

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR JULY 1, 2018 - JUNE 30, 2019



520 Fifth Avenue, Fairbanks Alaska 99701
www.k12northstar.org

A COMPONENT UNIT OF THE
FAIRBANKS NORTH STAR BOROUGH
FAIRBANKS, ALASKA

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE**

**FAIRBANKS NORTH STAR BOROUGH
SCHOOL DISTRICT**

FAIRBANKS, ALASKA

**A COMPONENT UNIT OF THE
FAIRBANKS NORTH STAR BOROUGH**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

**Dr. Karen Gaborik
Superintendent of Schools**

**Prepared by
Accounting Services Department**

**Andreau Degraw
Chief Operations Officer**

**Nicole “Nico” Herbert
Director of Accounting Services**

This Page Intentionally Left Blank.

Title Page.....	I
Table of Contents	III

INTRODUCTORY SECTION

Letter of Transmittal.....	VII
Fairbanks North Star Borough School District Board of Education and Administration.....	XIII
Organization Chart	XIV
Association of School Business Officials International Certificate of Excellence.....	XV
Government Finance Officers Association Certificate of Achievement.....	XVII

FINANCIAL SECTION

Report of Independent Certified Public Accountants	1
Management's Discussion and Analysis.....	5

Basic Financial Statements

Government-wide Financial Statements	
Statement of Net Position	17
Statement of Activities	19
Fund Financial Statements	
Balance Sheet – Governmental Funds	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	23
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	24
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	27
Statement of Net Position - Proprietary Funds.....	28
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds.....	29
Statement of Cash Flows - Proprietary Funds	30
Statement of Fiduciary Assets and Liabilities - Fiduciary Fund	31
Notes to the Basic Financial Statements	33

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund.....	69
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual – Federal Programs Special Revenue Fund	70
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Student Transportation Special Revenue Fund	71
Schedule of the School District's Proportionate Share of the Net Pension Liability – Public Employees' Retirement System (PERS)	72
Schedule of the School District's Pension Contributions – Public Employees' Retirement System (PERS) ..	73
Schedule of the School District's Proportionate Share of the Net Pension Liability – Teachers' Retirement System (TRS)	74
Schedule of the School District's Pension Contributions – Teachers' Retirement System (TRS)	75
Schedule of the School District's Proportionate Share of the Net OPEB Liability – Public Employees' Retirement System (PERS)	76
Schedule of the School District's OPEB Contributions – Public Employees' Retirement System (PERS)	77
Schedule of the School District's Proportionate Share of the Net OPEB Liability – Teachers' Retirement System (TRS)	78
Schedule of the School District's OPEB Contributions – Teachers' Retirement System (TRS)	79
Notes to the Required Supplementary Information.....	80

Combining and Individual Fund Statements and Schedules

General Fund:

Balance Sheet	83
Statement of Revenues, Expenditures, and Changes in Fund Balance – by Object.....	84
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – by Object.....	91

Special Revenue Funds:

Federal Programs Fund:

Combining Balance Sheet	98
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – by Function..	104
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – by Object	112
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – by Object.....	119

Student Transportation Fund:

Balance Sheet.....	120
Statement of Revenues, Expenditures and Changes in Fund Balance – by Object	121
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – by Object.....	122

Combining Balance Sheet – Nonmajor Governmental Funds	124
---	-----

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	126
---	-----

State Programs Fund:

Combining Balance Sheet	128
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – by Function..	130
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – by Object	132
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – by Object.....	134

Local Programs Fund:

Combining Balance Sheet	136
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – by Function..	138
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – by Object	140
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – by Object	142

Food Service Fund:

Balance Sheet.....	144
Statement of Revenues, Expenditures and Changes in Fund Balance – by Function.....	145
Statement of Revenues, Expenditures and Changes in Fund Balance – by Object	146
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – by Object	147

School Activities Fund:

Balance Sheet.....	148
Statement of Revenues, Expenditures and Changes in Fund Balance – by Function.....	149
Statement of Revenues, Expenditures and Changes in Fund Balance – by Object	150

Capital Projects Funds:

Combining Balance Sheet	152
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	154
Project Length Schedule of Revenues and Expenditures.....	156

Internal Service Funds:

Combining Statement of Net Position	157
Statement of Revenues, Expenses and Changes in Fund Net Position.....	158
Statement of Cash Flows	159

Agency Fund:

School District Agency Fund:

Statement of Changes in Assets and Liabilities.....	161
---	-----

STATISTICAL SECTION

Net Position by Component – Last Ten Years.....	164
Changes in Net Position – Last Ten Years.....	166
Fund Balances of Governmental Funds – Last Ten Years.....	168
Governmental Funds Revenues – Last Ten Years	170
Governmental Funds Expenditures and Debt Service Ratio – Last Ten Years	172
Other Financing Sources and Uses and Net Change in Fund Balances of Governmental Funds - Last Ten Years	174
Assessed and Estimated Actual Value of Taxable Property – Last Ten Years.....	176
Property Tax Rates and Tax Levies – This Borough and All Underlying Governments – Last Ten Years ...	178
Principal Taxable Properties – Current Year and Nine Years Ago.....	184
Property Tax Levies and Collections – Last Ten Years.....	185
Significant Own-Sourced Revenue – Last Ten Years	186
Outstanding Debt by Type – Last Ten Years.....	187
Demographic and Economic Statistics – Last Ten Years.....	188
Employment by Industry – Current Year and Nine Years Ago	189
Full-time Equivalent Operating Fund Employees by Department and Type – Last Ten Years and Projected Next Year.....	190
Operating Statistics – Last Ten Years	192
Teacher Salary Information – Last Ten Years	193
Comparative Results from College Entrance and Advance Placement (AP) Exams – Last Ten Years	194
Miscellaneous Statistical Data	195
Enrollment History by Grade Level – Last Fifteen Years.....	196
Capital Assets by Type and Function – Last Ten Years.....	198
School Building Information – Last Ten Years.....	200

SINGLE AUDIT

Reports on Federal and State Single Audit Requirements:

Federal Single Audit:

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	207
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance	209
Schedule of Expenditures of Federal Awards	211
Notes to Schedule of Expenditures of Federal Awards.....	214
Schedule of Findings and Questioned Costs	215

State Single Audit:

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	217
Independent Auditor's Report on Compliance for Each Major State Program and Report On Internal Control Over Compliance Required by the State of Alaska Audit Guide And Compliance Supplement for State Single Audits	219
Schedule of State Financial Assistance	221
Notes to Schedule of State Financial Assistance.....	222
Schedule of Findings and Questioned Costs	223

