revenues over expenditures	7,256	5,572
Other financing sources (uses)		
Transfers in	31,268	
Other financing sources (uses) total	31,268	
Net change in fund balance	38,525	5,572
Fund balance, beginning	1,061,950	1,056,378
Fund balance, ending	$1,100,475	$1,061,950

See accompanying notes to financial statements.

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FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2014
With Comparative Totals for June 30, 2013

	Air Park	Airway	Arctic Fox	Aztec
Assets				
Equity in central treasury cash	$6,376	$55,165	$36,571	$112,362
Taxes receivable			1,693	1,069
Assets total	$6,376	$55,165	$38,265	$113,431
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	$1,200	$	$	$
Interfund payables				
Liabilities	1,200			
Deferred inflows of resources				
Unavailable revenues			1,693	1,069
Deferred inflows of resources total			1,693	1,069
Fund balances (deficit)				
Restricted	5,176	55,165	36,571	112,362
Fund balances (deficit) total	5,176	55,165	36,571	112,362
Liabilities, deferred inflows, and fund balances (deficit) total	$6,376	$55,165	$38,265	$113,431

See accompanying notes to financial statements.

Ballaine Lake Sewer & Water	Bear's Den Road	Becker Ridge	Birch Hill	Bluebird Road
$88,328	$2	$255,256	$399,731	$40,464
1,815	46	4,255	970	
$90,142	$48	$259,511	$400,700	$40,464
$85	$	$16,700	$14,390	$
85		16,700	14,390	
1,815	46	4,158	970	
1,815	46	4,158	970	
88,242	2	238,653	385,341	40,464
88,242	2	238,653	385,341	40,464
$90,142	$48	$259,511	$400,700	$40,464

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2014
With Comparative Totals for June 30, 2013

	Borda Road	Brookside	Chena Goldstream Volunteer Fire	Chena Hills Road
Assets				
Equity in central treasury cash	$157,700	$50,445	$1,587,139	$120,333
Taxes receivable	428	335	34,144	2,543
Assets total	$158,128	$50,781	$1,621,283	$122,876
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	$	$3,882	$	$23,101
Interfund payables				
Liabilities		3,882		23,101
Deferred inflows of resources				
Unavailable revenues	428	335	32,115	2,543
Deferred inflows of resources total	428	335	32,115	2,543
Fund balances (deficit)				
Restricted	157,700	46,564	1,589,168	97,232
Fund balances (deficit) total	157,700	46,564	1,589,168	97,232
Liabilities, deferred inflows, and fund balances (deficit) total	$158,128	$50,781	$1,621,283	$122,876

See accompanying notes to financial statements.

Chena Hot Springs II	Chena Marina	Chena Point Road	Chena Spur	Cleary Summit
$109	$76,646	$213,113	$169,858	$713
3	1,129	2,480	346	
$113	$77,775	$215,592	$170,203	$713

$	$13,985	$135,090	$23,159	$
	13,985	135,090	23,159	
3	1,129	2,480	346	
3	1,129	2,480	346	
109	62,661	78,023	146,699	713
109	62,661	78,023	146,699	713
$113	$77,775	$215,592	$170,203	$713

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2014
With Comparative Totals for June 30, 2013

	College	College Hills	Cooper Estates	Cordes Drive
Assets				
Equity in central treasury cash	$2,770,417	$52,676	$127,256	$37,897
Taxes receivable	7,897	874	1,207	740
Assets total	$2,778,314	$53,550	$128,463	$38,638
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	$27,157	$640	$	$1,431
Interfund payables				
Liabilities	27,157	640		1,431
Deferred inflows of resources				
Unavailable revenues	7,841	874	1,207	740
Deferred inflows of resources total	7,841	874	1,207	740
Fund balances (deficit)				
Restricted	2,743,317	52,036	127,256	36,467
Fund balances (deficit) total	2,743,317	52,036	127,256	36,467
Liabilities, deferred inflows, and fund balances (deficit) total	$2,778,314	$53,550	$128,463	$38,638

See accompanying notes to financial statements.

Cripple Creek	Deep Forest	Diane Subdivision	Drake Estates	Edanella Heights Road
$209,493	$60,325	$29,740	$33,418	$23,722
2,632				2,302
$212,125	$60,325	$29,740	$33,418	$26,024

$286	$	$9,149	$	$
286		9,149		
2,587				2,302
2,587				2,302
209,252	60,325	20,591	33,418	23,722
209,252	60,325	20,591	33,418	23,722
$212,125	$60,325	$29,740	$33,418	$26,024

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2014
With Comparative Totals for June 30, 2013

	Ester Lump Road	Ester Volunteer Fire	Fairfields	Fairhill
Assets				
Equity in central treasury cash	$120,904	$231,746	$76,428	$26,922
Taxes receivable	155	10,076	60	37
Assets total	$121,059	$241,823	$76,488	$26,959
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	$	$	$	$
Interfund payables				
Liabilities				
Deferred inflows of resources				
Unavailable revenues	155	9,668	60	4
Deferred inflows of resources total	155	9,668	60	4
Fund balances (deficit)				
Restricted	120,904	232,154	76,428	26,954
Fund balances (deficit) total	120,904	232,154	76,428	26,954
Liabilities, deferred inflows, and fund balances (deficit) total	$121,059	$241,823	$76,488	$26,959

See accompanying notes to financial statements.

Fairwest	Garden	Golden Valley Road	Goldstream Alaska	Goldstream Moose Creek
$238,605	$246,718	$29,989	$97,172	$65,085
	373	512	1,238	
$238,605	$247,090	$30,501	$98,410	$65,085
$2,315	$5,165	$	$	$8,278
		50,000		
2,315	5,165	50,000		8,278
	203	512	1,238	
	203	512	1,238	
236,290	241,722	(20,011)	97,172	56,807
236,290	241,722	(20,011)	97,172	56,807
$238,605	$247,090	$30,501	$98,410	$65,085

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2014
With Comparative Totals for June 30, 2013

	Gordon	Granola Estates	Grieme Road	Haystack
Assets				
Equity in central treasury cash	$327,764	$36,855	$98,098	$43,553
Taxes receivable	1,373	53	435	3,944
Assets total	$329,137	$36,909	$98,533	$47,496
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	$11,560	$	$	$8,983
Interfund payables				
Liabilities	11,560			8,983
Deferred inflows of resources				
Unavailable revenues	1,373	43	435	3,944
Deferred inflows of resources total	1,373	43	435	3,944
Fund balances (deficit)				
Restricted	316,204	36,866	98,098	34,569
Fund balances (deficit) total	316,204	36,866	98,098	34,569
Liabilities, deferred inflows, and fund balances (deficit) total	$329,137	$36,909	$98,533	$47,496

See accompanying notes to financial statements.

Herning Hills	Hopeless	Horseshoe Downs	Jennifer Drive	Jones Road
$55,328	$54,516	$20,770	$11,761	$153,251
596	849	1,583		2,038
$55,924	$55,365	$22,353	$11,761	$155,289
$13,105	$	$	$	$13,934
13,105				13,934
596	821	1,227		1,129
596	821	1,227		1,129
42,223	54,544	21,125	11,761	140,226
42,223	54,544	21,125	11,761	140,226
$55,924	$55,365	$22,353	$11,761	$155,289

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2014
With Comparative Totals for June 30, 2013

	Joy Road	Keeney Road	Kendall	Keystone
Assets				
Equity in central treasury cash	$30,389	$12,085	$83,599	$56,384
Taxes receivable	1,305	88	283	306
Assets total	$31,694	$12,173	$83,881	$56,690
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	$	$	$	$
Interfund payables				
Liabilities				
Deferred inflows of resources				
Unavailable revenues	1,179	88	283	306
Deferred inflows of resources total	1,179	88	283	306
Fund balances (deficit)				
Restricted	30,515	12,085	83,599	56,384
Fund balances (deficit) total	30,515	12,085	83,599	56,384
Liabilities, deferred inflows, and fund balances (deficit) total	$31,694	$12,173	$83,881	$56,690

See accompanying notes to financial statements.

Kris Kringle	Lakloey Hill	Lee Lane	Loose Moose	Martin
$91,630	$110,960	$17,707	$11,609	$79,926
	2	605	915	3,476
$91,630	$110,962	$18,312	$12,524	$83,402

$	$	$	$	$
	2	605	52	3,476
	2	605	52	3,476
91,630	110,960	17,707	12,471	79,926
91,630	110,960	17,707	12,471	79,926
$91,630	$110,962	$18,312	$12,524	$83,402

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2014
With Comparative Totals for June 30, 2013

	McCloud	McGrath Estates	McKinley View	Mellow Woods Road
Assets				
Equity in central treasury cash	$130,824	$213,286	$31,178	$96,530
Taxes receivable	2,875	391		299
Assets total	$133,699	$213,676	$31,178	$96,830
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	$	$24,966	$	$
Interfund payables				
Liabilities		24,966		
Deferred inflows of resources				
Unavailable revenues	2,705	391		299
Deferred inflows of resources total	2,705	391		299
Fund balances (deficit)				
Restricted	130,994	188,320	31,178	96,530
Fund balances (deficit) total	130,994	188,320	31,178	96,530
Liabilities, deferred inflows, and fund balances (deficit) total	$133,699	$213,676	$31,178	$96,830

See accompanying notes to financial statements.

Miller Hill Extension	Moose Creek	Moose Meadows	Mt. View	Murphy
$137,133	$51,793	$212,233	$96,737	$30,491
3,098	469	2,253		587
$140,232	$52,261	$214,485	$96,737	$31,079
$1,090	$3,320	$15,226	$	$1,373
1,090	3,320	15,226		1,373
2,538	351	2,253		489
2,538	351	2,253		489
136,603	48,590	197,006	96,737	29,217
136,603	48,590	197,006	96,737	29,217
$140,232	$52,261	$214,485	$96,737	$31,079

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2014
With Comparative Totals for June 30, 2013

	Musk Ox	Newby Park	North Ridge	North Star Volunteer Fire
Assets				
Equity in central treasury cash	$73,301	$31,967	$50,089	$684,032
Taxes receivable		117		55,580
Assets total	$73,301	$32,084	$50,089	$739,611
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	$18,170	$12,510	$2,447	$
Interfund payables				
Liabilities	18,170	12,510	2,447	
Deferred inflows of resources				
Unavailable revenues		117		50,897
Deferred inflows of resources total		117		50,897
Fund balances (deficit)				
Restricted	55,132	19,457	47,642	688,715
Fund balances (deficit) total	55,132	19,457	47,642	688,715
Liabilities, deferred inflows, and fund balances (deficit) total	$73,301	$32,084	$50,089	$739,611

See accompanying notes to financial statements.

O'Connor Creek	Old Wood Road	Our	Parksridge	Peede Country Estates
$587,379	$47,989	$13,240	$22,045	$35,301
1,265			662	511
$588,644	$47,989	$13,240	$22,707	$35,812

$	$	$	$	$
1,265			662	511
1,265			662	511
587,379	47,989	13,240	22,045	35,301
587,379	47,989	13,240	22,045	35,301
$588,644	$47,989	$13,240	$22,707	$35,812

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2014
With Comparative Totals for June 30, 2013

	Pine Stream	Pleasureland	Polar Heights	Potlatch
Assets				
Equity in central treasury cash	$136,033	$36,262	$60,814	$35,464
Taxes receivable	274	513	477	961
Assets total	$136,307	$36,775	$61,291	$36,425
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	$	$	$	$
Interfund payables				
Liabilities				
Deferred inflows of resources				
Unavailable revenues	274	513	477	961
Deferred inflows of resources total	274	513	477	961
Fund balances (deficit)				
Restricted	136,033	36,262	60,814	35,464
Fund balances (deficit) total	136,033	36,262	60,814	35,464
Liabilities, deferred inflows, and fund balances (deficit) total	$136,307	$36,775	$61,291	$36,425

See accompanying notes to financial statements.

Prospect Park	Reed Acres Road	Ridgecrest	Salchaket Heights	Scenic Heights
$41,858	$69,252	$5,716	$12,558	$83,115
	290		63	8
$41,858	$69,542	$5,716	$12,621	$83,123

$	$	$4,301	$	$1,418
		4,301		1,418
	290		63	8
	290		63	8
41,858	69,252	1,416	12,558	81,697
41,858	69,252	1,416	12,558	81,697
$41,858	$69,542	$5,716	$12,621	$83,123

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2014
With Comparative Totals for June 30, 2013

	Seavy	Secluded Acres	Serendipity Hill	Six Mile Village Road
Assets				
Equity in central treasury cash	$68,410	$2,832	$43,474	$49,360
Taxes receivable	106	23		900
Assets total	$68,516	$2,855	$43,474	$50,260
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	$	$	$	$230
Interfund payables				
Liabilities				230
Deferred inflows of resources				
Unavailable revenues	106	23		678
Deferred inflows of resources total	106	23		678
Fund balances (deficit)				
Restricted	68,410	2,832	43,474	49,352
Fund balances (deficit) total	68,410	2,832	43,474	49,352
Liabilities, deferred inflows, and fund balances (deficit) total	$68,516	$2,855	$43,474	$50,260

See accompanying notes to financial statements.

Smallwood Trail Road	Smith Ranch	Spring Glade	Spruce Acres	Steamboat Landing
$35,993	$117,250	$94,719	$33,064	$40,974
	93	377	478	3,044
$35,993	$117,343	$95,096	$33,542	$44,018

$	$10,884	$7,782	$	$
	10,884	7,782		
	93	377	478	2,824
	93	377	478	2,824
35,993	106,366	86,937	33,064	41,194
35,993	106,366	86,937	33,064	41,194
$35,993	$117,343	$95,096	$33,542	$44,018

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2014
With Comparative Totals for June 30, 2013

	Steese Volunteer Fire	Straight Creek	Summerwood	Summit Drive
Assets				
Equity in central treasury cash	$779,242	$30,056	$226,140	$476,855
Taxes receivable	31,788		1,803	919
Assets total	$811,030	$30,056	$227,943	$477,774
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	$	$	$	$2,925
Interfund payables				
Liabilities				2,925
Deferred inflows of resources				
Unavailable revenues	30,602		1,803	706
Deferred inflows of resources total	30,602		1,803	706
Fund balances (deficit)				
Restricted	780,429	30,056	226,140	474,142
Fund balances (deficit) total	780,429	30,056	226,140	474,142
Liabilities, deferred inflows, and fund balances (deficit) total	$811,030	$30,056	$227,943	$477,774

See accompanying notes to financial statements.

Sunny Hills Terrace	Sunrise	Tan Terra	Thomas	Timberlane Road
$159,855	$83,601	$69,824	$23,635	$50,738
	125	126	2,120	
$159,855	$83,726	$69,949	$25,755	$50,738

$	$	$	$	$
	20	126	2,120	
	20	126	2,120	
159,855	83,706	69,824	23,635	50,738
159,855	83,706	69,824	23,635	50,738
$159,855	$83,726	$69,949	$25,755	$50,738

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2014
With Comparative Totals for June 30, 2013

	Tungsten	Twenty Three Mile Slough	Ullrhaven	University Fire
Assets				
Equity in central treasury cash	$37,130	$118,082	$22,415	$3,481,875
Taxes receivable	317	4,826		33,430
Assets total	$37,446	$122,908	$22,415	$3,515,305
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	$1,091	$1,698	$	$
Interfund payables				
Liabilities	1,091	1,698		
Deferred inflows of resources				
Unavailable revenues	317	4,826		31,543
Deferred inflows of resources total	317	4,826		31,543
Fund balances (deficit)				
Restricted	36,039	116,383	22,415	3,483,761
Fund balances (deficit) total	36,039	116,383	22,415	3,483,761
Liabilities, deferred inflows, and fund balances (deficit) total	$37,446	$122,908	$22,415	$3,515,305

See accompanying notes to financial statements.