SUPPLEMENTAL REPORTS

Supplemental Reports:

Report of Independent Certified Public Accountants on Fund Balance Compliance Requirements.....	225
Statement of Compliance - AS 14.17.505	227
Report of Independent Certified Public Accountants on Certain State Compliance Requirements.....	229

Other Reports:

Report of Independent Certified Public Accountants on the Summary	
Report of Reimbursable Expenditures	231
Schedule of Payments Made for Principal and Interest on Bonds to Fund	
School Construction for the Fiscal Year Ending June 30, 2019.....	233
Report of Independent Certified Public Accountants on the Tuition Rate Report	235
Tuition Rate Report.....	237

INTRODUCTORY SECTION



FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

520 Fifth Avenue Fairbanks, Alaska 99701-4718 (907) 452-2000

www.k12northstar.org



October 23, 2019

Members of the Board of Education and Citizens of the School District
Fairbanks North Star Borough School District
Fairbanks, Alaska

The comprehensive annual financial report of the Fairbanks North Star Borough School District (School District) for the fiscal year ended June 30, 2019, is submitted herewith. This report was prepared by the School District's accounting services department following the guidelines recommended by the Government Finance Officers Association of the United States and Canada, the Association of School Business Officials International, and U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The statutes of the State of Alaska and Fairbanks North Star Borough code of ordinances require that the School District Board of Education provide for an audit of all school accounts within ninety days following the close of the fiscal year, by an independent certified public accountant.

Introduction to the Comprehensive Annual Financial Report (CAFR)

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with School District management. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the School District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the School District's financial affairs have been included.

Internal Control

In developing and evaluating the School District's accounting system, consideration is given to the adequacy of internal accounting controls. Management of the School District has established a comprehensive internal control framework that is designed both to protect the School District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the School District's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the School District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, the School District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Independent Financial Statement Audit

The School District's basic financial statements and the financial statements of each nonmajor governmental fund (financial statements) have been audited by Cook & Haugeberg LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the School District for the fiscal year ended June 30, 2019 are free of material misstatement. The independent audit involved consideration of internal control in assessing the risks of material misstatement

of the financial statements; evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the School District's financial statements for the fiscal year ended June 30, 2019 are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the *financial section* of this report.

Management's Discussion and Analysis

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The School District's MD&A can be found immediately following the report of the independent auditors in the *financial section* of this report.

Single Audits of State and Federal Awards

The independent audit of the financial statements of the School District was part of a broader, state and federally mandated "Single Audit" designed to meet the special needs of state and federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the audited School District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of state and federal awards. These reports are available in the *single audit* section of this report.

Profile of the School District

The School District was established on January 1, 1964, the date of incorporation of the Fairbanks North Star Borough, the primary government. A borough is most similar to the county form of government used in much of the rest of the United States. The School District, serving grades K through 12, encompasses an area of 7,444 square miles...roughly the size of Rhode Island, Delaware and Connecticut combined.

Reporting Entity

Based on criteria developed by the Governmental Accounting Standards Board, the School District is a component unit of the Fairbanks North Star Borough (Borough). Audited financial statements for the Borough are available upon request from its administrative offices. The School District has elected to issue a separate comprehensive financial report pursuant to Alaska statutes.

Pursuant to Alaska Statute section 14.12.020(c), the Borough Assembly provides the money which must be raised from local sources to maintain and operate the School District. Alaska Statute section 14.14.060 states a borough can establish a centralized treasury and is responsible for major rehabilitation, all construction and major repair of school buildings. The Borough provides for new construction, major repair of school buildings and a centralized treasury. Therefore, bonded debt, capital improvement funds for school construction, tax levies, and tax collection are reflected in the *notes to the basic financial statements* and the *statistical section* of this report but are accounted for by the Borough.

Alaska Statute sections 14.12.010 - 115 provide for the creation of school districts in the State of Alaska and establish school boards as the governing body for each district. The seven voting members of the School District Board of Education determine policy for operation and management of the School District. Each member serves for three years, elected each year for overlapping terms.

Services Provided by the School District

Nearly 13,280 students attend the thirty-one schools and the Building Education Success Together (B.E.S.T) program in our district. Our schools range in size from an elementary school of 72 students to a 981 student high school.

Our diverse student body includes children from over 82 different language backgrounds. Each child in the district is offered a comprehensive general educational program. High school students have available a comprehensive career technical education curriculum. Special needs are met with the assistance of programs and services such as Alaska Native Education, Extended Learning (formerly Gifted/Talented), English Language Learners, Title I, Migrant Education, and Special Education for Students with Disabilities.

Class size varies, but the fiscal year 2019 district-wide average was 15.40 students per teacher.

Charter Schools

Charter Schools in Alaska must be approved by both the local School Board and the State Board of Education, and operate under the guidance of Academic Policy Committees of their own selection. School charters may be up to ten years in duration, and the majority of funding is provided through the State's foundation funding formula similar to that of per capita small school funding. The School District has six approved charter schools: Watershed Charter School (grades K-8), Chinook Montessori Charter School (grades K-8), Star of the North Secondary Charter School (grades 7-12), Effie Kokrine Early College Charter School (grades 7-12), Boreal Sun Charter School (grades K-7), and Discovery Peak Charter School (K-8). All operate under ten year charters with terms expiring in 2019, 2021, 2024, 2026, 2027 and 2029 respectively. Discovery Peak Charter School was approved in fiscal year 2019 to begin operations in school year 2019 -2020.

Budgetary Control

The objective of the School District's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Resources are allocated to and accounted for in individual funds, based upon the purposes for which those funds were created. Transfers between programs in excess of \$20,000 or any transfer in excess of \$25,000 are authorized by the Board of Education. Therefore, the legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the object level. All other transfers are authorized by the superintendent and reported monthly to the Board of Education. The budgetary process is explained in Note A in the notes to the required supplementary information in the *required supplementary information* section of this CAFR.

Economic Condition Information

Local Economy

Located near the center of the state, the School District encompasses the state's second largest urban area. The Borough serves as the economic hub for interior and northern Alaska. Although the impacts of the national economic upturn are to be felt in interior Alaska, they are somewhat mild compared to what the nation has experienced. Over the last five years, all industry sectors have maintained fairly modest decreases in rates of employment. Of particular importance to the interior is the success in retaining Eielson's F-16 Aggressor Squadron and Eielson being named as the favored site to station the new F-35 Joint Strike Fighter. Both decisions affirm the critical long-term and strategic value of Eielson Air Force Base.