University Heights	University West Street Light	Vienna Wood	Viewpointe	Violet Drive
$159,964	$244,199	$64,326	$140,136	$80,290
	482		317	1,649
$159,964	$244,680	$64,326	$140,454	$81,939
$3,718	$1,537	$	$605	$4,131
3,718	1,537		605	4,131
	482		317	1,577
	482		317	1,577
156,246	242,662	64,326	139,531	76,231
156,246	242,662	64,326	139,531	76,231
$159,964	$244,680	$64,326	$140,454	$81,939

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2014
With Comparative Totals for June 30, 2013

	Vista Gold Road	Vue Crest	Whitman	Wildview
Assets				
Equity in central treasury cash	$58,868	$127,191	$24,524	$752,800
Taxes receivable	798		44	1,298
Assets total	$59,666	$127,191	$24,568	$754,098
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	$	$	$	$35,885
Interfund payables				
Liabilities				35,885
Deferred inflows of resources				
Unavailable revenues	798		44	1,298
Deferred inflows of resources total	798		44	1,298
Fund balances (deficit)				
Restricted	58,868	127,191	24,524	716,915
Fund balances (deficit) total	58,868	127,191	24,524	716,915
Liabilities, deferred inflows, and fund balances (deficit) total	$59,666	$127,191	$24,568	$754,098

See accompanying notes to financial statements.

Woodland	Yak Road	Totals 2014	Totals 2013 Restated
$10,118	$103,113	$19,982,679	$17,761,037
	234	253,197	251,065
$10,118	$103,347	$20,235,876	$18,012,102
$533	$	$489,434	$275,306
		50,000	
533		539,434	275,306
		238,302	231,013
		238,302	231,013
9,584	103,347	19,458,139	17,505,783
9,584	103,347	19,458,139	17,505,783
$10,118	$103,347	$20,235,876	$18,012,102

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2014
With Comparative Totals for June 30, 2013

	Air Park	Airway	Arctic Fox	Aztec
Revenues				
Taxes	$	$13,287	$5,147	$25,215
Other revenues	7	62	40	118
Revenues total	7	13,350	5,187	25,333
Expenditures				
Current				
Road and other service areas	1,750	11,981	7,485	8,250
Fire service areas				
Expenditures total	1,750	11,981	7,485	8,250
Excess (deficiency) of revenues over expenditures	(1,743)	1,369	(2,298)	17,083
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	(1,743)	1,369	(2,298)	17,083
Fund balances (deficit), beginning	6,919	53,797	38,869	95,278
Fund balances (deficit), ending	$5,176	$55,165	$36,571	$112,362

See accompanying notes to financial statements.

Ballaine Lake Sewer & Water	Bear's Den Road	Becker Ridge	Birch Hill	Bluebird Road
$28,067	$453	$122,546	$132,094	$7,492
93		288	456	42
28,160	454	122,834	132,549	7,534
6,095	500	107,795	60,930	1,912
6,095	500	107,795	60,930	1,912
22,064	(46)	15,038	71,619	5,622
			(28,340)	
			(28,340)	
22,064	(46)	15,038	43,279	5,622
66,178	48	223,615	342,061	34,842
$88,242	$2	$238,653	$385,341	$40,464

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2014
With Comparative Totals for June 30, 2013

	Borda Road	Brookside	Chena Goldstream Volunteer Fire	Chena Hills Road
Revenues				
Taxes	$30,505	$8,927	$1,448,360	$105,164
Other revenues	175	54	6,300	2,630
Revenues total	30,680	8,981	1,454,660	107,794
Expenditures				
Current				
Road and other service areas	4,400	7,955		97,619
Fire service areas			1,072,448	
Expenditures total	4,400	7,955	1,072,448	97,619
Excess (deficiency) of revenues over expenditures	26,280	1,026	382,212	10,175
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	26,280	1,026	382,212	10,175
Fund balances (deficit), beginning	131,420	45,538	1,206,956	87,058
Fund balances (deficit), ending	$157,700	$46,564	$1,589,168	$97,232

See accompanying notes to financial statements.

Chena Hot Springs II	Chena Marina	Chena Point Road	Chena Spur	Cleary Summit
$397	$26,182	$132,542	$45,965	$14
	100	225	180	1
397	26,281	132,767	46,145	15
500	24,613	163,712	37,479	500
500	24,613	163,712	37,479	500
(103)	1,668	(30,945)	8,666	(485)
(103)	1,668	(30,945)	8,666	(485)
212	60,993	108,968	138,032	1,198
$109	$62,661	$78,023	$146,699	$713

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2014
With Comparative Totals for June 30, 2013

	College	College Hills	Cooper Estates	Cordes Drive
Revenues				
Taxes	$438,505	$27,210	$30,261	$27,910
Other revenues	3,151	56	152	42
Revenues total	441,656	27,266	30,413	27,952
Expenditures				
Current				
Road and other service areas	342,427	11,557	20,576	23,328
Fire service areas				
Expenditures total	342,427	11,557	20,576	23,328
Excess (deficiency) of revenues over expenditures	99,229	15,709	9,837	4,624
Other financing sources (uses)				
Transfers in				
Transfers out	(70,628)			
Other financing sources (uses) total	(70,628)			
Net change in fund balances	28,601	15,709	9,837	4,624
Fund balances (deficit), beginning	2,714,716	36,327	117,419	31,842
Fund balances (deficit), ending	$2,743,317	$52,036	$127,256	$36,467

See accompanying notes to financial statements.

Cripple Creek	Deep Forest	Diane Subdivision	Drake Estates	Edanella Heights Road
$75,781	$25,103	$3,786	$8,660	$44,589
283	60	63	35	93
76,065	25,163	3,849	8,695	44,682
48,713	6,381	11,580	3,522	34,611
48,713	6,381	11,580	3,522	34,611
27,352	18,782	(7,731)	5,173	10,071
				(25,000)
				(25,000)
27,352	18,782	(7,731)	5,173	(14,929)
181,900	41,543	28,321	28,245	38,651
$209,252	$60,325	$20,591	$33,418	$23,722

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2014
With Comparative Totals for June 30, 2013

	Ester Lump Road	Ester Volunteer Fire	Fairfields	Fairhill
Revenues				
Taxes	$34,278	$439,870	$16,987	$12,089
Other revenues	134	15,188	82	26
Revenues total	34,411	455,057	17,068	12,116
Expenditures				
Current				
Road and other service areas	20,929		9,942	5,174
Fire service areas		392,266		
Expenditures total	20,929	392,266	9,942	5,174
Excess (deficiency) of revenues over expenditures	13,483	62,791	7,126	6,942
Other financing sources (uses)				
Transfers in				1,867
Transfers out				
Other financing sources (uses) total				1,867
Net change in fund balances	13,483	62,791	7,126	8,809
Fund balances (deficit), beginning	107,421	169,363	69,302	18,146
Fund balances (deficit), ending	$120,904	$232,154	$76,428	$26,954

See accompanying notes to financial statements.

Fairwest	Garden	Golden Valley Road	Goldstream Alaska	Goldstream Moose Creek
$24,928	$43,941	$16,946	$29,375	$59,891
264	258	32	103	85
25,192	44,199	16,977	29,478	59,976
25,157	14,402	6,538	10,713	80,859
25,157	14,402	6,538	10,713	80,859
35	29,797	10,439	18,765	(20,883)
11,428				
		(50,000)		
11,428		(50,000)		
11,463	29,797	(39,561)	18,765	(20,883)
224,826	211,925	19,550	78,407	77,690
$236,290	$241,722	($20,011)	$97,172	$56,807

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2014
With Comparative Totals for June 30, 2013

	Gordon	Granola Estates	Grieme Road	Haystack
Revenues				
Taxes	$57,890	$6,785	$23,068	$43,052
Other revenues	398	39	108	70
Revenues total	58,287	6,824	23,175	43,121
Expenditures				
Current				
Road and other service areas	26,679	4,595	18,283	36,383
Fire service areas				
Expenditures total	26,679	4,595	18,283	36,383
Excess (deficiency) of revenues over expenditures	31,609	2,229	4,893	6,738
Other financing sources (uses)				
Transfers in				
Transfers out				(4,000)
Other financing sources (uses) total				(4,000)
Net change in fund balances	31,609	2,229	4,893	2,738
Fund balances (deficit), beginning	284,595	34,637	93,205	31,831
Fund balances (deficit), ending	$316,204	$36,866	$98,098	$34,569

See accompanying notes to financial statements.

Herning Hills	Hopeless	Horseshoe Downs	Jennifer Drive	Jones Road
$28,258	$25,130	$25,090	$6,202	$70,121
94	77	27	14	166
28,352	25,207	25,117	6,216	70,286
46,157	46,646	17,737	8,131	53,174
46,157	46,646	17,737	8,131	53,174
(17,805)	(21,438)	7,379	(1,915)	17,112
(17,805)	(21,438)	7,379	(1,915)	17,112
60,028	75,982	13,746	13,677	123,114
$42,223	$54,544	$21,125	$11,761	$140,226

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2014
With Comparative Totals for June 30, 2013

	Joy Road	Keeney Road	Kendall	Keystone
Revenues				
Taxes	$8,999	$2,298	$12,240	$16,657
Other revenues	40	13	89	103
Revenues total	9,040	2,311	12,328	16,760
Expenditures				
Current				
Road and other service areas	11,064	846	5,912	5,345
Fire service areas				
Expenditures total	11,064	846	5,912	5,345
Excess (deficiency) of revenues over expenditures	(2,024)	1,465	6,417	11,415
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	(2,024)	1,465	6,417	11,415
Fund balances (deficit), beginning	32,539	10,620	77,182	44,969
Fund balances (deficit), ending	$30,515	$12,085	$83,599	$56,384

See accompanying notes to financial statements.

Kris Kringle	Lakloey Hill	Lee Lane	Loose Moose	Martin
$14,756	$39,791	$7,037	$7,734	$39,948
98	130	23	13	113
14,853	39,921	7,060	7,747	40,061
5,080	32,493	11,971	3,252	6,830
5,080	32,493	11,971	3,252	6,830
9,773	7,428	(4,911)	4,495	33,232
9,773	7,428	(4,911)	4,495	33,232
81,857	103,532	22,618	7,977	46,695
$91,630	$110,960	$17,707	$12,471	$79,926

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2014
With Comparative Totals for June 30, 2013

	McCloud	McGrath Estates	McKinley View	Mellow Woods Road
Revenues				
Taxes	$26,025	$75,222	$7,644	$16,446
Other revenues	136	233	33	102
Revenues total	26,161	75,455	7,677	16,548
Expenditures				
Current				
Road and other service areas	7,078	66,828	1,806	5,692
Fire service areas				
Expenditures total	7,078	66,828	1,806	5,692
Excess (deficiency) of revenues over expenditures	19,083	8,627	5,871	10,856
Other financing sources (uses)				
Transfers in			7,052	
Transfers out				
Other financing sources (uses) total			7,052	
Net change in fund balances	19,083	8,627	12,923	10,856
Fund balances (deficit), beginning	111,911	179,692	18,254	85,675
Fund balances (deficit), ending	$130,994	$188,320	$31,178	$96,530

See accompanying notes to financial statements.

Miller Hill Extension	Moose Creek	Moose Meadows	Mt. View	Murphy
$64,433	$16,408	$79,624	$28,039	$15,583
172	55	377	137	61
64,605	16,463	80,001	28,176	15,644
44,656	24,272	40,860	27,408	12,688
44,656	24,272	40,860	27,408	12,688
19,949	(7,809)	39,141	768	2,956
19,949	(7,809)	39,141	768	2,956
116,654	56,399	157,865	95,970	26,261
$136,603	$48,590	$197,006	$96,737	$29,217

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2014
With Comparative Totals for June 30, 2013

	Musk Ox	Newby Park	North Ridge	North Star Volunteer Fire
Revenues				
Taxes	$38,049	$17,931	$13,640	$1,830,702
Other revenues	86	34	54	39,948
Revenues total	38,135	17,966	13,694	1,870,651
Expenditures				
Current				
Road and other service areas	43,956	21,272	7,212	
Fire service areas				1,691,435
Expenditures total	43,956	21,272	7,212	1,691,435
Excess (deficiency) of revenues over expenditures	(5,821)	(3,306)	6,482	179,216
Other financing sources (uses)				
Transfers in				
Transfers out				(300,000)
Other financing sources (uses) total				(300,000)
Net change in fund balances	(5,821)	(3,306)	6,482	(120,784)
Fund balances (deficit), beginning	60,953	22,763	41,160	809,499
Fund balances (deficit), ending	$55,132	$19,457	$47,642	$688,715

See accompanying notes to financial statements.

O'Connor Creek	Old Wood Road	Our	Parksridge	Peede Country Estates
$126,072	$14,925	$4,099	$13,190	$7,713
389	52	14	77	37
126,461	14,976	4,113	13,267	7,750
64,177	5,534	2,037	5,770	1,542
64,177	5,534	2,037	5,770	1,542
62,285	9,442	2,076	7,497	6,208
			(10,000)	
			(10,000)	
62,285	9,442	2,076	(2,503)	6,208
525,094	38,547	11,164	24,548	29,093
$587,379	$47,989	$13,240	$22,045	$35,301

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2014
With Comparative Totals for June 30, 2013

	Pine Stream	Pleasureland	Polar Heights	Potlatch
Revenues				
Taxes	$31,292	$8,519	$20,477	$13,113
Other revenues	143	58	57	39
Revenues total	31,435	8,578	20,534	13,152
Expenditures				
Current				
Road and other service areas	15,858	1,654	9,269	5,201
Fire service areas				
Expenditures total	15,858	1,654	9,269	5,201
Excess (deficiency) of revenues over expenditures	15,577	6,924	11,266	7,951
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	15,577	6,924	11,266	7,951
Fund balances (deficit), beginning	120,456	29,337	49,549	27,514
Fund balances (deficit), ending	$136,033	$36,262	$60,814	$35,464

See accompanying notes to financial statements.

Prospect Park	Reed Acres Road	Ridgecrest	Salchaket Heights	Scenic Heights
$8,376	$9,626	$2,233	$4,883	$20,335
46	74	6	14	89
8,422	9,700	2,240	4,897	20,424
4,396	4,390	5,334	2,583	8,889
4,396	4,390	5,334	2,583	8,889
4,026	5,310	(3,094)	2,314	11,535
4,026	5,310	(3,094)	2,314	11,535
37,831	63,942	4,510	10,244	70,162
$41,858	$69,252	$1,416	$12,558	$81,697

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2014
With Comparative Totals for June 30, 2013

	Seavy	Secluded Acres	Serendipity Hill	Six Mile Village Road
Revenues				
Taxes	$10,817	$13,081	$6,951	$9,328
Other revenues	71	55	47	55
Revenues total	10,889	13,136	6,998	9,383
Expenditures				
Current				
Road and other service areas	6,851	9,786	3,206	10,899
Fire service areas				
Expenditures total	6,851	9,786	3,206	10,899
Excess (deficiency) of revenues over expenditures	4,038	3,350	3,792	(1,516)
Other financing sources (uses)				
Transfers in				
Transfers out		(8,000)		
Other financing sources (uses) total		(8,000)		
Net change in fund balances	4,038	(4,650)	3,792	(1,516)
Fund balances (deficit), beginning	64,372	7,482	39,682	50,867
Fund balances (deficit), ending	$68,410	$2,832	$43,474	$49,352

See accompanying notes to financial statements.

Smallwood Trail Road	Smith Ranch	Spring Glade	Spruce Acres	Steamboat Landing
$7,273	$8,269	$31,697	$6,756	$18,775
39	129	109	36	62
7,312	8,398	31,806	6,792	18,838
4,410	36,840	35,361	5,004	6,449
4,410	36,840	35,361	5,004	6,449
2,902	(28,443)	(3,554)	1,788	12,388
2,902	(28,443)	(3,554)	1,788	12,388
33,090	134,809	90,491	31,276	28,806
$35,993	$106,366	$86,937	$33,064	$41,194

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2014
With Comparative Totals for June 30, 2013

	Steese Volunteer Fire	Straight Creek	Summerwood	Summit Drive
Revenues				
Taxes	$1,460,302	$19,449	$42,370	$128,178
Other revenues	13,735	36	241	509
Revenues total	1,474,037	19,485	42,610	128,687
Expenditures				
Current				
Road and other service areas		18,542	25,795	58,059
Fire service areas	1,308,251			
Expenditures total	1,308,251	18,542	25,795	58,059
Excess (deficiency) of revenues over expenditures	165,786	944	16,815	70,628
Other financing sources (uses)				
Transfers in	7,135			
Transfers out	(45,000)			
Other financing sources (uses) total	(37,865)			
Net change in fund balances	127,921	944	16,815	70,628
Fund balances (deficit), beginning	652,508	29,112	209,325	403,514
Fund balances (deficit), ending	$780,429	$30,056	$226,140	$474,142

See accompanying notes to financial statements.

Sunny Hills Terrace	Sunrise	Tan Terra	Thomas	Timberlane Road
$33,047	$13,919	$33,995	$12,257	$8,126
202	106	76	26	54
33,249	14,026	34,070	12,283	8,180
7,545	2,353	24,498	9,473	2,435
7,545	2,353	24,498	9,473	2,435
25,704	11,672	9,572	2,810	5,745
				5,737
				5,737
25,704	11,672	9,572	2,810	11,482
134,151	72,034	60,252	20,825	39,256
$159,855	$83,706	$69,824	$23,635	$50,738

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2014
With Comparative Totals for June 30, 2013

	Tungsten	Twenty Three Mile Slough	Ullrhaven	University Fire
Revenues				
Taxes	$51,032	$47,428	$4,420	$2,636,083
Other revenues	160	127	26	37,332
Revenues total	51,192	47,555	4,447	2,673,415
Expenditures				
Current				
Road and other service areas	22,238	40,463	4,580	
Fire service areas				1,993,253
Expenditures total	22,238	40,463	4,580	1,993,253
Excess (deficiency) of revenues over expenditures	28,954	7,092	(133)	680,162
Other financing sources (uses)				
Transfers in		3,790		
Transfers out	(64,500)			
Other financing sources (uses) total	(64,500)	3,790		
Net change in fund balances	(35,546)	10,881	(133)	680,162
Fund balances (deficit), beginning	71,585	105,502	22,548	2,803,600
Fund balances (deficit), ending	$36,039	$116,383	$22,415	$3,483,761

See accompanying notes to financial statements.

University Heights	University West Street Light	Vienna Wood	Viewpointe	Violet Drive
$58,676	$67,157	$25,562	$18,648	$69,959
210	1,630	68	156	110
58,886	68,788	25,630	18,804	70,069
17,019	42,341	7,358	22,555	116,361
17,019	42,341	7,358	22,555	116,361
41,867	26,447	18,272	(3,752)	(46,292)
41,867	26,447	18,272	(3,752)	(46,292)
114,379	216,215	46,054	143,283	122,523
$156,246	$242,662	$64,326	$139,531	$76,231

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2014
With Comparative Totals for June 30, 2013

	Vista Gold Road	Vue Crest	Whitman	Wildview
Revenues				
Taxes	$44,306	$34,587	$4,521	$202,304
Other revenues	74	135	26	797
Revenues total	44,380	34,722	4,548	203,102
Expenditures				
Current				
Road and other service areas	43,495	11,782	2,219	101,927
Fire service areas				
Expenditures total	43,495	11,782	2,219	101,927
Excess (deficiency) of revenues over expenditures	885	22,940	2,329	101,174
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	885	22,940	2,329	101,174
Fund balances (deficit), beginning	57,983	104,252	22,195	615,740
Fund balances (deficit), ending	$58,868	$127,191	$24,524	$716,915

See accompanying notes to financial statements.

		Totals	
Woodland	Yak Road	2014	2013
$2,690	$84,999	$11,659,085	$11,207,230
11	234	131,703	88,257
2,701	85,234	11,790,788	11,295,487
1,475	90,175	2,792,320	2,301,709
		6,457,652	6,152,865
1,475	90,175	9,249,972	8,454,574
1,225	(4,941)	2,540,816	2,840,913
		37,009	207,800
	(20,000)	(625,468)	(1,662,962)
	(20,000)	(588,459)	(1,455,162)
1,225	(24,941)	1,952,356	1,385,750
8,359	128,288	17,505,783	16,120,033
$9,584	$103,347	$19,458,139	$17,505,783

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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, 2014 and 2013

	2014	2013
Assets		
Equity in central treasury cash	$333,647	$172,428
Other assets	728,184	723,409
Assets total	$1,061,830	$895,836
Fund Balance		
Fund balance		
Committed	$1,061,830	$895,836
Fund balance total	$1,061,830	$895,836

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, 2014 and 2013

	2014	2013
Revenues		
Other revenues	$	$1
Expenditures		
Debt service		
Other debt service costs	1,300	209,400
Principal retirement of bonds	10,515,000	10,185,000
Interest on bonds	4,445,156	4,895,169
Payment to refunded bond escrow agent		18,497,025
Expenditures total	14,961,456	33,786,594
Excess (deficiency) of revenues over expenditures	(14,961,456)	(33,786,593)
Other financing sources (uses)		
Transfers in	15,127,450	15,389,157
Bond issuance		16,670,000
Premium on bond debt		2,047,271
Other financing sources (uses) total	15,127,450	34,106,429
Net change in fund balance	165,994	319,835
Fund balance, beginning	895,836	576,001
Fund balance, ending	$1,061,830	$895,836

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, 2014

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance from Budget-Positive (Negative)
Revenues					
Other revenues	$	$	$	$	$
Expenditures					
Debt service					
Other debt service costs	3,657	1,300		1,300	2,357
Principal retirement of bonds	10,795,925	10,515,000		10,515,000	280,925
Interest on bonds	4,807,868	4,445,156		4,445,156	362,712
Expenditures total	15,607,450	14,961,456		14,961,456	645,994
Excess (deficiency) of revenues over expenditures	(15,607,450)	(14,961,456)		(14,961,456)	645,994
Other financing sources (uses)					
Transfers in	15,127,450	15,127,450		15,127,450	
Other financing sources (uses) total	15,127,450	15,127,450		15,127,450	
Net change in fund balance	($480,000)	165,994	$	$165,994	$645,994
Fund balance, beginning		895,836			
Fund balance, ending		$1,061,830			

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, 2014

	Federal Pass-Through Grants	Federal Grants	Capital Purchases	Total Nonmajor Capital Projects Funds
Assets				
Equity in central treasury cash	$4,925	$	$3,586,328	$3,591,253
Due from governmental agencies	434,699			434,699
Assets total	$439,624	$	$3,586,328	$4,025,951
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$356,581	$	$34,794	$391,376
Interfund payables	78,117			78,117
Liabilities total	434,699		34,794	469,493
Fund balances (deficit)				
Restricted	4,925		1,854,705	1,859,630
Committed			1,696,828	1,696,828
Fund balances (deficit) total	4,925		3,551,534	3,556,459
Liabilities and fund balances (deficit) total	$439,624	$	$3,586,328	$4,025,951

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, 2014

	Federal Pass-Through Grants	Federal Grants	Capital Purchases	Total Nonmajor Capital Projects Funds
Revenues				
Intergovernmental revenues	$1,059,730	$29,894	$	$1,089,624
Other revenues			281,457	281,457
Revenues total	1,059,730	29,894	281,457	1,371,082
Expenditures				
Current				
General government	28,075		82,697	110,772
Parks and recreation		29,894		29,894
Library			129,417	129,417
Road and other service areas	26,058			26,058
Education			78	78
Emergency operations	364,241		316,781	681,022
Fire service areas			24,257	24,257
Capital outlay	692,322		174,563	866,885
Expenditures total	1,110,696	29,894	727,794	1,868,384
Excess (deficiency) of revenues over expenditures	(50,966)		(446,336)	(497,303)
Other financing sources (uses)				
Transfers in	33,000		1,013,620	1,046,620
Transfers out	(4,826)		(1,336)	(6,162)
Other financing sources (uses)	28,174		1,012,284	1,040,458
Net change in fund balances	(22,793)		565,948	543,155
Fund balances (deficit), beginning	27,718		2,985,586	3,013,303
Fund balances (deficit), ending	$4,925	$	$3,551,534	$3,556,459

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, 2014

	Nonmajor Capital Projects Funds		
	Federal Pass-Through Grants	Federal Grants	Capital Purchases
Total project expenditure budget	$4,125,394	$944,588	$5,854,682
Revenues and other financing sources			
Taxes	$	$	$
Intergovernmental			
Federal	2,693,075	210,850	
State	139,726		
Local			322,924
Transfers in and prior year's operating transfers in	747,270	662,671	5,419,164
Bond issuance			
Premium on bond debt			
Revenues and other financing sources total	$3,580,071	$873,521	$5,742,088
Expenditures and other financing uses	$3,575,146	$873,521	$2,190,554

See accompanying notes to financial statements.

Major Capital Projects Funds			
State Grants	Bond Projects	Local Projects	2014 Project-to-Date Totals
$81,914,928	$104,794,063	$80,313,336	$277,946,990
$	$	$31,221	$31,221
			2,903,925
57,905,133		5,250,000	63,294,859
19,740	596,240	4,307,076	5,245,980
1,497,658		71,474,345	79,801,108
	37,508,969		37,508,969
	1,348,862		1,348,862
$59,422,531	$39,454,071	$81,062,642	$190,134,925
$54,404,824	$40,600,730	$64,255,252	$165,900,027

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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, 2014 and 2013

	2014	2013
Assets		
Current assets		
Equity in central treasury cash	$3,706,846	$2,439,888
Restricted equity in central treasury cash	24,136	853,927
Accounts receivable	38,791	11,596
Restricted due from governmental agencies	1,131,958	1,014,281
Inventories	332,363	213,062
Current assets total	5,234,095	4,532,754
Noncurrent assets		
Capital assets - non-depreciable		
Land and land improvements	595,234	595,234
Construction work in progress	397,463	204,647
Capital assets - depreciable		
Buildings	4,045,284	4,045,284
Improvements other than buildings	269,296	269,296
Equipment	5,774,331	4,563,938
Accumulated depreciation	(4,981,172)	(4,421,073)
Noncurrent assets (net) total	6,100,436	5,257,326
Assets total	$11,334,531	$9,790,080

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Net Position
June 30, 2014 and 2013

	2014	2013
Liabilities and Net Position		
Current liabilities		
Accounts payable	$93,259	$59,212
Wages and payroll taxes	306,371	259,956
Accrued compensated absences	260,791	242,969
Accrued self-insurance losses	63,867	72,894
Payable from restricted assets		
Accounts payable	124,970	57,124
Interfund payable	966,206	902,014
Unearned revenues		512,119
Current liabilities total	1,815,465	2,106,286
Long-term liabilities		
Accrued compensated absences	92,122	99,931
Accrued self-insurance losses	114,693	90,542
Long-term liabilities total	206,814	190,473
Liabilities total	2,022,279	2,296,759
Net position		
Investment in capital assets	6,100,436	5,257,326
Restricted for		
Grants	64,919	396,952
Unrestricted	3,146,897	1,839,044
Net position total	9,312,252	7,493,322
Liabilities and net position total	$11,334,531	$9,790,080

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Revenues, Expenses and Changes in Net Position
June 30, 2014 and 2013

	2014	2013
Operating revenues		
Fares	$343,751	$307,933
Advertising	20,521	28,386
Charges for services	727,371	728,378
Operating revenues total	1,091,643	1,064,697
Operating expenses		
Wages and benefits	5,718,787	5,383,396
Fuels, lubricants, and parts	953,619	851,271
Other commodities	24,830	15,725
Contractual services	1,712,894	1,909,032
Utilities	166,147	175,857
Professional services	210,108	332,172
Depreciation	565,374	515,449
Training, dues, and professional expenses	73,019	52,463
Repairs and maintenance	207,255	212,152
Supplies	90,751	324,605
Intragovernmental charges	830,862	826,459
Operating expenses total	10,553,646	10,598,581
Operating income (loss)	(9,462,003)	(9,533,884)

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, 2014 and 2013

	2014	2013
Non-operating revenues (expenses)		
Grants revenue	$4,271,199	$4,218,211
Investment income	2,039	1,280
Gain (loss) on disposal of capital assets	19,725	(155,172)
Miscellaneous revenue (expense)	223	
Non-operating revenues (expenses) total	4,293,186	4,064,319
Income (loss) before contributions and transfers	(5,168,817)	(5,469,565)
Transfers in	5,583,720	5,066,572
Capital contributions	1,404,027	827,632
Change in net position	1,818,930	424,639
Net position, beginning	7,493,322	7,068,683
Net position, ending	$9,312,252	$7,493,322

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Net Position
June 30, 2014 and 2013

	2014	2013
Assets		
Current assets		
Equity in central treasury cash	$815,214	$630,537
Restricted equity in central treasury cash	376,823	360,640
Accounts receivable	55,942	107,518
Restricted accounts receivable	2,772	5,099
Restricted due from governmental agencies	130,139	651,711
Current assets total	1,380,891	1,755,506
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
Capital assets - depreciable		
Buildings	21,266,719	16,925,647
Improvements other than buildings	1,608,028	1,608,028
Equipment	1,750,093	1,736,991
Accumulated depreciation	(8,879,278)	(8,279,834)
Noncurrent assets (net) total	16,375,384	14,726,178
Assets total	$17,756,274	$16,481,683

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Net Position
June 30, 2014 and 2013

	2014	2013
Liabilities and Net Position		
Current liabilities		
Accounts payable	$47,610	$
Wages and payroll taxes	7,202	6,004
Accrued compensated absences	1,236	1,689
Payable from restricted assets		
Accounts payable	100,000	437,988
Interfund payable	30,139	253,171
Current liabilities total	186,188	698,852
Liabilities total	186,188	698,852
Net position		
Investment in capital assets	16,375,384	14,726,178
Restricted for		
Asset replacement	379,595	326,291
Unrestricted	815,107	730,363
Net position total	17,570,087	15,782,831
Liabilities and net position total	$17,756,274	$16,481,683

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Revenues, Expenses and Changes in Net Position
June 30, 2014 and 2013

	2014	2013
Operating revenues		
Charges for services	$106,341	$94,311
Operating revenues total	106,341	94,311
Operating expenses		
Wages and benefits	56,963	58,896
Other commodities	13,123	1,548
Contractual services	691,226	408,838
Professional services	30,898	12,570
Depreciation	607,310	517,708
Training, dues, and professional expenses		8
Repairs and maintenance	500	1,300
Supplies	12,550	70,406
Management contractor fee	184,144	167,117
Intragovernmental charges	556,124	433,679
Operating expenses total	2,152,838	1,672,069
Operating income (loss)	(2,046,497)	(1,577,758)

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, 2014 and 2013

	2014	2013
Non-operating revenues (expenses)		
Investment income	$356	$1,036
Gain (loss) on disposal of capital assets	(6,757)	
Miscellaneous revenue (expense)	982	48
Non-operating revenues (expenses) total	(5,419)	1,084
Income (loss) before contributions and transfers	(2,051,916)	(1,576,674)
Transfers in	1,418,790	1,191,824
Transfers out	(13,167)	(38)
Capital contributions	2,433,549	2,030,569
Change in net position	1,787,255	1,645,682
Net position, beginning	15,782,831	14,137,150
Net position, ending	$17,570,087	$15,782,831

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Net Position
June 30, 2014 and 2013

	2014	2013
Assets		
Current assets		
Equity in central treasury cash	$18,029,710	$15,598,220
Accounts receivable (net of allowance for uncollectibles 2014 - $10,250; 2013 - $10,250)	517,210	460,620
Due from governmental agencies		201,371
Inventories	1,774,476	18,766
Current assets total	20,321,396	16,278,978
Noncurrent assets		
Long-term receivables (net of allowance for uncollectibles 2014 - $182,250; 2013 - $216,507)		
Capital assets - non-depreciable		
Land and land improvements	746,003	746,003
Construction work in progress	9,439,943	1,846,940
Capital assets - depreciable		
Land	346,044	346,044
Buildings	7,951,549	7,951,549
Improvements other than buildings	16,871,527	16,871,527
Equipment	3,812,638	3,668,796
Accumulated depreciation	(18,911,028)	(17,837,065)
Noncurrent assets (net) total	20,256,677	13,593,794
Assets total	$40,578,073	$29,872,772

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Net Position
June 30, 2014 and 2013