The Borough's June 2019 unemployment rate was 5.4 percent, a decrease of 0.6 percentage points from a year ago, compared to the national average of 3.7 percent which decreased 0.3 percentage points. Tourism, retail trade and construction industries still struggle somewhat, but overall have remained fairly stable.

While the School District has no authority to levy taxes, a fairly steady economy provides the Borough the wherewithal to fund its local contribution to education. The local contribution to education represents about 24.9 percent of operating fund revenues for the year ended June 30, 2019, and has increased \$0.1 million or 0.3 percent over five years. When a community's assessed property values and the ability of local taxpayers to fund education increases, the state's foundation formula reduces education funding. The reduction in state revenues over the last five years due to increased assessed values has been mitigated by legislative action providing for a graduated rise in the base student allocation.

Projected Enrollment

Student enrollments generate a majority of district revenues and also dictate personnel needs, which represent over 87.19 percent of the School District's 2018-19 operating budget. The State of Alaska requires that student enrollment projections for the following school year be reported to them within one week after the end of the official student count period for the current year, which ends on the fourth Friday each October. School District enrollments decreased by 423 students leaving a reduction of 3.1% over the five year period ending in 2018-19. Student enrollment projections for 2019-20 have decreased by about 95 students.

Military Installations

There are two large military installations within the Borough, Fort Wainwright Army Post and Eielson Air Force Base. These installations account for over one-fifth of the Borough's population. Fort Wainwright was transformed into a Stryker Brigade Combat Team in 2001, and is therefore subject to periodic deployment. Although it appears that most dependents remain in Fairbanks, deployment is often a suspected cause of declining and fluctuating enrollments.

Facilities

The Borough owns all school facilities. While district-wide school enrollments have declined over the last ten years, enrollments in the North Pole area remain strong, putting Midnight Sun, Ticasuk Brown and the three North Pole school facilities at higher capacities relative to other schools in the district. In addition, after several years of below average enrollments, it is expected that the Eielson schools will begin to see student counts increase due to the arrival of the F-35 squadrons. It is anticipated that existing excess capacities will adequately handle increased student enrollments over the next three years.

Periodic investment in major maintenance of building components such as roofs, mechanical and electrical systems, plumbing, exteriors, and playgrounds, etc. remain a top priority of the School District. In FY19, the Board of Education, as part of an agreement with the Borough, set aside approximately \$7.4 million for the replacement of aging roofs at Woodriver Elementary and Ben Eielson Jr/Sr High School. In addition, the capital project to complete the renovation at Barnette Magnet School rose to number 1 on the State of Alaska's capital needs list and approximately \$7.4 million of the project was funded through the capital budget. The Borough will be required to provide an additional \$4 million within the next 3 years to complete the project.

As part of efforts by the Governor to reduce state spending, 50% of bond debt reimbursement provided to local municipalities was vetoed. This shifts an increased burden onto local taxpayers to pay for long-term capital needs of the School District.

School District Initiatives

The School Board establishes a list of primary strategic goals and on-going commitments to improve student performance on an annual basis. The primary strategic goals approved for 2018-2019 focus on four major areas:

- Student Success
- Academic Success
- Life Success
- Personalized Learning

Long-Term Financial Planning

By state statute, district decisions are designed to focus on annual operations rather than long range planning in a fiscal sense. By state statute, the Borough (primary) government is responsible for maintaining a centralized treasury. The School District does not own school facilities nor is it responsible for major maintenance. The School District has no authority to issue bonds or manage and invest district funds. Unless required by grant agreements, all interest earnings are retained by the Borough.

There are state statutes and local ordinances limiting the district's ability to retain excess fund balance in the operating fund. State statute limits an accumulation of fund balance to less than ten percent of current year expenditures. Alaska Administrative Code defines six items that are not subject to the fund balance accumulation threshold. A *statement of compliance* required by the code to be included in this report can be found on page 263. A local ordinance requires any accumulated unrestricted funds over 40 percent of the Borough's annual local appropriation be returned to the Borough in support of a school facilities major maintenance reserve fund.

However, we do accomplish long range planning from a fiscal perspective based on how we develop and implement instructional programs. A key objective in district financial planning is developing sustainable instructional programs and efficient and cost effective initiatives that support the instructional process. Establishing reasonable but steady class size targets (or pupil-teacher ratios) is paramount, since personnel costs represent over 88.0 percent of the budget. Another example impacting financial planning and decision making includes reliance on the district's preventive maintenance and energy monitoring program.

Awards and Acknowledgements

Certificate of Excellence/Certificate of Achievement

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the School District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School District for its CAFR for the fiscal year ended June 30, 2018.

This was the twenty eight consecutive year that the School District has achieved these prestigious awards. In order to be awarded a Certificate of Excellence and a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Excellence and a Certificate of Achievement are valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Excellence and Certificate of Achievement Program requirements, and we are submitting it to the ASBO and the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the accounting and administrative services departments. We would like to express our appreciation to all staff members who assisted and contributed to its preparation. We would also like to thank the members of the Fairbanks North Star Borough School District Board of Education for their unfailing support for maintaining the highest standards of professionalism in the management of the School District's finances.

Respectfully submitted,



Andreau Degraw, MBA
Chief Operations Officer



Nicole "Nico" Herbert, CPA
Director of Accounting Services

FAIRBANKS NORTH STAR BOROUGH
SCHOOL DISTRICT

(As of July 1, 2019)

Fairbanks, Alaska

BOARD OF EDUCATION

Wendy Dominique, President
Timothy Doran, Vice-President
Erin Morotti, Treasurer
Sharon McConnel, Clerk
Allyson Lambert, Member
Sean Rice, Member
Chyra Sanderson, Member
Colonel Chad BonDurant, Base Representative
Colonel Christopher Ruga, Post Representative
Jessica Eid, Student Representative

ADMINISTRATION

Dr. Karen Gaborik
Superintendent of Schools

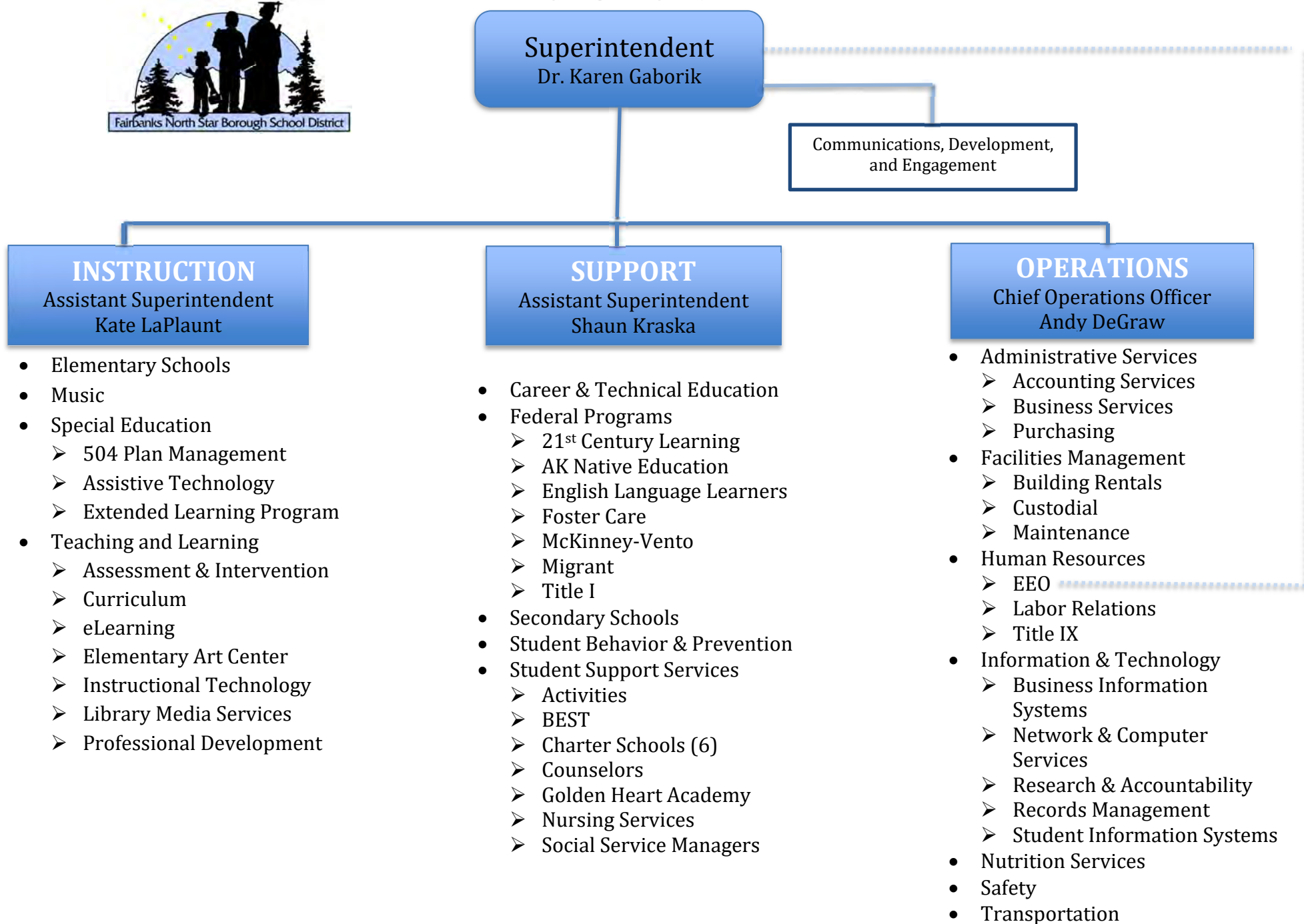
Shaun Kraska
Assistant Superintendent

Katherine LaPlaunt
Assistant Superintendent

Andreau DeGraw
Chief Operations Officer



2018-2019





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Fairbanks North Star Borough School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSRM
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

This Page Intentionally Left Blank.



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Fairbanks North Star Borough
School District, Alaska**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

This Page Intentionally Left Blank.

FINANCIAL SECTION



Cook & Haugeberg LLC

CERTIFIED PUBLIC ACCOUNTANTS

October 23, 2019

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Members of the Board of Education
Fairbanks North Star Borough School District

Report on the Financial Statements

We have audited the accompanying financial statements and schedules of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairbanks North Star Borough School District (School District), a component unit of the Fairbanks North Star Borough, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents. We also have audited the financial statements and schedules of the aggregate nonmajor governmental funds, internal service fund type, and the fiduciary fund type of the School District as of and for the year ended June 30, 2019, as displayed in the School District's basic financial statements. In addition, we also have audited the financial statements and schedules of the School District's nonmajor governmental funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2019, 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 United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating

119 North Cushman Street, Suite 300 • Fairbanks, Alaska 99701 • 907-456-7762
Fax 907-452-6184 • www.ch-cpa.com • email: Contact@ch-cpa.com

Partners: Gerald D. Haugeberg
Senior Consultants:

Kara Moore
James F. Dieringer, Jr.

Kathleen A.R. Thompson
Michael T. Cook

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 above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information, as well as the aggregate nonmajor governmental funds, the internal service fund type, and the fiduciary fund type of the School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof 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 above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the School District, as of June 30, 2019, and the respective changes in financial position 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, budgetary comparison information and schedules of pension liabilities and contributions as listed in the table of contents 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, 2019 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fairbanks North Star Borough School District's basic financial statements. The accompanying supplemental reports section; the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the schedule of state financial assistance as required by *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplemental reports section, the schedule of expenditures of federal awards, and the schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The supplemental reports section, the schedule of expenditures of federal awards, and the

schedule of state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements, 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 supplemental reports section, the schedule of expenditures of federal awards, and the schedule of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 previously audited, in accordance with auditing standards generally accepted in the United States of America, the School District's basic financial statements and schedules as of and for the year ended June 30, 2018, (not presented herein), and have issued our report thereon dated December 4, 2018, which contained unmodified opinions on the respective financial statements and schedules of the governmental activities, each major fund, the aggregate remaining fund information, and the financial statements and schedules of each of the School District's nonmajor governmental, internal service, and fiduciary funds presented as supplementary information. The accompanying supplementary information for the year ended June 30, 2018 is presented for purposes of additional analysis and is 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 June 30, 2018 financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the June 30, 2018 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018. The June 30, 2018 introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Prior Year Comparative Information

We have previously audited the School District's June 30, 2018 financial statements, and we expressed unmodified opinions on the respective financial statements and schedules of the governmental activities, 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 4, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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 accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School District's financial statements for the year ended June 30, 2018, 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 October 23, 2019 on our consideration of the School District'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 School District's internal control over financial reporting and compliance.