	2014	2013
Liabilities and Net Position		
Current liabilities		
Accounts payable	$2,478,893	$547,382
Wages and payroll taxes	110,034	97,523
Accrued interest payable	135,637	52,410
Accrued compensated absences	86,488	74,428
Accrued self-insurance losses	26,000	35,865
Interfund payable	1,559,068	201,371
Current liabilities total	4,396,121	1,008,980
Long-term liabilities		
Accrued compensated absences	43,678	28,756
Accrued self-insurance losses	57,198	53,272
Loans payable	6,490,051	2,187,638
Landfill closure and postclosure care	18,091,603	16,066,138
Long-term liabilities total	24,682,530	18,335,804
Liabilities total	29,078,651	19,344,784
Net position		
Net investment in capital assets	15,121,460	12,426,164
Unrestricted (deficit)	(3,622,039)	(1,898,177)
Net position total	11,499,422	10,527,988
Liabilities and net position total	$40,578,073	$29,872,772

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Revenues, Expenses and Changes in Net Position
June 30, 2014 and 2013

	2014	2013
Operating revenues		
Charges for services	$9,392,173	$8,320,996
Operating revenues total	9,392,173	8,320,996
Operating expenses		
Wages and benefits	1,726,806	1,640,940
Fuels, lubricants, and parts	283,407	319,950
Other commodities	6,146	1,423
Contractual services	1,626,419	2,420,027
Utilities	169,663	185,946
Professional services	166,137	189,088
Depreciation	1,304,964	1,072,745
Training, dues, and professional expenses	21,632	12,421
Repairs and maintenance	343,633	424,741
Supplies	153,669	134,124
Landfill closure and postclosure care costs	2,025,465	(941,463)
Intragovernmental charges	867,379	895,322
Operating expenses total	8,695,318	6,355,264
Operating income (loss)	696,855	1,965,732

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, 2014 and 2013

	2014	2013
Non-operating revenues (expenses)		
Interest expense	($8,194)	($20,782)
Investment income	16,475	9,338
Gain (loss) on disposal of capital assets	(44,000)	
Miscellaneous revenue (expense)	1,670	5
Non-operating revenues (expenses) total	(34,049)	(11,439)
Income (loss) before contributions and transfers	662,806	1,954,293
Transfers in	212,500	
Capital contributions	96,128	352,485
Change in net position	971,434	2,306,777
Net position, beginning	10,527,988	8,221,210
Net position, ending	$11,499,422	$10,527,988

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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, 2014 and 2013

	2014	2013
Assets		
Current assets		
Equity in central treasury cash	$893,779	$888,319
Accounts receivable		16,075
Current assets total	893,779	904,394
Noncurrent assets		
Capital assets - depreciable		
Equipment	7,502,076	7,106,354
Accumulated depreciation	(3,765,644)	(3,518,936)
Noncurrent assets (net) total	3,736,432	3,587,418
Assets total	$4,630,211	$4,491,812
Liabilities and Net Position		
Current liabilities		
Accounts payable	$46,237	$119,518
Capital leases payable	519,236	471,045
Current liabilities total	565,473	590,562
Long-term liabilities		
Capital leases payable	945,523	814,179
Long-term liabilities total	945,523	814,179
Liabilities total	1,510,997	1,404,741
Net position		
Net investment in capital assets	2,271,673	2,302,195
Unrestricted	847,542	784,877
Net position total	3,119,215	3,087,072
Liabilities and net position total	$4,630,211	$4,491,812

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, 2014 and 2013

	2014	2013
Operating revenues		
Charges for services	$603,012	$607,490
Operating revenues total	603,012	607,490
Operating expenses		
Other commodities		2,876
Contractual services	5,571	
Depreciation	465,445	442,781
Repairs and maintenance	25	4,214
Interest expense - capital leases	50,219	53,599
Intragovernmental charges	47,031	50,842
Operating expenses total	568,291	554,311
Operating income (loss)	34,721	53,179
Non-operating revenues (expenses)		
Gain (loss) on disposal of capital assets	(2,578)	(2,136)
Non-operating revenues (expenses) total	(2,578)	(2,136)
Income (loss) before contributions and transfers	32,143	51,043
Capital contributions		71,429
Change in net position	32,143	122,472
Net position, beginning	3,087,072	2,964,600
Net position, ending	$3,119,215	$3,087,072

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, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Assets				
Equity in central treasury cash	$297,970	$15,897,596	$15,704,323	$491,243
Property tax liens receivable	363,380	15,401,691	15,428,601	336,471
Assets total	$661,350	$31,299,288	$31,132,924	$827,714
Liabilities				
Due to other governmental agencies for collected taxes	$50,753	$15,435,102	$15,457,107	$28,749
Due to other governmental agencies for uncollected taxes	363,380	15,401,691	15,428,601	336,471
Advance tax payments	247,217	462,494	247,217	462,494
Liabilities total	$661,350	$31,299,288	$31,132,924	$827,714

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.

FAIRBANKS NORTH STAR BOROUGH **Schedule 1**

Cash and Investment Balances Classified by Depository
All Funds and School District
June 30, 2014
With Comparative Totals for June 30, 2013

	Fair Value of Cash Invested	Outstanding Checks and Cash on Hand	Totals 2014	Totals 2013
	(a)			
Change and petty cash funds	$	$176,560	$176,560	$45,983
Fidelity Institutional Money Market Government Fund	209,318		209,318	709,296
BNY Goldman Sachs Financial Square Government Fund (b)	474,789		474,789	7,550,688
Invesco Government & Agency Portfolio Cash Management	37,010,832		37,010,832	9,307,320
Invesco Government TaxAdvantage Portfolio Cash Management	25,665,131		25,665,131	9,545,723
Morgan Stanley Government Portfolio Institutional	52,959,868		52,959,868	54,035,910
Certificates of Deposit Account Registry Service (CDARS)	20,000,000		20,000,000	20,000,000
U.S. securities and agencies				17,019,719
Commercial paper	4,986,734		4,986,734	26,970,623
Wells Fargo Bank Alaska N.A.	5,698,418	(2,159,540)	3,538,878	2,077,584
Alaska Municipal League Investment Pool	14,493,210		14,493,210	12,191,573
Cash and investments	161,498,300	(1,982,980)	159,515,320	159,454,419
Less: Fiduciary Fund - Borough	(491,243)		(491,243)	(297,970)
Less: Fiduciary Fund - School District	(50,725)		(50,725)	(54,476)
Cash and investments total	$160,956,332	($1,982,980)	$158,973,352	$159,101,974
Alaska Rule of Civil Procedure No. 67				
Wells Fargo Bank Alaska N.A. (c)	$8,720,807		$8,720,807	$8,668,745
Wells Fargo Bank Alaska N.A. (d)	10,525,587		10,525,587	10,442,459
Alaska rule of civil procedure no. 67 total	$19,246,394		$19,246,394	$19,111,204

(a) Investment in deferred compensation plan is not included.

(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 was appealed favorably to the Supreme Court. (Note 17. A.)

(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. A.)

FAIRBANKS NORTH STAR BOROUGH **Schedule 2**

Enterprise Funds
Cash Balances
June 30, 2014

	Operating	Project Appropriations	Total
Transit	$3,277,907	$453,076	$3,730,983
Carlson Center	543,163	648,875	1,192,038
Solid waste disposal	12,140,151	5,889,560	18,029,710
Enterprise funds total	$15,961,220	$6,991,511	$22,952,731

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, 2014

	Maturity Dates	Interest Rate (Coupon)	Principal	Fair Value
Overnight Investments				
Wells Fargo Bank Alaska N.A.	Open	0.020%	$5,698,418	$5,698,418
Government Securities Money Market Funds				
BNY Goldman Sachs Financial Square Government Fund		0.010	474,789	474,789
Fidelity Institutional Money Market Government Fund		0.010	209,318	209,318
Wells Fargo Securities:				
Invesco Government & Agency Portfolio Cash Management		0.010	37,010,832	37,010,832
Invesco Government TaxAdvantage Portfolio Cash Management		0.010	25,665,131	25,665,131
Morgan Stanley Government Portfolio Institutional		0.040	52,959,868	52,959,868
Government securities money market funds total			116,319,938	116,319,938
External Investment Pool				
Alaska Municipal League Investment Pool		0.010	14,493,210	14,493,210
Commercial Paper				
Abbey National N.A. LLC	07/02/14	0.406	2,500,000	2,492,611
Prudential Funding	07/11/14	0.311	2,500,000	2,494,123
Commercial paper total			5,000,000	4,986,734
Certificates of Deposit				
Certificates of Deposit Account Registry Service (CDARS)	07/10/14	0.220	5,000,000	5,000,000
Certificates of Deposit Account Registry Service (CDARS)	10/09/14	0.220	5,000,000	5,000,000
Certificates of Deposit Account Registry Service (CDARS)	10/09/14	0.220	5,000,000	5,000,000
Certificates of Deposit Account Registry Service (CDARS)	04/09/15	0.150	5,000,000	5,000,000
Certificates of deposit total			20,000,000	20,000,000
Investments total			$161,511,566	$161,498,300
Alaska Rule of Civil Procedure No. 67 (Note 17. A.)				
Wells Fargo Bank Alaska N.A.			$8,720,807	$8,720,807
Wells Fargo Bank Alaska N.A.			10,525,587	10,525,587
Alaska rule of civil procedure no. 67 total			$19,246,394	$19,246,394

FAIRBANKS NORTH STAR BOROUGH **Schedule 4**

Combined Schedule of Delinquent Property Taxes Receivable
By Fund Type
June 30, 2014

	Total	General Fund	Special Revenue Funds	Agency Fund
Delinquent property taxes				
2010 and prior	$285,879	$219,445	$36,297	$30,138
2011	123,830	94,721	22,640	6,468
2012	762,140	544,888	139,471	77,781
Delinquent property taxes total	$1,171,849	$859,054	$198,407	$114,388

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FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt
June 30, 2014 and 2013

	Interest Rates on Remaining Coupons	Payment Dates	Bond Date	Final Maturity Date
General Obligation Bonds Payable:				
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
2007 Refunding Series K - school facilities (1996 Series U)	4.00%	11-01 / 05-01	02-16-07	11-01-16

Remaining Annual Serial Payments (a)	Authorized	Issued	Retired	June 30, 2014 Outstanding	June 30, 2013 Outstanding
$440,000 (2014) 460,000 (2015) 480,000 (2016) 505,000 (2017) 525,000 (2018) 550,000 (2019) 580,000 (2020) 605,000 (2021) 635,000 (2022) 670,000 (2023) 700,000 (2024) 735,000 (2025)	$9,750,000	$ 9,750,000	$ 2,865,000	$ 6,885,000	$ 7,310,000
530,000 (2014) 550,000 (2015) 570,000 (2016) 600,000 (2017) 625,000 (2018) 650,000 (2019) 680,000 (2020) 710,000 (2021) 740,000 (2022) 775,000 (2023) 805,000 (2024) 840,000 (2025) 880,000 (2026)	12,000,000	12,000,000	3,045,000	8,955,000	9,465,000
1,170,000 (2014) 1,255,000 (2015) 1,320,000 (2016)	10,460,000	10,460,000	6,715,000	3,745,000	4,875,000

FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt
June 30, 2014 and 2013

	Interest Rates on Remaining Coupons	Payment Dates	Bond Date	Final Maturity Date
2008 Series L - school facilities	3.50% - 4.50%	11-01 / 05-01	01-25-08	11-01-27
2010 Series M - school facilities	2.50% - 5.75%	07-01 / 01-01	02-26-10	07-01-29

Remaining Annual Serial Payments (a)	Authorized	Issued	Retired	June 30, 2014 Outstanding	June 30, 2013 Outstanding
$465,000 (2014)	$ 11,128,000	$ 11,128,000	$ 2,323,000	$ 8,805,000	$ 9,250,000
485,000 (2015)					
505,000 (2016)					
525,000 (2017)					
550,000 (2018)					
575,000 (2019)					
600,000 (2020)					
630,000 (2021)					
660,000 (2022)					
690,000 (2023)					
725,000 (2024)					
760,000 (2025)					
800,000 (2026)					
835,000 (2027)					
485,000 (2014)	11,950,000	11,950,000	1,780,000	10,170,000	10,645,000
495,000 (2015)					
510,000 (2016)					
530,000 (2017)					
545,000 (2018)					
565,000 (2019)					
590,000 (2020)					
615,000 (2021)					
635,000 (2022)					
670,000 (2023)					
695,000 (2024)					
710,000 (2025)					
745,000 (2026)					
770,000 (2027)					
790,000 (2028)					
820,000 (2029)					

FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt
June 30, 2014 and 2013

	Interest Rates on Remaining Coupons	Payment Dates	Bond Date	Final Maturity Date
2010 Refunding Series N - school facilities - library (1997 Series A)	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)	4.00% - 5.00%	09-01 / 03-01	11-23-11	09-01-22

Remaining Annual Serial Payments (a)	Authorized	Issued	Retired	June 30, 2014 Outstanding	June 30, 2013 Outstanding
$2,210,000 (2014)	$16,860,142	$16,860,142	$7,865,816	$8,994,326	$11,063,263
2,300,000 (2015)	619,858	619,858	289,184	330,674	406,737
2,365,000 (2016)					
2,450,000 (2017)					
1,475,000 (2015)	13,680,000	13,680,000	5,645,000	8,035,000	9,455,000
1,530,000 (2016)					
1,595,000 (2017)					
1,675,000 (2018)					
1,760,000 (2019)					
530,000 (2014)	5,565,000	5,565,000	1,485,000	4,080,000	4,590,000
540,000 (2015)					
560,000 (2016)					
580,000 (2017)					
600,000 (2018)					
625,000 (2019)					
645,000 (2020)					
1,745,000 (2014)	21,000,000	21,000,000	3,310,000	17,690,000	19,375,000
1,815,000 (2015)					
1,900,000 (2016)					
1,995,000 (2017)					
2,100,000 (2018)					
2,205,000 (2019)					
2,320,000 (2020)					
1,760,000 (2021)					
1,850,000 (2022)					

FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt
June 30, 2014 and 2013

	Interest Rates on Remaining Coupons	Payment Dates	Bond Date	Final Maturity Date
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 (a)	Authorized	Issued	Retired	June 30, 2014 Outstanding	June 30, 2013 Outstanding
$495,000 (2015)	$11,500,000	$11,500,000	$975,000	$10,525,000	$11,015,000
500,000 (2016)					
500,000 (2017)					
510,000 (2018)					
515,000 (2019)					
525,000 (2020)					
535,000 (2021)					
550,000 (2022)					
560,000 (2023)					
575,000 (2024)					
590,000 (2025)					
610,000 (2026)					
625,000 (2027)					
645,000 (2028)					
665,000 (2029)					
685,000 (2030)					
710,000 (2031)					
730,000 (2032)					
1,305,000 (2014)	16,670,000	16,670,000	1,280,000	15,390,000	16,670,000
1,335,000 (2015)					
1,360,000 (2016)					
1,390,000 (2017)					
1,415,000 (2018)					
1,445,000 (2019)					
1,490,000 (2020)					
1,550,000 (2021)					
1,615,000 (2022)					
1,685,000 (2023)					
800,000 (2024)					
	141,183,000	141,183,000	37,578,000	103,605,000	114,120,000

FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt
June 30, 2014 and 2013

	Interest Rates on Remaining Coupons	Payment Dates	Bond Date	Final Maturity Date
Proprietary Long-Term Debt:				
Solid waste disposal loans payable				
Cell 3 & 4 expansion - substantial completion estimated at 01/01/15	1.00%	Annual	01-04-11	01-01-20
Partial landfill closure - substantial completion estimated at 09/01/16	1.00%	Annual	12-14-09	09-01-21
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 (a)	Authorized	Issued	Retired	June 30, 2014 Outstanding	June 30, 2013 Outstanding
$1,006,707 (2016) 1,016,774 (2017) 1,026,942 (2018) 1,037,211 (2019) 1,047,582 (2020)	$10,496,448	$5,135,216	$	$5,135,216	$1,167,630
265,602 (2017) 268,258 (2018) 270,940 (2019) 273,650 (2020) 276,385 (2021)	3,500,000	1,354,835		1,354,835	1,020,008
Various		3,375,363	1,910,604	1,464,759	1,285,223
	13,996,448	9,865,414	1,910,604	7,954,810	3,472,861
	$155,179,448	$151,048,414	$39,488,604	$111,559,810	$117,592,861

FAIRBANKS NORTH STAR BOROUGH **Schedule 6**

Balances in Major Reserve Accounts
June 30, 2014 and 2013

	2014	2013
Facilities Maintenance (a)	$3,098,305	$5,606,610
Asset Replacement	592,929	432,041
Carlson Center (b)	338,528	229,511
Landfill Closure and Postclosure Care	2,445,428	2,439,798
Hotel-Motel Room Tax (c)	181,798	145,928
Health Care Contingency	3,089,861	2,900,913
Land Revenue Reserve	406,661	516,512
School District Facilities Maintenance	106,319	766,716
Reserves total	$10,259,829	$13,038,029

(a) In fiscal year 2013-14, $2,341,598 was transferred in from the general fund as part of a lapse provision required by Borough Code of Ordinances, section 3.01.060A.

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

(c) used primarily for destination marketing

FAIRBANKS NORTH STAR BOROUGH **Schedule 7**

Library Special Revenue Fund
Selected Financial Information
For the Fiscal Year Ended June 30, 2014

	2014
Fund balance restricted for library endowment	$1,083,984
Fund balance committed for library endowment	16,491
Donation	65
Interest revenue	7,191
Balance eligible for spending as stated in FNSBC 3.01.045	8,246

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 November 7, 2013, the Borough received $24, and on February 12, 2014, the Borough received $41, both 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, 2014 and 2013

	2014	2013
Operating revenues		
Vending and concession, net of cost	$659,339	$572,056
Arena rental	338,593	292,704
Self-promoted events	119,092	127,392
Signage	163,801	164,887
Equipment rental and service	90,568	85,890
Other	133,122	147,698
	1,504,515	1,390,627
Operating expenses		
Concession supplies and fees	48,429	47,543
Conferences and meetings	26,696	14,682
Contractual services	32,830	36,196
Insurance	56,525	49,113
Contractor management fee	87,258	84,714
Contractor incentive fees	96,886	82,403
Office and operating supplies	59,660	49,232
Professional services	1,123	1,058
Repairs and maintenance	98,475	82,643
Self-promoted events	19,332	15,103
Utilities	563,361	556,345
Wages and benefits - event labor	408,032	289,829
Wages and benefits - operations	515,216	552,241
Bad debt	3,750	-
	2,017,573	1,861,102
Operating loss	(513,058)	(470,475)
Non-operating revenues (expenses)		
Provision for asset replacement	(106,340)	(94,311)
Net loss	($619,398)	($564,786)

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, 2014

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

(a) The specific stop loss amount per covered individual is $125,000 and $325,000 per year for the Borough and School District, respectively. The annual aggregate stop loss is computed by formula at the end of the fiscal year. The maximum claim liability per employee per month for fiscal year 2013-14 is $1,686 and $1,668 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.

FAIRBANKS NORTH STAR BOROUGH

Miscellaneous Additional Data
June 30, 2014

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 107 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
2013 Borough municipal election	68,043
Number of votes cast in:	
2012 State general election	39,986
2013 Borough municipal election	9,828
Percentage of registered voters in:	
2012 State general election	55.9%
2013 Borough municipal election	14.4%

Note: Last State general election was in November 2012.
Last Borough municipal election was in October 2013.

Annual Salaries of Principal Officials of the Borough Government

Borough Mayor	$92,500
Borough Clerk	109,007
Chief of Staff	122,039
Borough Attorney	139,225

Annual Salaries of Principal Officials of the School District

Superintendent of Schools	$154,000
Assistant Superintendent, Secondary Education	150,302
Assistant Superintendent, Elementary Education	148,447
Chief Financial Officer	148,447

Miscellaneous Additional Data
June 30, 2014

	Number of School District Personnel (a)
Districtwide administration	5
Professional staff	63
Principals and assistant principals	44
Certified staff	915
Support staff	688
Number of schools	35

Elementary Schools – District	Enrollment (b)
Anne Wien	412
Badger Road	496
Barnette Magnet	413
Chinook Charter	150
Denali	402
Hunter	352
Joy	464
Ladd	539
Nordale	316
North Pole	459
Pearl Creek	479
Salcha	76
Ticasuk Brown	514
Two Rivers	97
University Park	502
Watershed Charter	202
Weller	477
Woodriver	438
Secondary Schools – District	
Effie Kokrine Charter	167
Hutchison High	362
Lathrop High	1,074
North Pole Middle	655
North Pole High	752
Randy Smith Middle	338
Ryan Middle	386
Star of the North Charter	194
Tanana Middle	472
West Valley High	967
Alternative Learning System	130
Elementary Schools – On-Base/Post	
Anderson	252
Arctic Light	530
Crawford	297
Secondary Schools – On-Base	
Ben Eielson Junior/Senior High	399
Guided Independent Study (B.E.S.T.)	268
Fairbanks Youth Facility	10
Total	14,041

(a) Fairbanks North Star Borough School District Approved Budget document for fiscal year 2013-14
(b) 2013-14 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.

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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.

FAIRBANKS NORTH STAR BOROUGH

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

	Fiscal			
	2004-05	2005-06	2006-07	2007-08
Governmental activities				
Net investment in capital assets	$471,997,696	$472,363,319	$472,797,399	$476,565,063
Restricted	23,064,355	29,113,034	45,210,932	48,144,782
Unrestricted	9,667,809	8,305,423	9,762,506	7,591,655
Total governmental activities net position	$504,729,859	$509,781,777	$527,770,837	$532,301,500
Business-type activities				
Net investment in capital assets	$19,756,608	$24,830,906	$25,308,779	$30,494,592
Restricted	448,714	306,887	259,648	424,453
Unrestricted	19,338,514	16,153,220	20,119,274	19,465,432
Total business-type activities net position	$39,543,836	$41,291,013	$45,687,701	$50,384,477
Primary government				
Net investment in capital assets	$491,754,304	$497,194,225	$498,106,178	$507,059,656
Restricted	23,513,069	29,419,921	45,470,580	48,569,234
Unrestricted	29,006,323	24,458,643	29,881,780	27,057,087
Total primary government net position	$544,273,696	$551,072,789	$573,458,538	$582,685,977
Component unit: School District				
Net investment in capital assets	$3,918,778	$4,235,371	$4,080,319	$3,967,368
Unrestricted	22,426,155	16,687,930	18,453,760	18,535,860
Total component unit net position	$26,344,933	$20,923,301	$22,534,079	$22,503,228

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

Table I

Year					
2008-09	2009-10 (a)	2010-11	2011-12	2012-13 Restated	2013-14
$487,414,214	$493,418,704	$489,022,291	$482,777,987	$490,532,654	$504,309,177
47,678,853	46,093,672	45,974,529	52,285,602	50,099,619	48,317,716
2,991,349	8,711,560	19,231,946	27,396,313	28,544,906	31,644,893
$538,084,417	$548,223,936	$554,228,766	$562,459,901	$569,177,178	$584,271,787
$31,738,913	$31,212,287	$31,030,372	$31,455,764	$32,409,668	$37,597,280
586,075	557,235	563,473	678,507	723,243	444,514
12,013,314	(2,378,977)	(3,178,064)	(2,677,725)	720,127	401,988
$44,338,302	$29,390,545	$28,415,781	$29,456,546	$33,853,039	$38,443,782
$519,153,127	$524,630,990	$520,052,662	$514,233,751	$522,942,322	$541,906,457
48,264,929	46,650,907	46,538,002	52,964,109	50,822,862	48,762,230
15,004,446	6,332,583	16,053,882	24,718,588	29,265,034	32,046,882
$582,422,502	$577,614,480	$582,644,546	$591,916,447	$603,030,216	$622,715,570
$2,941,680	$4,180,344	$4,449,676	$4,391,797	$4,169,278	$4,001,914
20,059,660	20,954,280	20,747,031	17,380,499	19,123,971	20,941,096
$23,001,340	$25,134,624	$25,196,707	$21,772,296	$23,293,249	$24,943,010

FAIRBANKS NORTH STAR BOROUGH

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

	Fiscal			
	2004-05	2005-06	2006-07	2007-08
Expenses				
Governmental activities				
General government	$13,596,394	$15,583,246	$16,144,958	$16,373,018
Community planning	1,624,308	1,879,673	2,011,929	1,948,949
Public works	7,328,230	8,842,658	8,567,422	9,622,350
Parks and recreation	6,660,529	7,478,378	9,090,178	9,324,514
Library	4,393,299	4,776,959	5,125,795	4,966,535
Road and other service areas	2,140,423	2,011,343	2,656,458	3,816,780
Education	49,459,962	53,694,197	56,771,562	59,958,407
Emergency operations	5,738,694	4,796,649	5,235,955	5,468,214
Fire service areas	4,538,706	4,854,626	4,968,182	4,938,156
Interest on long-term debt	6,532,239	6,437,366	6,128,977	6,550,818
Total governmental activities expenses	102,012,783	110,355,095	116,701,416	122,967,742
Business-type activities				
Transit	5,387,277	6,052,940	6,245,393	6,623,980
Land	1,114,019	2,009,504	1,166,463	1,264,690
Carlson Center	1,400,313	1,570,809	1,360,931	1,622,048
Solid waste disposal	8,850,961	6,087,732	6,484,640	5,913,299
Total business-type activities expenses	16,752,570	15,720,985	15,257,426	15,424,017
Total primary government expenses	$118,765,354	$126,076,080	$131,958,842	$138,391,759
Component unit: School District expenses	$154,861,311	$169,311,838	$175,241,013	$206,099,005
Program revenues				
Governmental activities				
Charges for services				
General government	$615,595	$640,713	$773,783	$928,108
Public works	108,732	119,708	123,915	69,393
Parks and recreation	1,023,574	1,003,199	1,005,680	1,154,422
Library	32,522	28,995	44,579	58,947
Emergency operations	938,942	973,475	1,041,582	1,091,326
Operating grants and contributions	2,444,643	6,041,259	5,086,603	4,245,873
Capital grants and contributions	45,145,996	5,687,000	14,069,248	6,061,315
Total governmental activities program revenues	50,310,004	14,494,348	22,145,391	13,609,384
Business-type activities				
Charges for services				
Transit	1,267,108	1,206,101	1,370,952	1,372,828
Land	653,142	1,894,329	633,582	898,626
Solid waste disposal	5,379,272	5,331,961	5,605,897	6,289,283
Operating grants and contributions	1,320,715	2,206,461	1,191,719	1,416,592
Capital grants and contributions	262,275	2,223,778	1,366,454	4,004,895
Total business-type activities program revenues	8,882,512	12,862,631	10,168,604	13,982,223
Total primary government program revenues	$59,192,514	$27,356,978	$32,313,995	$27,591,607

Year					
2008-09	2009-10 (a)	2010-11	2011-12	2012-13 Restated	2013-14
$19,296,522	$20,760,267	$21,863,878	$21,971,871	$22,847,843	$19,161,160
1,875,392	2,263,729	2,295,159	2,094,665	1,880,835	1,823,758
10,563,903	10,781,943	11,667,694	12,568,035	12,261,122	13,004,001
9,257,309	9,733,515	9,336,208	9,668,480	10,363,824	10,130,544
5,591,433	5,979,887	6,173,512	7,247,930	6,865,392	6,870,221
4,393,522	5,711,907	5,173,543	5,707,825	7,720,282	7,163,765
61,898,187	62,819,397	63,404,301	65,216,545	65,496,736	66,374,349
5,732,871	5,862,703	5,987,348	6,089,052	6,857,704	7,132,387
5,398,620	6,115,495	6,173,408	6,535,660	6,893,994	7,270,382
6,052,131	5,484,528	5,302,775	4,193,718	3,601,263	3,156,513
130,059,889	135,513,371	137,377,828	141,293,781	144,788,996	142,087,081
7,282,170	7,844,619	8,878,240	10,905,695	10,748,837	10,550,643
1,333,141					
1,596,110	1,557,872	2,278,941	1,906,771	1,670,480	2,158,318
11,235,460	5,974,645	7,779,315	6,068,204	6,363,157	8,738,667
21,446,881	15,377,135	18,936,496	18,880,669	18,782,474	21,447,628
$151,506,770	$150,890,505	$156,314,324	$160,174,450	$163,571,470	$163,534,709
$206,735,507	$223,158,805	$233,201,957	$245,679,952	$254,269,882	$253,580,970
$995,973	$910,610	$1,199,254	$1,244,583	$972,077	$1,024,435
52,268	52,318	43,602	50,849	53,457	53,777
1,106,668	1,120,921	1,223,243	1,219,837	1,281,648	1,248,394
93,804	77,233	90,904	84,516	76,887	80,107
1,111,970	1,129,474	1,196,018	1,580,414	1,558,882	1,552,994
3,653,545	2,337,538	2,163,092	2,360,782	3,563,186	2,235,787
19,787,620	4,601,870	5,972,484	7,260,485	17,541,549	21,639,784
26,801,848	10,229,964	11,888,597	13,801,466	25,047,686	27,835,278
1,429,331	1,167,823	810,882	933,114	1,064,697	1,091,643
736,617					
5,920,210	6,854,740	7,370,161	8,123,831	8,320,996	9,392,173
2,053,623	1,724,701	2,399,972	4,425,044	4,322,073	4,377,539
76,866	2,802,345	1,716,683	575,352	3,195,497	3,928,337
10,216,647	12,549,610	12,297,698	14,057,341	16,903,263	18,789,692
$37,018,494	$22,779,572	$24,186,298	$27,858,807	$41,950,949	$46,624,971

FAIRBANKS NORTH STAR BOROUGH

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

	Fiscal			
	2004-05	2005-06	2006-07	2007-08
Component unit: School District				
Charges for services				
School District program revenues	$1,886,887	$1,894,564	$2,034,531	$2,162,538
Operating grants and contributions	27,208,171	27,354,672	27,084,712	55,175,797
Capital grants and contributions	1,640,256	1,544,726	676,148	511,057
Total component unit program revenues	$30,735,314	$30,793,962	$29,795,391	$57,849,392
Net revenues (expenses)				
Governmental activities	($51,702,779)	($95,860,748)	($94,556,026)	($109,358,359)
Business-type activities	(7,870,059)	(2,858,354)	(5,088,821)	(1,441,793)
Total primary government net expenses	($59,572,839)	($98,719,102)	($99,644,847)	($110,800,152)
Component unit: School District net expenses	($124,125,997)	($138,517,876)	($145,445,622)	($148,249,613)
General revenues and other changes in net position				
Governmental activities				
Taxes				
Property taxes	$77,031,587	$82,605,092	$88,584,284	$93,330,750
Hotel-motel taxes	1,531,027	1,551,623	1,696,639	1,824,832
Alcoholic beverage taxes	1,247,562	1,233,545	1,329,319	1,434,006
Tobacco excise taxes	988,813	1,013,728	994,039	983,683
Unrestricted grants and contributions	12,227,556	13,775,527	18,660,580	15,069,990
Unrestricted investment earnings	2,040,316	3,968,731	5,897,632	5,959,023
Other	549,821	401,295	172,986	327,873
Transfers	(3,167,359)	(3,636,875)	(4,790,392)	(5,041,135)
Total governmental activities	$92,449,322	$100,912,665	$112,545,086	$113,889,022
Business-type activities				
Unrestricted grants and contributions	$50,973	$114,509	$3,574,961	$308,995
Unrestricted investment earnings	445,019	852,984	1,108,130	759,665
Other	3,496	1,161	12,026	28,773
Transfers	3,167,359	3,636,875	4,790,392	5,041,135
Total business-type activities	$3,666,847	$4,605,530	$9,485,509	$6,138,567
Component unit: School District				
Foundation program	$73,052,157	$80,045,140	$90,029,160	$85,688,097
Other federal and state aid	14,267,731	12,257,249	11,405,933	19,037,350
Borough direct appropriation	36,545,700	38,022,700	40,022,700	42,222,700
Other	2,274,916	2,771,155	3,819,360	1,270,615
Total component unit	$126,140,504	$133,096,244	$145,277,153	$148,218,762
Change in net position				
Governmental activities	$40,746,542	$5,051,918	$17,989,060	$4,530,663
Business-type activities	(4,203,212)	1,747,176	4,396,688	4,696,774
Total primary government	$36,543,331	$6,799,093	$22,385,748	$9,227,438
Component unit: School District	$2,014,507	($5,421,632)	($168,469)	($30,851)