Cook + Haugeberg LLC

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2019

INTRODUCTION

This section of the Fairbanks North Star Borough School District's (School District) comprehensive annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year that ended on June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal in the Introductory Section of this report and the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2019 include the following:

- The general fund unreserved fund balance subject to Alaska Statute, AS 14.17.505, was \$10.8 million, which was 4.0 percent of current year general fund expenditures. This amount is in compliance with the statute, which states a district may not accumulate in a fiscal year an unreserved portion of its year-end fund balance, in its operating fund, that is greater than 10 percent of its expenditures for that fiscal year.
- The School District entered into a Memorandum of Agreement with the Fairbanks North Star Borough (Borough) that authorizes the School District to perform roof replacements on two school buildings and is funding these two projects through a \$7.4 million transfer to the capital projects fund.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School District's overall financial status, in a manner similar to a private-sector business.

The statement of net position presents information on all of the School District's assets, liabilities and deferred inflows/outflows of resources, with the difference 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 School District is improving or deteriorating.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2019

Both of the government-wide financial statements present functions of the School District as governmental activities, that is, functions principally supported by taxes and intergovernmental revenues. The governmental activities of the School District include instruction, support services, school administration, district administration, operations and maintenance, student activities, student transportation – to and from school, and food services. The government-wide financial statements can be found on pages 17 and 19 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 School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on the School District's most significant or "major" funds. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially 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. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in the reconciliations accompanying the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances. The governmental funds financial statements can be found on pages 20 through 27 of this report.

Proprietary Funds

The School District maintains two proprietary type internal service funds which are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The internal service funds are used to account for the School District's risk management activities and equipment replacement activities. Both provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements can be found on pages 28 through 30 of this report.

Fiduciary Fund

Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The School District's only fiduciary fund is an agency fund used to account for various School District-related organizations. The basic fiduciary fund financial statement can be found on page 31 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 33 through 67 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information the budgetary schedules for the major funds, the schedules of the School

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2019 (cont.)

District's proportionate share of the net pension liability and pension contributions for both PERS and TRS and the notes to the required supplementary information. Required supplementary information and related notes can be found on pages 69 through 82 of this report.

Combining schedules for major and nonmajor funds are presented immediately following the required supplementary information. Combining fund schedules can be found on pages 83 through 161 of this report.

Results of the state and federally mandated Single Audits which include auditor's opinions, schedule of expenditures of federal awards, schedule of state financial assistance and schedules of findings and questioned costs can be found on pages 207 through 223 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The School District's change in net position for fiscal year 2019 was \$5.2 million, a decrease of \$14.9 million over last year. The School District's total liabilities and deferred inflows exceeded assets and deferred outflows by \$106.8 million. Of this amount (\$118.6) million was unrestricted, \$7.8 million was restricted for capital projects, correspondence study student allotments, and grant-funded programs and \$4.0 million was invested in the School District's capital assets. The net investment in capital assets reflects the School District's investment in machinery, equipment and software. The School District uses these capital assets to provide services to its parents and students; consequently, these assets are not available for future spending.

The analysis that follows focuses on net position (table 1) and changes in net position (table 2) for the School District's governmental activities.

Table 1
Net Position - Governmental Activities
(in thousands of dollars)

	2019	2018	Increase (Decrease)	Percentage Change
Assets				
Current and other assets	\$ 51,807	\$ 59,214	\$ (7,407)	-12.5%
Capital assets	3,961	4,016	(55)	-1.4%
Long-term net OPEB asset	917	928	(11)	
Total assets	56,684	64,158	(7,473)	-11.6%
Deferred outflows of resources	27,014	17,563	9,451	53.8%
Liabilities				
Long-term liabilities	171,177	158,708	12,469	7.9%
Other liabilities	5,532	3,223	2,309	71.6%
Total liabilities	176,710	161,931	14,778	9.1%
Deferred inflows of resources	13,813	31,797	(17,985)	-56.6%
Net position				
Net investment in capital assets	3,961	4,016	(55)	-1.4%
Restricted	7,775	406	7,368	1813.9%
Unrestricted deficit	(118,559)	(116,430)	(2,129)	1.8%
Total net position (deficit)	\$ (106,824)	\$ (112,008)	\$ 5,185	-4.6%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2019 (cont.)

The results of this year's operations for the School District as a whole are reported in the Statement of Activities on page 18 of this report. Table 2 provides condensed information from the Statement of Activities.

Table 2
Changes in Net Position - Governmental Activities
(in thousands of dollars)

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues:				
Program revenues:				
Charges for services	\$ 1,627	\$ 1,550	\$ 77	4.9%
Operating grants and contributions	40,715	45,104	(4,388)	-9.7%
Capital grants and contributions	408	424	(17)	-4.0%
General revenues:				
Borough direct appropriation	50,045	51,145	(1,100)	-2.2%
Foundation program	112,065	117,791	(5,727)	-4.9%
Other state revenue	1,975	1,985	(11)	-0.5%
Federal impact aid	20,297	16,796	3,501	20.8%
Other	1,916	1,931	(15)	-0.8%
Total revenues	<u>\$ 229,048</u>	<u>\$ 236,728</u>	<u>\$ (7,680)</u>	<u>-3.2%</u>
Expenses:				
Instruction	\$ 91,725	\$ 90,117	\$ 1,607	1.8%
Special education instruction	27,786	28,067	(282)	-1.0%
Special education support services - student:	8,878	8,882	(5)	-0.1%
Support services - students	13,888	11,373	2,515	22.1%
Support services - instruction	9,255	8,533	722	8.5%
School administration	7,524	7,524	(0)	0.0%
School administration support services	4,997	4,863	134	2.8%
District administration	2,838	2,482	355	14.3%
District administration support services	10,063	9,842	221	2.2%
Operations and maintenance of plant	22,806	21,435	1,371	6.4%
Student activities	4,703	4,413	291	6.6%
Student transportation - to and from school	13,874	13,950	(76)	-0.5%
Food services	5,517	5,150	367	7.1%
Interest expense	10	10	0	100.0%
Total expenses	<u>\$ 223,863</u>	<u>\$ 216,641</u>	<u>\$ 7,222</u>	<u>3.3%</u>
Increase (decrease) in net position	<u>\$ 5,185</u>	<u>\$ 20,087</u>	<u>\$ (14,902)</u>	<u>-74.2%</u>
Ending net position (deficit)	<u>\$ (106,824)</u>	<u>\$ (112,008)</u>	<u>\$ 5,185</u>	<u>-4.6%</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