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

Year					
2008-09	2009-10 (a)	2010-11	2011-12	2012-13 Restated	2013-14
$2,365,595	$2,216,143	$2,128,703	$2,127,984	$1,832,792	$1,782,643
50,760,894	52,835,590	54,664,159	59,782,158	66,613,379	68,202,040
2,515,129	369,871	69,000	378,803	69,419	126,935
$55,641,618	$55,421,604	$56,861,862	$62,288,945	$68,515,590	$70,111,618
($103,258,041)	($125,283,407)	($125,489,229)	($127,492,315)	($119,741,310)	($114,251,803)
(11,230,235)	(2,827,526)	(6,638,797)	(4,823,329)	(1,879,211)	(2,657,936)
($114,488,276)	($128,110,932)	($132,128,026)	($132,315,644)	($121,620,522)	($116,909,738)
($151,093,889)	($167,737,201)	($176,340,095)	($183,391,007)	($185,754,292)	($183,469,352)
$93,707,963	$98,489,612	$115,170,486	$118,827,272	$110,650,804	$115,359,140
1,660,803	1,698,466	1,695,265	1,923,485	2,031,249	1,857,091
1,384,156	1,358,690	1,001,201	1,051,664	1,104,640	1,049,356
1,077,166	1,684,657	1,521,730	1,503,265	1,464,783	1,421,503
14,124,381	16,604,140	14,154,365	16,283,827	16,406,955	15,210,021
1,639,379	165,512	75,424	106,081	93,696	271,672
356,210	2,990,559	3,521,672	1,866,550	2,538,930	1,384,839
(5,022,034)	12,266,595	(5,646,084)	(5,838,695)	(6,263,996)	(7,207,210)
$108,928,023	$135,258,232	$131,494,059	$135,723,450	$128,027,062	$129,346,412
$41,495	$	$	$	$	$
228,395	25,152	12,714	10,241	11,654	18,870
4,854	8,493	5,235	15,159	53	22,600
5,022,034	(12,266,595)	5,646,084	5,838,695	6,263,996	7,207,210
$5,296,777	($12,232,950)	$5,664,033	$5,864,095	$6,275,703	$7,248,680
$96,001,077	$109,730,232	$112,387,761	$113,227,755	$119,814,989	$117,038,885
11,418,547	13,862,337	16,403,207	18,195,860	19,464,610	18,671,590
44,222,700	45,522,700	46,522,700	47,359,300	47,000,000	48,360,000
680,263	755,216	1,088,510	1,183,681	995,646	1,048,638
$152,322,587	$169,870,485	$176,402,178	$179,966,596	$187,275,245	$185,119,113
$5,669,982	$9,974,825	$6,004,830	$8,231,135	$8,285,752	$15,094,609
(5,933,457)	(15,060,475)	(974,764)	1,040,766	4,396,492	4,590,744
($263,475)	($5,085,650)	$5,030,066	$9,271,901	$12,682,243	$19,685,353
$1,228,698	$2,133,284	$62,083	($3,424,411)	$1,520,953	$1,649,761

FAIRBANKS NORTH STAR BOROUGH

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

	Fiscal				
	2004-05	2005-06	2006-07 (a)	2007-08 (b)	2008-09
General fund					
Restricted					
Committed					
Assigned					
Unassigned					
Total general fund					
All other governmental funds					
Restricted					
Committed					
Unassigned					
Total all other governmental funds					
General fund					
Reserved	$1,308,728	$2,445,532	$1,746,549	$286,354	$233,114
Unreserved, designated	3,820,591	4,034,592	6,771,813	7,067,050	8,072,713
Unreserved, undesignated	13,395,095	12,257,177	17,063,104	17,665,754	14,169,609
Total general fund	$18,524,414	$18,737,301	$25,581,466	$25,019,157	$22,475,436
All other governmental funds					
Reserved	$4,920,774	$10,232,691	$6,632,400	$23,880,617	$13,950,338
Unreserved, reported in:					
Annual special revenue funds	15,820,582	18,014,755	21,049,041	24,774,630	27,358,102
Other special revenue funds	4,388,926	5,155,174	6,159,683	7,021,689	4,629,847
Debt service fund	114,129	13,600	288,099	416,380	428,038
Capital projects funds	17,482,996	18,170,915	35,075,210	20,506,225	21,673,821
Total all other governmental funds	$42,727,407	$51,587,135	$69,204,433	$76,599,541	$68,040,147

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					
2009-10	2010-11	2011-12	2012-13	2013-14	
(c)	(d), (e)	(f), (g)		(h)	
	$344,454	$375,978	$310,491	$211,240	
	14,213,903	24,171,856	22,621,457	23,397,523	
	5,271,233	4,825,609	3,926,435	4,420,000	
	16,442,029	19,357,703	21,874,921	23,934,207	
	$36,271,620	$48,731,147	$48,733,305	$51,962,970	
	$51,802,246	$61,975,055	$55,272,349	$46,453,574	
	13,899,708	12,174,001	14,878,345	15,312,285	
	(9,082)			(1,146,659)	
	$65,692,872	$74,149,055	$70,150,695	$60,619,200	
$224,738					
7,942,322					
16,954,927					
$25,121,987					
$8,764,443					
28,963,892					
6,123,687					
517,531					
25,990,019					
$70,359,572					

(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 the combined court-ordered settlement.

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

(h) All other governmental funds (capital projects) restricted fund balance decreased by $9.5 million, and negative unassigned fund balance increased by $1.1 million as a result of project spending that occurred prior to the issuance of new bonds.

FAIRBANKS NORTH STAR BOROUGH

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

	2004-05	2005-06	2006-07	Fiscal 2007-08
Revenues				
Taxes	$81,125,145	$86,260,935	$92,771,899	$97,420,541
Intergovernmental revenues	15,504,905	19,767,388	32,031,536	20,714,305
Charges for services	2,580,450	2,661,083	2,835,267	2,849,476
Other revenues	4,647,584	7,783,449	8,771,600	8,717,887
Revenues total	103,858,084	116,472,855	136,410,302	129,702,209
Expenditures				
Current				
General government	12,459,675	14,688,581	15,824,328	17,219,384
Community planning	1,503,538	1,812,730	1,967,873	2,098,840
Public works	7,074,498	8,750,017	8,487,852	10,184,809
Parks and recreation	5,066,744	5,814,749	7,526,894	8,021,967
Library	3,575,982	4,044,681	4,431,108	4,649,316
Road and other service areas	2,140,423	2,019,189	2,656,562	3,817,022
Education	40,394,679	43,386,995	45,984,740	49,137,624
Emergency operations	3,818,549	4,542,640	5,013,710	5,292,665
Fire service areas	4,014,101	4,314,473	4,183,744	4,570,079
Capital outlay	28,747,744	6,472,046	7,507,952	6,638,611
Debt service				
Principal retirement	9,639,000	10,645,000	9,315,000	10,165,000
Interest and other debt service costs	6,482,728	6,591,969	6,601,766	6,421,184
Payment to refunded bond escrow agent				
Expenditures total	124,917,661	113,083,071	119,501,528	128,216,500
Excess (deficiency) of revenues over expenditures	(21,059,577)	3,389,784	16,908,774	1,485,709
Other financing sources (uses)				
Transfers in	22,473,615	32,020,697	24,684,907	38,733,398
Transfers out	(25,568,541)	(35,797,855)	(29,424,785)	(44,623,126)
Bond issuance	13,750,000	9,750,000	22,460,000	11,128,000
Premium on bond debt	175,853	110,458	207,567	108,817
Payment to refunded bond escrow agent			(10,375,000)	
Other financing sources (uses) total	10,830,927	6,083,300	7,552,689	5,347,090
Net change in fund balances	(10,228,650)	9,473,084	24,461,463	6,832,799
Fund balances, beginning	71,080,001	60,851,352	70,324,436	94,785,899
Fund balances, ending	$60,851,352	$70,324,436	$94,785,899	$101,618,698
Debt service as a percentage of noncapital expenditures (a)	16.76%	16.17%	14.21%	13.64%

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

Table IV

Year 2008-09	2009-10	2010-11	2011-12 (a)	2012-13	2013-14
$98,097,157	$102,653,387	$119,624,335	$123,539,053	$114,936,855	$119,063,814
33,740,365	22,484,328	20,692,580	24,160,189	36,121,935	35,824,390
3,097,501	3,430,485	3,711,819	4,260,781	4,591,641	3,996,800
3,961,466	3,808,139	3,469,576	3,650,020	2,993,328	4,811,712
138,896,488	132,376,340	147,498,310	155,610,044	158,643,760	163,696,716
18,701,474	19,986,947	21,255,283	21,605,680	22,978,241	20,409,744
1,873,065	2,234,446	2,289,171	2,102,001	1,872,159	1,861,053
10,682,814	10,822,062	11,771,404	12,557,660	12,353,651	13,103,430
7,589,790	8,044,732	7,674,175	7,878,588	8,524,547	8,231,316
4,944,300	5,275,861	5,521,826	6,593,577	6,212,766	6,239,540
4,393,833	5,717,742	5,173,201	5,718,078	7,718,115	7,164,576
50,993,244	51,838,473	51,900,649	54,076,498	53,940,126	54,912,700
5,185,352	5,643,297	5,727,956	5,842,947	6,575,943	7,109,496
5,286,090	5,587,701	5,613,105	5,986,544	6,620,443	6,607,882
21,455,853	8,504,052	4,373,537	3,076,629	14,516,290	22,195,509
7,903,000	8,380,000	8,755,000	9,790,000	10,185,000	10,515,000
6,262,825	5,834,083	5,413,909	5,908,490	5,104,569	4,446,456
			29,644,200	18,497,025	
145,271,640	137,869,397	135,469,215	170,780,892	175,098,875	162,796,702
(6,375,152)	(5,493,057)	12,029,095	(15,170,848)	(16,455,116)	900,015
25,534,095	31,663,332	28,400,978	33,868,738	23,677,528	27,269,781
(30,262,058)	(32,953,416)	(34,047,062)	(39,695,484)	(29,935,886)	(34,471,624)
	29,430,000	13,680,000	38,065,000	16,670,000	
	1,869,007	1,294,921	3,848,305	2,047,271	
	(19,100,000)	(14,875,000)			
(4,727,963)	10,908,922	(5,546,163)	36,086,558	12,458,913	(7,201,843)
(11,103,115)	5,415,865	6,482,932	20,915,710	(3,996,203)	(6,301,828)
101,618,698	90,065,694	95,481,559	101,964,492	122,880,202	118,883,999
$90,515,583	$95,481,559	$101,964,492	$122,880,202	$118,883,999	$112,582,171
11.44%	10.99%	10.81%	11.37%	10.76%	10.64%

FAIRBANKS NORTH STAR BOROUGH

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

Calendar Year	Residential Property	Commercial Property	Industrial Property	Pipeline and Personal Property (a)
2004	$3,265,296,769	$686,178,389	$703,988,463	$271,188,340
2005	3,690,431,430	757,571,240	699,161,448	275,302,600
2006	4,118,775,754	875,014,529	733,298,427	377,817,080
2007	4,595,949,320	943,261,759	767,721,675	369,500,480
2008	4,863,123,964	1,033,947,976	812,797,405	508,804,970
2009	4,904,177,806	1,084,908,136	925,518,536	694,077,720
2010	4,920,676,560	1,140,775,454	1,169,072,197	744,241,210
2011	5,092,908,211	1,219,689,461	1,220,419,599	705,617,790
2012	5,537,719,131	1,171,130,143	1,028,359,940	669,165,790
2013	5,754,930,300	1,308,735,243	1,297,245,790	951,651,030

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 (TAPS) 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) TAPS assessments, for all calendar years, are based on State Assessment Review Board (SARB) values. Valuations were disputed beginning in 2006. See Note 17. A. The 2006 valuation has been settled by the Alaska Supreme Court at $9,977,934,000.

(b) This column is the areawide mill rate.

(c) This column includes tax-exempt property.

Table V

Vacant Land	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (b)	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value (c)
$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
374,152,474	904,270,216	8,782,444,621	11.216	9,235,983,336	95.089

FAIRBANKS NORTH STAR BOROUGH

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

	Tax Rates - Millage									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total direct										
Borough areawide	13.606	13.219	12.923	12.209	11.287	11.186	11.432	11.294	11.216	11.216
Overlapping special Borough taxing jurisdictions except service areas										
Non-areawide	0.435	0.425	0.418	0.409	0.400	0.393	0.400	0.511	0.525	0.523
Solid Waste Collection District	1.183	1.167	1.150	1.126	1.103	1.121	1.141	1.194	1.229	1.232
Borough direct and overlapping except service areas total (a)	15.224	14.811	14.491	13.744	12.790	12.700	12.973	12.999	12.970	12.971
Overlapping service area jurisdictions										
Airway S.A.	1.210	1.173	1.120	1.089	1.089	1.207	1.256	1.287	1.324	1.387
Arctic Fox S.A.	2.272	2.089	1.944	1.864	1.804	1.861	1.787	1.708	1.850	1.945
Aztec S.A.	1.576	1.531	1.431	1.339	1.257	1.259	1.319	1.342	1.406	1.469
Ballaine Lake S.A.	11.758	13.27	13.775	12.828	12.41	12.67	13.162	14.920	16.054	17.222
Bear's Den Road S.A.										0.329
Becker Ridge S.A.	1.500	1.412	1.359	1.346	1.376	1.450	1.486	1.496	1.440	1.509
Birch Hill S.A.	1.986	1.910	1.861	1.832	1.814	1.939	1.995	2.023	2.101	2.195
Bluebird Road S.A.	2.408	2.228	2.187	2.004	2.054	2.333	2.447	2.792	2.883	3.138
Borda Road S.A.	1.152	1.159	1.131	1.067	1.079	1.119	1.171	1.157	1.204	1.253
Brookside S.A.	0.482	0.465	0.457	0.435	0.437	0.479	0.498	0.503	0.526	0.546
Chena Goldstream Fire S.A.	1.615	1.544	1.483	1.434	1.473	1.547	1.603	1.644	2.142	2.241
Chena Hills Road S.A.	1.068	1.032	1.001	0.987	0.985	1.047	1.060	1.076	1.115	1.152
Chena Hot Springs II S. A.		2.991	0.681	0.888	0.698	0.713	0.732	0.746	0.412	0.312
Chena Marina S.A.	0.918	0.880	0.825	0.792	0.756	0.796	0.830	0.857	0.880	0.966
Chena Point Road S.A.	1.705	2.957	3.176	3.154	2.958	3.064	3.065	3.128	3.247	3.352
Chena Spur S.A.	0.897	1.729	2.354	2.407	2.329	2.606	2.671	2.679	2.837	2.957
Cleary Summit S.A.		0.365		0.189	0.183	0.190	0.191	0.158	0.132	
College S.A.	1.391	1.342	1.292	1.249	1.257	1.391	1.437	1.427	1.457	1.216
College Hills S.A.	0.922	0.881	0.789	0.754	0.785	0.835	0.871	0.912	0.950	1.016
Cooper Estates S.A.	3.045	3.040	2.709	2.717	2.614	2.821	2.899	2.915	3.048	3.087
Cordes Drive S.A.	1.337	1.232	1.150	1.060	1.074	1.112	1.201	1.232	1.283	1.374
Cripple Creek S.A.	1.754	1.691	1.679	1.477	1.520	1.601	1.636	1.668	1.717	1.814
Deep Forest S.A. (b)	6.288	6.017	0.759	0.714	0.707	0.724	0.743	0.758	0.795	0.977
Diane Subdivision S.A.	0.351	0.336	0.322	0.303	0.310	0.333	0.348	0.345	0.357	0.374
Drake Estates S.A.	1.905	1.885	1.783	0.688	0.719	0.762	0.760	0.753	0.777	0.792
Edanella Heights Road S.A.	0.977	1.292	1.281	1.273	1.249	1.388	1.425	1.457	1.485	2.130
Ester Lump Road S.A.	2.021	1.922	1.881	1.710	1.741	1.773	3.093	3.160	3.333	3.550
Ester Volunteer Fire S.A.	2.590	2.492	2.501	2.270	2.384	2.444	2.568	2.619	2.726	2.887
Fairfields S.A.	0.812	0.762	0.707	0.683	0.675	0.713	0.752	0.750	0.789	0.834
Fairhill S.A.	1.211	1.173	1.170	1.163	1.093	1.188	2.255	2.294	2.315	1.156
Fairwest S.A.	2.017	1.939	1.878	1.850	1.789	1.896	1.948	1.903	1.989	2.082
Garden S.A.	1.158	1.136	1.103	1.074	1.035	1.089	1.126	1.099	1.135	1.188
Golden Valley Road S.A.	2.618	2.565	2.695	2.665	4.285	4.483	4.555	4.704	4.945	5.085
Goldstream-Alaska S.A.	1.512	1.430	2.294	2.109	2.171	2.246	2.333	2.422	2.435	2.591
Goldstream Moose Creek S.A.	1.873	1.763	1.723	1.586	1.635	1.598	1.682	1.694	1.720	1.758
Gordon S.A.	1.245	1.199	1.167	1.112	1.028	1.096	1.143	1.135	1.158	1.238
Granola Estates S.A.	1.210	1.298	1.323	1.117	1.089	1.239	1.281	1.321	1.441	1.534
Grieme Road S.A.	3.144	3.466	3.486	3.418	3.466	3.780	3.833	3.852	3.899	4.067
Haystack S.A.	3.285	3.219	3.106	2.875	2.901	3.231	3.324	3.615	3.767	3.815

See notes on Sheet 3 of 3.