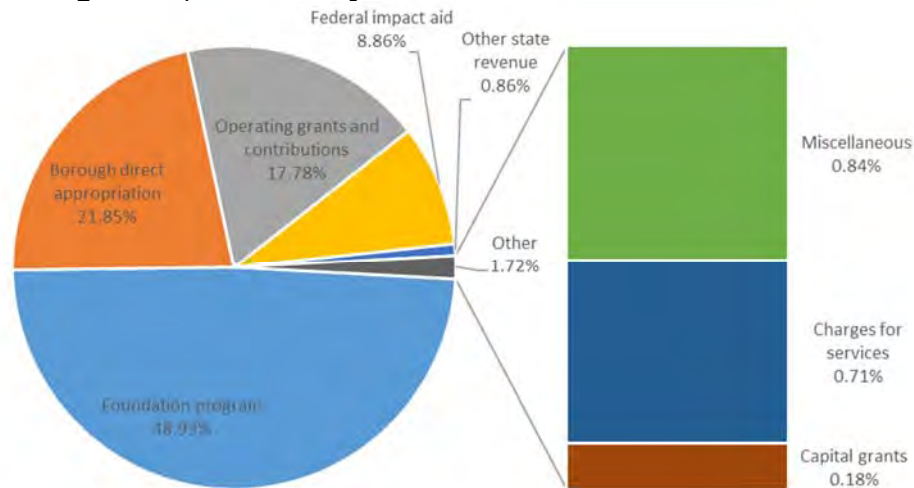
Management's Discussion and Analysis June 30, 2019 (cont.)

Governmental activities revenues were \$229.0 million, a decrease of \$7.7 million or 3.2 percent over the prior fiscal year. The following significant increases and decreases are worth noting:

- Decrease in operating grants and contributions of \$4.4 million due to a net decrease in nonemployer pension revenue for PERS and TRS of \$6.0 million and an increase in nonemployer OPEB revenue for PERS and TRS of \$1.8 million.
- Net decrease in general revenues of \$3.4 million across all categories. Changes in general revenues are discussed in more detail in the Financial Analysis of the School District's Funds section later in the MD&A.

Figure A-1 presents a chart of governmental activities revenues by source as a percentage of total governmental activities revenues.

Figure A-1, Revenues by Source – Governmental Activities



The cost of all governmental activities in the current year was \$223.9 million, an increase of \$7.2 million and 3.3 percent over the prior year. The following significant increases and decreases are worth noting:

- Total pension and OPEB expense decrease of \$1.0 million, which is allocated to all functions.
- The risk management internal service fund reported a net operating loss of \$5.9 million.
- If you remove the effect of the previous items, expenses increased \$4.9 million. This increase is predominately related to increases in nonemployer on-behalf payments to the PERS and TRS defined benefit pension plans and in wages, which is discussed in more detail in the Financial Analysis of the School District's Funds section later in the MD&A.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2019 (cont.)

Figure A-2 presents a chart of governmental activities expenses by function as a percentage of total governmental activities expenses.

Figure A-2, Expenses by Function – Governmental Activities

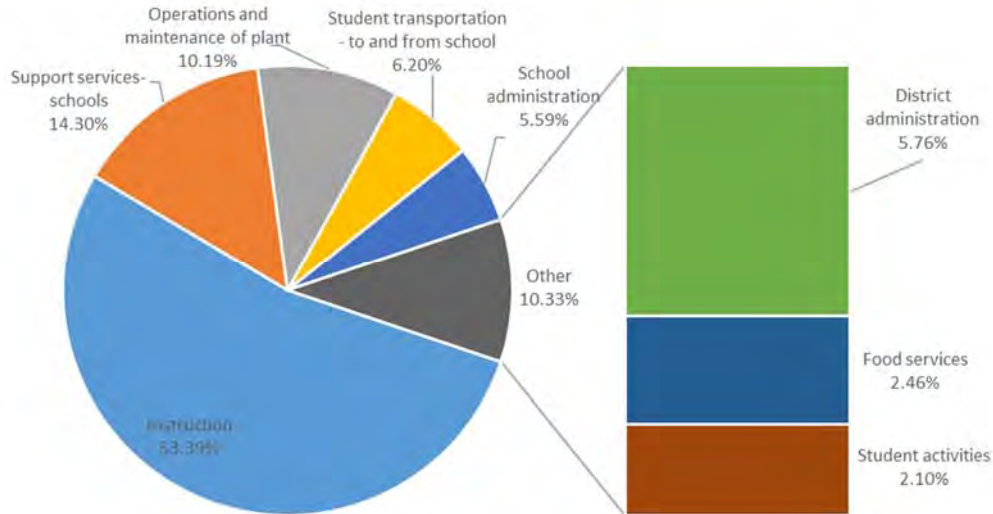


Table 3 condenses the total expenses of the School District's main functional categories – instruction, support services - schools, school administration, district administration, operations and maintenance of plant, student activities, student transportation - to and from school, and food services, as well as each program's net cost. To arrive at net cost, the total cost of providing services is reduced by charges for those services as well as operating and capital grants and contributions designated for specific programs. Net cost shows the amount to be supported for each of these functions by the local taxpayers' contribution to education, state foundation funding, other state revenue, and federal impact aid. Providing this information allows the users of this report to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3
Net Cost of Governmental Activities
(in thousands of dollars)

	2019		2018	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 119,511	\$ 104,069	\$ 118,185	\$ 99,328
Support services - schools	32,021	26,829	28,788	23,173
School administration	12,521	11,881	12,387	11,441
District administration	12,900	11,952	12,324	11,214
Operations and maintenance of plant	22,806	22,111	21,435	20,723
Student activities	4,703	1,934	4,413	1,915
Student transportation - to and from school	13,874	2,142	13,950	1,836
Food services	5,517	193	5,150	(77)
Interest expense	10	10	10	10
Total	\$ 223,863	\$ 181,120	\$ 216,641	\$ 169,562

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2019 (cont.)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

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

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's net resources available for spending at the end of the fiscal year. As of the current fiscal year, the School District's governmental funds reported combined ending fund balance of \$36.7 million, a decrease of \$3.4 million or 1.0 percent from the prior year combined fund balance. The School District's fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned. Definitions for these categories can be found in Note 1.P. on pages 38 and 39 of this report.

Approximately \$10.1 million of this combined fund balance is considered to be 1) nonspendable because it is invested in inventory and prepaid items at year-end, 2) restricted for specific programs or 3) committed to specific programs (school activities). Fund balance in the general fund is assigned 1) for the purpose of liquidating fiscal year 2019 contracts and purchase orders in fiscal year 2020 (\$1.2 million), 2) for a portion of the fiscal year 2020 annual federal impact aid payment received in advance in fiscal year 2019 (\$11.2 million) and 3) for that portion of fund balance included as a budgetary resource in the subsequent year's budget to eliminate the projected excess of expected expenditures over expected revenues (\$10.8 million). Fund balance in the student transportation special revenue fund is assigned for student transportation funding shortfalls expected in subsequent years (\$3.3 million). Fund balance in the capital projects fund is majorly restricted for the replacement of two school building roofs (\$7.4 million),

Key elements of changes in fund balances for the major funds follows:

- At the end of the current fiscal year, total fund balance of the general fund was \$23.7 million, down \$9.8 million. Revenues in the general fund decreased \$1.0 million, expenditures increased \$4.7 million, and transfers out increased \$3.9 million. An analysis of the changes follows later in the MD&A.
- The student transportation special revenue fund accounts for revenues and expenditures of providing transportation to and from schools. The State of Alaska provides the funding for these state approved student transportation services through a grant based on a per student formula. Annual general fund transfers, when needed, subsidize transportation services not covered by state funding. Fund balance in this fund decreased \$0.7 million from the prior year primarily due to the reduced transfers in from general fund that helps offset the anticipated deficits.
- The capital projects fund accounts for all resources used for property acquisition, major equipment expense, and infrastructure improvements. During fiscal year 2019 the School District and Borough signed a Memorandum of Agreement whereby the School District transferred \$7.4 million from the general fund's fund balance to the capital projects fund to provide roof replacement of two school buildings.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2019 (cont.)

Table 4 presents a summary of general fund revenues.

	2019	2018	Increase (Decrease)	Percentage Change
Local sources	\$ 51,323	\$ 52,379	\$ (1,056)	-2.0%
State sources	128,722	132,100	(3,378)	-2.6%
Federal sources	20,941	17,508	3,433	19.6%
Other financing sources	12	6	6	99.0%
Total	200,998	201,993	(995)	-0.5%

Revenue from local sources is comprised mainly of the appropriation from the Fairbanks North Star Borough (Borough) for general school operations. The School District requested and received \$50 million in fiscal year 2019, a \$1.0 million decrease from last year. The net decrease in revenues from state sources was due to a decrease in foundation funding (\$5.7 million) offset by an increase in on-behalf pension payments (\$2.4 million). The increase in revenues from federal sources was due to an increase of \$3.4 million in impact aid passed through the State of Alaska.

Table 5 presents a summary of general fund expenditures.

	2019	2018	Increase (Decrease)	Percentage Change
Instruction	\$ 118,312	\$ 116,038	\$ 2,273	2.0%
Support services - schools	30,044	28,943	1,102	3.8%
School administration	13,414	13,622	(208)	-1.5%
District administration	13,044	12,661	383	3.0%
Operations and maintenance of plant	24,096	23,396	700	3.0%
Student activities	2,209	2,092	117	5.6%
Debt service	681	340	340	100.0%
Other financing uses	8,900	5,092	3,898	76.5%
Total	\$ 210,789	\$ 202,185	\$ 8,604	4.3%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

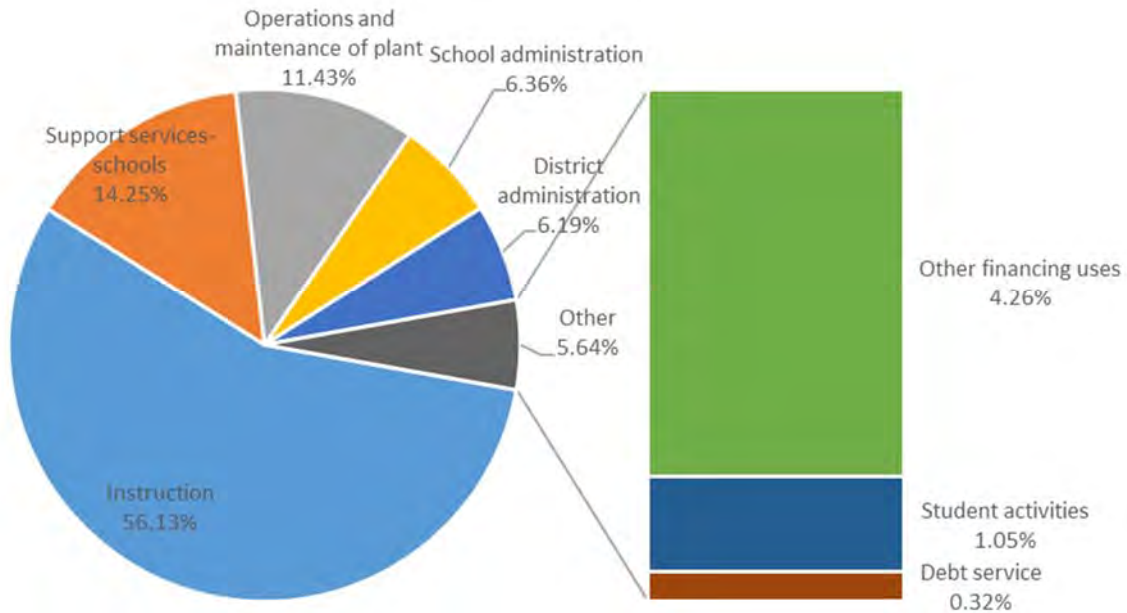
Management's Discussion and Analysis June 30, 2019 (cont.)

As Table 5 shows, all functional areas, except school administration, incurred increases in expenditures. Over half of the general fund decrease is related to employee benefit expenses from the increase in nonemployer on-behalf payments to the PERS and TRS defined benefit pension plan (\$2.4). Another area that impacted all of the functional areas was the increased salaries costs (\$2.5).

The final large fluctuation between fiscal years is the \$3.9 million increase to other financing uses. The \$7.4 million one-time transfer to capital projects in 2019 was offset by budgeted reductions to transfers to nutrition services and student transportation (\$1.8) and the 2018 one-time transfer to jump start the equipment replacement internal service fund (\$1.7).