Tax Levies (in 000's)									
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
$69,324	$74,094	$79,537	$82,628	$82,551	$86,102	$92,077	$93,726	$94,876	$98,349
1,424	1,543	1,672	1,812	1,921	1,991	2,126	2,773	2,910	3,053
4,194	4,536	4,912	5,319	5,636	6,038	6,422	6,870	7,214	7,562
10	10	11	12	12	14	14	15	15	16
5	5	5	5	5	5	6	5	6	6
16	17	19	18	20	21	23	26	28	30
19	22	25	26	26	28	29	34	37	38
									1
70	82	90	98	105	113	116	122	128	135
68	75	87	100	104	111	116	122	129	143
6	6	6	6	7	7	8	9	9	10
21	23	25	27	28	29	30	30	32	33
7	7	8	8	9	9	10	10	10	11
637	710	779	853	933	1,007	1,057	1,111	1,498	1,579
54	63	71	80	88	95	100	103	109	114
	1	1	1	1	1	1	1	1	
15	17	19	20	21	22	24	25	26	30
24	48	60	86	90	95	99	112	124	137
10	23	35	38	39	43	45	47	51	52
	1		1	1	1	1	1	1	
390	419	447	474	493	530	544	561	586	481
22	21	22	23	25	27	28	29	31	32
16	18	20	23	24	26	28	29	32	33
17	18	20	21	24	26	27	28	30	31
37	41	46	52	55	62	66	70	74	81
46	46	17	18	19	20	21	21	22	29
3	3	3	3	3	4	4	4	4	4
12	13	15	7	7	8	8	8	9	9
17	26	27	29	31	34	34	36	37	53
14	15	15	17	18	20	35	38	40	42
228	255	277	318	344	379	401	427	457	487
14	14	14	15	15	16	17	17	18	19
10	11	11	12	12	13	25	25	27	13
18	19	21	23	24	26	26	26	27	28
12	20	26	32	36	39	4	43	45	48
5	6	7	7	12	13	15	16	17	18
11	11	22	23	24	26	27	29	30	32
33	36	40	42	45	49	52	54	58	61
29	35	39	47	50	54	57	60	62	66
4	4	4	5	5	6	6	6	8	8
9	11	13	15	16	19	20	22	24	25
18	19	21	27	34	37	38	41	43	46

FAIRBANKS NORTH STAR BOROUGH

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

	Tax Rates - Millage									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Herning Hills S.A.	1.482	1.376	1.382	1.318	1.258	1.368	1.394	1.441	1.501	1.506
Hopeless S.A.			0.869	0.833	0.838	0.889	0.941	0.940	0.970	1.014
Horseshoe Downs S.A.	2.591	2.522	2.384	2.278	2.297	2.447	3.376	3.315	3.462	3.745
Jennifer Drive S.A.	0.500	1.745	1.695	1.533	1.554	1.654	1.742	1.816	2.019	2.202
Jones Road S.A.	1.697	1.641	1.570	1.447	1.470	1.522	1.630	1.689	1.737	1.815
Joy Road S.A.	1.401	1.355	1.274	1.186	1.189	1.265	1.271	1.271	1.314	1.313
Keeney Road S.A.	0.646	0.676	0.549	0.552	0.545	0.561	0.616	0.657	0.671	0.714
Kendall S.A.	0.958	0.958	0.939	0.874	0.854	0.903	0.957	1.021	1.045	1.073
Keystone S.A.	2.976	3.203	3.125	3.065	3.002	3.088	3.184	3.328	3.440	3.861
Kris Kringle S.A.	2.077	2.053	1.938	1.871	1.911	2.023	2.091	2.139	2.211	2.315
Lakloey Hill S.A.	1.130	1.074	1.030	0.992	0.933	1.003	1.036	1.059	1.110	1.177
Lee Lane S.A.	1.649	1.684	1.598	1.615	1.561	1.623	1.673	1.641	1.738	1.806
Loose Moose S.A.	0.918	0.901	0.875	0.786	0.808	0.905	1.002	0.982	1.034	1.042
Martin S.A.	5.934	5.857	7.714	8.034	8.555	8.190	8.588	8.833	9.417	9.943
McCloud S.A.	8.237	14.81	14.746	14.787	15.075	15.055	9.972	10.458	10.481	11.409
McGrath Estates S.A.	1.431	1.231	1.207	1.176	1.212	1.302	1.342	1.381	1.431	1.528
McKinley View S.A.	2.055	1.910	1.808	1.644	1.692	1.590	2.831	2.847	2.979	2.969
Mellow Woods Road S.A.	1.330	1.303	1.253	1.161	1.194	1.242	1.329	1.271	1.273	1.346
Miller Hill Extension S.A.	5.597	4.829	4.607	4.354	4.400	4.481	4.808	4.945	4.995	5.357
Moose Creek S.A.	0.572	0.475	0.421	0.434	0.373	0.350	0.344	0.380	0.387	0.344
Moose Meadows S.A.	0.886	0.856	0.818	0.784	0.774	0.829	0.869	0.877	0.910	0.923
Mt. View S.A.	1.247	1.137	1.143	1.083	1.119	1.191	1.297	1.358	1.399	1.504
Murphy S.A.	1.593	1.622	1.571	1.456	1.506	1.564	1.618	1.642	1.692	1.784
Musk Ox S.A.	1.320	1.239	1.174	1.133	1.163	1.290	1.337	1.354	1.390	1.462
Newby Park S.A.	0.477	0.435	0.722	0.656	0.676	0.710	0.758	0.767	0.823	0.853
North Ridge S.A.	3.921	4.552	4.534	4.500	4.009	4.298	4.423	4.507	4.830	4.889
North Star Fire S.A.	1.462	1.316	1.257	1.205	1.153	1.198	1.241	1.258	1.306	1.329
O'Connor Creek S.A.	16.029	16.42	12.475	13.939	9.770	7.831	7.389	8.875	8.893	6.641
Old Wood Road S.A.	1.988	1.666	1.672	1.619	1.733	1.771	1.786	1.790	2.039	2.194
Our S.A	0.986	0.887	0.929	0.860	0.838	0.828	1.092	1.087	1.209	1.329
Parksridge S.A.	1.584	1.538	1.558	1.428	1.446	1.552	1.576	1.602	1.674	1.736
Peede Country Estates S.A.	1.475	1.488	1.402	1.345	1.287	1.409	1.482	1.326	1.357	1.446
Pine Stream S.A.	0.975	0.955	0.902	0.911	0.928	0.981	1.022	1.001	1.034	1.070
Pleasureland S.A.	0.998	0.989	0.976	0.916	0.881	0.962	0.995	0.970	0.998	1.023
Polar Heights S.A.	1.166	1.110	1.027	1.014	0.926	0.926	0.952	1.016	1.027	0.964
Potlatch S.A. (c)	2.432	3.260	2.374	2.277	2.436	4.553	2.705	2.665	2.755	2.885
Prospect Park S.A.	0.891	0.737	1.142	1.083	1.095	1.121	1.140	1.258	1.281	1.371
Reed Acres Road S.A.	1.359	1.302	1.259	1.145	1.146	1.206	1.260	1.355	1.382	1.476
Ridgecrest S.A.	0.887	0.907	0.899	0.890	0.840	0.975	1.078	1.099	1.129	1.172
Salchaket Heights S.A.	4.292	4.444	4.590	4.806	4.966	5.162	3.863	3.972	4.357	4.472
Scenic Heights S.A.	1.527	1.395	1.377	1.370	1.415	1.497	1.589	1.600	1.707	1.759
Seavy S.A.	0.418	0.366	0.349	0.335	0.294	0.299	0.303	0.311	0.320	0.316
Secluded Acres S.A.	1.442	1.428	1.451	1.416	1.310	1.365	1.396	1.452	1.495	1.567
Serendipity Hill S.A.	3.153	3.077	3.029	2.716	2.998	3.069	3.154	2.901	2.976	3.162
Six Mile Village Road S.A.	1.354	1.280	1.226	1.223	1.167	1.234	1.255	1.232	1.262	1.412
Smallwood Trail Road S.A.	0.743	0.625	0.613	0.600	0.596	0.673	0.742	0.751	0.756	0.794
Smith Ranch S.A.					1.299	1.372	1.417	1.343	0.249	0.267
Spring Glade S.A.	0.893	0.827	0.826	0.779	0.813	0.850	0.877	0.898	0.926	0.981

See notes on Sheet 3 of 3.

Tax Levies (in 000's)									
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
$20	$21	$23	$25	$26	$28	$28	$30	$32	$33
		19	20	22	23	24	25	27	28
10	10	11	11	12	13	19	20	26	29
1	4	4	5	5	5	6	6	6	7
37	44	49	53	57	61	64	67	71	75
5	6	6	6	7	8	8	9	9	9
2	2	2	2	2	2	2	3	3	3
9	10	10	10	12	12	13	14	14	15
8	10	11	11	11	12	15	16	17	18
10	11	11	12	12	13	14	15	15	16
26	28	31	33	36	39	39	41	44	46
4	5	5	5	5	6	6	7	7	8
5	5	6	6	7	7	8	8	9	8
9	11	16	21	22	23	29	34	39	42
11	23	24	25	29	31	20	21	23	26
58	55	58	61	65	69	72	74	77	81
4	5	5	5	5	5	8	8	9	9
15	15	16	16	18	18	19	19	19	20
37	41	44	49	51	57	61	64	67	69
14	13	13	14	15	15	16	17	17	17
48	53	59	65	69	74	77	81	86	88
23	24	26	27	28	30	32	34	35	36
7	9	10	11	12	12	14	15	16	16
21	22	23	24	25	41	42	43	45	47
9	9	15	16	17	17	18	19	21	21
5	8	8	10	10	11	11	13	15	16
1,110	1,135	1,269	1,387	1,484	1,596	1,739	1,831	1,940	2,030
87	90	95	106	107	112	118	130	125	128
9	8	8	10	11	12	13	14	16	17
2	3	3	3	4	4	4	4	5	5
5	7	8	9	10	11	12	13	13	14
4	4	5	5	5	5	6	6	8	9
15	18	19	21	22	23	24	25	26	35
6	6	7	7	7	8	8	8	8	9
15	16	17	17	18	19	20	21	21	22
7	11	9	10	15	16	12	12	13	14
5	4	7	8	8	8	8	9	9	10
6	6	7	8	8	8	9	10	10	11
2	2	2	2	2	2	3	3	3	3
2	2	2	2	2	2	4	5	5	5
16	16	17	18	18	19	20	21	23	24
9	8	9	9	9	10	10	10	11	11
6	7	7	7	8	8	8	8	13	14
6	6	6	6	7	7	7	8	8	8
5	8	8	8	9	9	10	10	10	11
5	5	5	5	5	6	7	7	8	8
				36	40	45	47	9	9
20	22	24	26	27	29	31	32	34	35

FAIRBANKS NORTH STAR BOROUGH

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

	Tax Rates - Millage									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Spruce Acres S.A.	1.698	1.633	1.568	1.515	1.470	1.614	1.692	1.610	1.562	1.573
Steamboat Landing S.A.	1.317	1.237	1.171	1.176	1.192	1.307	1.386	1.339	1.385	1.490
Steese Volunteer Fire S.A.	1.809	1.733	1.693	1.628	1.600	1.690	1.739	1.789	1.849	1.893
Straight Creek S.A	3.315	3.155	3.393	2.963	3.926	3.776	3.867	4.096	3.701	4.050
Summerwood S.A.	2.506	2.357	2.340	2.185	2.258	2.395	2.470	2.560	2.662	2.819
Summit Drive S.A.	1.037	1.483	1.450	1.375	1.381	1.447	1.496	1.542	1.603	1.690
Sunny Hills Terrace S.A.	2.432	2.380	2.355	2.249	2.367	2.498	2.702	2.772	2.946	3.120
Sunrise S.A.	2.349	2.069	2.078	1.865	1.926	2.031	2.136	2.171	2.198	2.381
Tan Terra S.A.	0.926	0.859	1.624	1.559	1.559	1.478	1.553	1.592	1.754	1.885
Thomas S.A.	1.209	2.538	2.442	2.485	2.460	2.759	2.842	2.791	2.861	3.008
Timberlane Road S.A.	1.485	1.420	1.347	1.251	1.274	1.371	1.485	1.464	1.448	1.594
Tungsten S.A.	2.737	2.681	2.687	2.682	2.648	2.814	2.875	2.921	2.992	3.165
Twenty Three Mile Slough S.A.	2.489	3.718	3.887	3.698	3.986	3.977	4.587	3.424	3.557	3.652
Ullrhaven S.A.	1.835	1.758	1.910	1.787	1.658	1.827	1.714	1.706	1.858	2.076
University Fire S.A.	2.285	2.215	2.163	2.108	2.138	2.301	2.370	2.464	2.510	2.643
University Heights S.A.	1.600	1.550	1.533	1.475	1.520	1.617	1.725	1.742	1.755	1.848
University West Street Light S.A.	0.485	0.468	0.443	0.418	0.419	0.447	0.467	0.472	0.485	0.512
Vienna Wood S.A.	0.904	0.878	0.856	0.815	0.772	0.794	0.815	0.836	0.860	0.809
Viewpointe S.A.	1.021	0.972	0.971	0.956	0.982	1.019	1.056	1.104	1.129	1.201
Violet Drive S.A.	2.118	2.780	2.711	2.667	2.572	2.798	2.912	2.990	3.075	3.265
Vista Gold Road S.A.	2.733	2.580	2.459	2.298	2.390	2.377	2.462	2.549	2.622	2.758
Vue Crest S.A.	1.463	1.418	1.389	1.310	1.303	1.429	1.479	1.497	1.517	1.587
Whitman S.A.	1.623	1.553	1.485	1.424	1.369	1.442	1.428	1.385	1.562	1.625
Wildview S.A.	2.896	2.776	2.790	2.579	2.651	2.898	2.999	2.975	3.052	3.215
Woodland S.A.	1.189	1.089	0.999	0.980	0.964	1.036	1.073	1.068	1.097	1.152
Yak Road S.A.	0.934	0.900	0.888	0.889	0.900	0.976	0.984	1.009	1.035	1.077
Overlapping separate city governments										
City of Fairbanks	7.171	6.804	6.700	6.594	5.991	5.927	5.803	5.843	5.734	5.716
Borough areawide	13.606	13.219	12.923	12.209	11.287	11.186	11.432	11.294	11.216	11.216
City of Fairbanks total (a)	20.777	20.023	19.623	18.803	17.278	17.113	17.235	17.137	16.950	16.932
City of North Pole	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.500
Borough areawide	13.606	13.219	12.923	12.209	11.287	11.186	11.432	11.294	11.216	11.216
Borough Solid Waste Collection District	1.183	1.167	1.150	1.126	1.103	1.121	1.141	1.194	1.229	1.232
City of North Pole total (a)	17.789	17.386	17.073	16.335	15.390	15.307	15.573	15.488	15.445	15.948

Source: Borough treasury and budget division

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

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

Tax Levies (in 000's)									
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
$5	$5	$6	$6	$6	$7	$7	$7	$7	$8
10	12	13	15	17	18	19	20	21	23
862	935	1,018	1,097	1,172	1,279	1,380	1,452	1,536	1,619
9	9	10	13	18	19	18	19	19	20
26	28	30	32	34	38	39	42	44	46
48	79	89	99	108	115	121	129	137	145
23	25	27	28	30	33	35	36	40	41
9	10	11	11	12	12	13	13	14	15
9	9	19	19	20	27	29	31	35	39
4	10	10	11	11	12	13	13	14	14
7	7	7	7	8	8	9	9	9	10
22	25	26	29	32	42	43	46	49	53
12	19	23	24	29	41	52	43	50	52
3	3	3	4	4	4	4	4	5	5
1,609	1,727	1,866	2,020	2,135	2,337	2,434	2,590	2,724	2,871
44	46	49	52	55	58	62	63	65	67
49	52	57	60	62	66	68	70	72	75
14	16	19	20	21	23	25	25	26	27
15	15	16	17	18	18	19	20	21	23
29	44	48	53	57	61	64	69	74	79
28	29	31	33	35	38	40	42	44	47
22	23	25	27	30	32	33	34	36	38
3	3	3	3	4	4	4	4	5	5
120	131	145	158	171	184	193	202	212	224
2	2	2	2	2	2	2	2	3	3
56	62	66	70	73	78	81	84	87	90
11,113	11,688	12,619	13,477	13,210	13,701	14,876	14,960	14,945	15,155
813	770	815	883	924	959	938	982	980	1,054

(a) The Borough direct and overlapping except service areas total rate applies to all areas of the Borough outside the cities of Fairbanks and North Pole. Some neighborhoods of the Borough are also in one or more service area(s) and pay service area rate(s) in addition. Other areas of the Borough, including the cities of Fairbanks and North Pole, are not in any service area.

(b) Deep Forest S.A. includes a two-year road project under a differential tax zone in 2004 and 2005.

(c) 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

		2013			2004		
Property	Type of Business	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation (a)	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation (b)
Alyeska and related activities	oil transportation	$951,651,030	1	10.84%	$271,188,340	1	5.65%
Fairbanks Gold Mining, Inc. (c)	gold mining	403,028,272	2	4.59	230,374,288	2	4.80
Doyon Utilities, LLC	utilities	266,025,418	3	3.03			
Flint Hills Resources, LLC (d)	oil refining	195,752,270	4	2.23	170,086,566	3	3.54
Alaska Communications Systems	communications	47,776,051	5	0.54	35,258,261	5	0.73
GCI Cable Fairbanks, Inc	utilities	39,271,357	6	0.45			
Wal-Mart	shopping center	33,495,477	7	0.38	19,196,838	10	0.40
Westmark Hotel	hotel	33,251,338	8	0.38	23,704,469	7	0.49
Fred Meyer Stores, Inc. (west)	shopping center	29,425,306	9	0.34	21,148,711	9	0.44
Alaska Hotel Properties, Inc. (e)	hotel	27,753,848	10	0.32	26,303,560	6	0.55
HEBL Housing (Eielson AFB)	military housing				40,074,296	4	0.83
North Star Alaska Housing Corp.	military housing				23,032,765	8	0.48
		$2,027,430,367		23.09%	$860,368,094		17.92%

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) $8,782,444,621
(b) $4,801,263,799
(c) Fort Knox
(d) Williams Alaska Petroleum, Inc. in 2004
(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), (c)	Net Tax Levy (b)	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: Percentage of Levy	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percentage of Net Levy
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	791,905	69,480,923	99.98
2006-07	79,536,709	74,585,658	73,722,859	98.84	581,806	74,304,665	99.62
2007-08	82,627,871	77,824,971	76,752,199	98.62	1,035,084	77,787,282	99.95
2008-09	82,550,860	77,549,577	76,584,066	98.75	809,781	77,393,847	99.80
2009-10	86,102,429	80,813,908	79,648,773	98.56	1,144,905	80,793,678	99.97
2010-11	92,077,064	86,709,188	85,643,722	98.77	1,000,747	86,644,469	99.93
2011-12	93,725,808	87,756,597	86,666,871	98.76	579,142	87,246,013	99.42
2012-13	94,876,332	88,499,301	87,427,560	98.79	567,062	87,994,622	99.43
2013-14	98,348,591	91,667,611	90,579,521	98.81		90,579,521	98.81

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) For the trans-Alaska pipeline system, taxes levied for a fiscal year are based on State Assessment Review Board (SARB) assessed values. Valuations were disputed beginning in 2006-07. See Note 17. A. The 2006-07 valuation has been settled by the Alaska Supreme Court at $9,977,934,000.

FAIRBANKS NORTH STAR BOROUGH

Table IX

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities		Business-type Activities				
Fiscal Year	General Obligation Bonds (a)	Capital Leases	Loans Payable	Capital Leases	Total Primary Government	Percentage of Personal Income (b)	Outstanding Debt Per Capita (b)
2004-05	$140,890,843	$1,270,358	$7,585,945	$54,305	$149,801,451	5.15%	$1,682
2005-06	140,050,407	1,478,140	5,865,425	16,261	147,410,233	4.69	1,630
2006-07	142,962,583	1,168,650	6,172,203		150,303,436	4.45	1,660
2007-08	143,831,388	975,952	4,974,449		149,781,789	4.12	1,601
2008-09	135,863,821	1,006,485	3,758,471		140,628,777	3.54	1,487
2009-10	139,513,840	1,249,231	2,524,253		143,287,324	3.61	1,505
2010-11	130,367,597	1,150,953	1,271,522		132,790,072	3.22	1,351
2011-12	131,752,364	1,414,110	40,246		133,206,720	2.99	1,342
2012-13	120,697,150	1,285,223	2,187,638		124,170,011	2.73	1,238
2013-14	108,904,246	1,464,759	6,490,051		116,859,056		

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, through 2011-12; long-term general obligation bonds and deferred premiums, beginning in 2012-13 with implementation of GASB Statement No. 65

(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 2013 is not available until April 2015.

FAIRBANKS NORTH STAR BOROUGH **Table X**

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

Fiscal Year	Estimated Actual Value of Taxable Property	Population Calendar Year (a)	General Bonded Debt (b)	General Bonded Debt to Estimated Actual Value of Taxable Property	General Bonded Debt Per Capita
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	98,267	130,367,597	1.63	1,327
2011-12	8,245,058,799	99,286	131,752,364	1.60	1,327
2012-13	8,325,157,990	100,272	120,697,150	1.45	1,204
2013-14	9,235,983,336		108,904,246	1.18	

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 2013 is not available until April 2015.

(b) long-term general obligation bonds, deferred premiums, and deferred amounts on refundings, through 2011-12; long-term general obligation bonds and deferred premiums, beginning in 2012-13 with implementation of GASB Statement No. 65

FAIRBANKS NORTH STAR BOROUGH **Table XI**

Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (a)	Personal Income in 000's (a)	Per Capita Personal Income (a)	Unemployment Rate (b)
2003	86,885	$2,780,293	$32,000	6.9%
2004	89,043	2,907,392	32,652	6.4
2005	90,431	3,144,149	34,768	5.8
2006	90,545	3,381,329	37,344	5.6
2007	93,545	3,633,888	38,846	6.1
2008	94,552	3,969,462	41,982	5.8
2009	95,238	3,971,879	41,705	7.1
2010	98,267	4,125,251	41,980	6.9
2011	99,286	4,453,043	44,851	6.7
2012	100,272	4,555,544	45,432	6.2

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

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

This table has been restated to incorporate new estimates and revisions released in March 2013 by the U.S. Department of Commerce's Bureau of Economic Analysis. Personal income and per capita personal income have been restated back to 2003.

Data for calendar year 2013 is not available until April 2015.

FAIRBANKS NORTH STAR BOROUGH **Table XII**

Employment by Industry
Current Year and Nine Years Ago

	2013			2004		
Type of Employer	Rank	Annual Average Monthly Employment (a)	Percentage of Total Borough Employment	Rank	Annual Average Monthly Employment (a)	Percentage of Total Borough Employment
Government (b)	1	11,700	29.85%	1	11,600	31.18%
Trade, transportation, utilities	2	7,900	20.15	2	7,400	19.89
Educational and health services	3	5,400	13.78	4	4,100	11.02
Leisure and hospitality	4	4,200	10.71	3	4,200	11.29
Construction	5	2,400	6.12	5	2,800	7.53
Professional and business services	6	2,400	6.12	6	2,200	5.91
Information, other services	7	1,800	4.59	7	2,000	5.38
Mining and logging (c)	8	1,500	3.83	9	1,000	2.69
Financial activities	9	1,300	3.32	8	1,300	3.49
Manufacturing	10	600	1.53	10	600	1.61
		39,200	100.00%		37,200	100.00%

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

Notes: (a) for the 12 months ended December 31

(b) federal government 3,000
state government 5,500
local government 3,200

(c) natural resources and mining in 2004

FAIRBANKS NORTH STAR BOROUGH

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

Function / Program	Full-time Equivalent Employees				
	2005	2006	2007	2008	2009
General government	112.40	116.90	116.30	116.30	114.30
Community planning	20.00	20.00	21.00	22.00	20.00
Public works	40.32	38.32	38.32	40.32	40.32
Parks and recreation	48.89	49.82	53.70	54.70	55.70
Library	47.35	47.35	47.85	47.85	47.85
Emergency operations	18.01	19.01	21.00	21.00	20.50
Fire service areas	5.00	5.00	4.00	4.00	4.00
Transportation	41.36	41.36	42.67	44.88	45.88
Land management	9.00	9.00	9.00	8.00	8.00
Solid waste disposal	15.68	15.68	16.06	16.06	16.06
Total	358.01	362.44	369.90	375.11	372.61

Source: Borough treasury and budget division

Notes: (a) In fiscal year 2010, the land management function was moved into the general government function.

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

(c) Beginning in fiscal year 2011, fire service area employees are no longer Borough employees.

(d) In fiscal year 2012, the child care assistance activity in the general government function was eliminated.

Table XIII

as of June 30				
2010	2011	2012	2013	2014
(a), (b)	(c)	(d)		
121.30	122.30	115.60	119.60	120.40
20.00	20.00	20.00	18.00	18.00
39.32	40.32	40.32	41.32	42.32
55.70	55.20	55.20	55.50	55.50
47.85	48.35	48.35	47.85	47.60
21.00	21.00	21.00	21.00	21.00
4.00				
46.83	45.58	46.26	54.21	60.84
16.56	16.56	16.56	16.56	16.56
372.56	369.31	363.29	374.04	382.22

FAIRBANKS NORTH STAR BOROUGH

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2004-05	2005-06	2006-07	Fiscal 2007-08
General government				
Annual operating budget	$112,772,767	$121,996,319	$124,835,720	$133,920,867
Community planning				
Platting applications processed	338	338	387	219
Zoning and related permits issued	333	349	328	265
Public works				
Average annual dollar value of projects completed	$23 million	$33 million	$34 million	$25 million
Facilities maintenance work orders	3,108	3,230	2,862	2,704
Parks and recreation				
Aquatic facility attendance	222,675	225,350	220,134	227,671
Chena Lakes annual visitors	76,131	80,294	95,038	88,069
Ice arena average daily attendance	443	358	481	480
Pioneer Park annual visitors	237,829	259,985	275,581	265,100
Carlson Center event tickets sold	62,000	102,064	107,336	109,525
Library				
Items borrowed and used by patrons	577,424	566,640	614,218	662,755
Number of library visits by patrons	347,297	363,653	327,850	344,723
Road and other service areas				
Number of volunteer commissioners	273	278	266	265
Education				
Local support to School District	$36,545,700	$38,022,700	$40,022,700	$42,222,700
Emergency operations				
Ambulance responses	1,625	1,632	2,229	2,287
Animal control call responses	4,327	4,458	4,930	3,997
911 calls received (b)	46,300	45,900	46,500	116,007
Fire service areas				
Call outs (calendar year)	943	1,164	1,122	1,058
Transportation and air quality				
Total ridership	399,215	392,024	294,865	292,142
Paratransit van rides provided	20,175	21,014	24,765	30,047
Vehicle emission tests performed	35,940	33,389	30,656	28,028
Solid waste disposal				
Number of tons into the landfill	111,602	109,780	113,052	115,990
Tons of waste paper recycled	(c)	1,081	622	(e)

Sources: Various Borough departments

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 2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
					(a)
$135,135,900	$142,046,812	$145,622,014	$150,777,316	$155,436,415	$159,006,867
194	193	183	154	188	200
165	249	239	232	343	227
$19 million	$23 million	$27 million	$24 million	$21 million	$24 million
2,703	2,646	2,431	2,148	2,215	2,552
201,532	198,581	219,403	206,668	205,962	198,000
97,990	114,617	119,888	103,404	86,831	73,270
479	497	521	552	546	597
212,448	253,040	275,182	306,466	354,191	400,000
108,313	107,098	106,878	103,197	100,743	105,534
693,954	726,830	691,356	718,206	704,029	710,950
343,411	345,699	332,367	314,422	345,266	328,940
283	285	279	271	270	295
$44,222,700	$45,522,700	$46,522,700	$47,359,300	$47,000,000	$48,360,000
2,410	2,544	2,564	2,600	2,609	2,670
2,983	2,998	3,822	2,968	3,582	3,000
117,323	129,165	118,235	59,097	57,011	68,022
1,084	1,105	1,217	1,271	1,352	(c)
357,964	383,773	391,799	428,166	475,875	499,669
23,069	20,983	20,479	18,976	20,082	23,500
30,842	14,920	(d)	(d)	(d)	(d)
103,950	111,784	108,026	107,353	100,289	109,000
(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	2004-05	2005-06	2006-07	Fiscal 2007-08
General government				
Administration square footage	21,127	21,216	21,127	21,138
Public works				
Re-use areas	5	5	5	5
Transfer sites	14	14	14	14
Parks and recreation				
Ball fields	45	45	43	43
Campgrounds	5	5	5	5
Ice rinks	8	8	8	8
Parks maintained	131	133	133	132
Picnic facilities	28	28	30	30
Pools	3	3	3	3
Soccer fields	8	8	8	8
Square feet of playground equipment area	44,000	44,000	48,000	47,480
Basketball, tennis, volleyball courts	27	27	27	27
Library				
Items in collection	319,692	337,639	347,291	348,380
Public computers and printers	70	63	63	64
Road and other service areas				
Miles of road	460	466	470	473
Education				
Primary schools	19	19	19	19
Secondary schools	10	10	10	10
Emergency operations				
Animal control vehicles	6	6	6	7
Emergency response vehicles	6	6	6	7
Fire service areas				
Emergency response vehicles	51	51	62	67
Fire stations	13	13	14	14
Transportation and air quality				
Buses	9	9	9	13
Paratransit vans	6	18	12	9
Air quality monitoring sites (a)	4	4	8	8
Solid waste disposal				
Landfill cells	1	2	2	2
Recycling collection totes	31	31	30	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					
2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
21,138	22,899	23,055	23,055	23,287	23,287
5	5	5	5	5	5
14	14	14	14	14	14
43	43	43	48	48	49
5	5	5	5	5	5
8	8	8	8	8	7
136	136	136	138	138	137
30	30	30	32	32	31
3	3	3	3	3	3
8	8	8	8	10	9
47,480	47,480	47,480	47,480	47,480	47,480
27	27	27	27	27	26
350,881	368,797	375,040	375,214	384,384	349,603
72	62	62	62	63	63
476	476	482	485	488	490
19	19	19	19	19	19
10	10	10	10	10	10
7	7	7	7	9	8
6	6	9	8	9	9
68	69	63	62	70	72
14	14	13	13	13	14
13	13	13	18	18	20
9	8	13	13	11	11
9	6	7	7	6	7
2	2	2	2	2	2
30	35	35	35	35	35

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