Figure A-4 presents a chart of general fund expenditures by function as a percentage of total general fund expenditures.

Figure A-4, General Fund Expenditures



Proprietary Funds

The risk management internal service fund had a positive net position at June 30, 2019, of \$2.8 million, which is a result of the District's budgeting process that reduced the health insurance and workers compensation benefit rates for fiscal year 2019 by 2.84 and 0.25 percent, respectively. The equipment replacement internal service fund had a positive net position at June 30, 2019, of \$1.6 million, which is allowing for the expansion of devices to be replaced on a cyclical basis.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2019 (cont.)

GENERAL FUND BUDGETARY HIGHLIGHTS

The School District Board of Education holds public hearings and approves the School District budget by functional area. The Fairbanks North Star Borough (Borough) Assembly then approves the bottom line total for the School District budget. Once approved, state law requires it to be submitted to the State of Alaska, Department of Education and Early Development. Board policy requires that budget transfers or adjustments between programs in excess of \$20,000 or any budget transfer or adjustment in excess of \$25,000 be authorized by the Board of Education.

Differences between the general fund original budget and final budget are due mainly to the following:

- The original budget includes the cost for all substitutes for teachers, counselors, and library personnel in one appropriated line item in the instruction function. However, actual substitute costs for counselors and library personnel are charged to either support services-students or support services-instruction as incurred. As those costs are known, the budget is adjusted accordingly.
- In the original budget an average salary amount is used to budget for certificated positions. However, for some functions, such as special education instruction and support services-students, actual salaries for certain teachers, guidance counselor and librarian positions can be considerably higher or lower than the average. The final budget is adjusted for these differences.

Actual revenues on the budgetary basis (excluding other financing sources) for fiscal year 2019 were \$0.2 million more than the final budget. Actual expenditures on the budgetary basis (excluding other financing uses) for fiscal year 2019 were \$6.8 million less than the final budget.

Significant budget to actual variances of note were:

- Revenue – state sources – were \$5.0 million under budget due to lower than anticipated foundation payments for fiscal year 2019 (\$5.2 million). Federal sources – were \$4.9 million over budget due to higher than anticipated impact aid payments for fiscal year 2019 (\$4.9 million).
- Total expenditures – were under budget by \$6.8 million. The major component of the positive budget variance was in employee benefits (\$3.8 million). The positive employee benefits variance occurred because of the accumulated employer forfeiture balances of the defined contribution retirement (DCR) plans (\$1.5 million) and health and life benefit rate being budgeted based on average salary amount for certificated positions, when actual salaries for certain positions can be higher or lower than the budgeted average (\$1.5 million). The second largest component of the positive budget variance is related to current year special education contracts being paid on prior year encumbrances (\$2.3 million). This basis of budgeting is explained in further detail within the notes to the required supplementary information.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2019 (cont.)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School District's investment in capital assets for its governmental activities was \$3.9 million as of June 30, 2019 (net of accumulated depreciation and amortization). This investment in capital assets includes machinery, equipment and software. The Borough owns the land and buildings. Table 7 details capital assets by asset type.

Table 7
Capital Assets (Net of Depreciation/Amortization) - Governmental Activities

	2019	2018	Increase (Decrease)	Percentage Change
Machinery and equipment	\$ 3,732,721	\$ 3,622,277	\$ 110,444	3.0%
Intangibles (software)	228,216	393,647	(165,431)	-42.0%
Total	\$ 3,960,937	\$ 4,015,924	\$ (54,987)	-1.4%

Additional information on the School District's capital assets can be found in Note 7 on page 44 of this report.

Debt Administration

The School District's long-term obligations include \$4.8 million for compensated absences, an increase of \$0.3 million from the prior year due to the decrease in certified employees request for personal leave payout. Long-term obligations also include \$5.1 million for insurance claims and reserves, a decrease of \$0.3 million. Claims and reserves include such items as claims payable and accrued self-insurance reserves. The decrease in claims and reserves, reported in the risk management internal service fund, is due to the increase in health claims and health reimbursement accounts payable (\$1.0 million) offset by the increase in the receivable for stop loss reimbursement (\$1.3 million). Additional information about these two long-term obligations can be found in Note 9 on page 45 and Note 12 on pages 47 through 48, respectively, and in the risk management internal service fund financial statements on pages 157 through 159. Finally, the PERS and TRS net pension and OPEB liabilities increased \$4.5 million and \$8.7 million, respectively, more information is included in Note 14 on pages 48 through 67.

Debt related to general obligation bonds for school construction is the responsibility of the Borough. The School District has no liability for repayment of general obligation bonds. For informational purposes, debt related to general obligation bonds for school construction can be found in Note 10 on page 46 of this report.

ECONOMIC FACTORS AND SUBSEQUENT YEARS' BUDGETS

At the completion of the audit, the School District was aware of certain factors which could significantly impact financial condition or budgetary decisions in the near future:

- The Fairbanks North Star Borough School District Board of Education adopted a fund balance policy during FY17 and has made a concerted effort to increase the existing fund balance to offset anticipated loss of revenues and expenditure increases over the next few years. The School District's fund balance saw a significant drop in FY19 due to recurring annual cost increases as well as one-time expenditures and it is expected that the Board will continue to deliberately and structurally reduce the level of fund balance over the next one to two years. Absent any significant increases in revenues over this time period, this reduction in fund balance will create significant pressure on the budgeting process and will necessitate cost-saving measures.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2019 (cont.)

- Ongoing budget challenges in Juneau could negatively impact School District revenue as the current Governor attempts to align revenues and expenditures at the state level. In 2018, the Legislature appropriated one-time, supplemental funding to school districts for FY19 and FY20 that has and will partially offset operating cost increases in the absence of adjustments to the Base Student Allocation (BSA). This supplemental funding equaled approximately \$2 million in FY19 and \$3 million in FY20 for the Fairbanks School District. The elimination of this funding, or any reduction to the BSA would significantly impact the financial position of the School District. The School District will monitor the upcoming Legislative session closely to maintain awareness of issues related to education funding.
- The restructure of the School District's health insurance plan design has provided financial relief through more efficient utilization of health services by School District employees. However, cost reductions as a result of the restructuring changes have run their course and this, coupled with the reduction of the risk management internal services fund's fund balance at the end of FY19 due to a renewed rise in healthcare costs, will necessitate an increase to the benefit rate of approximately 2.0 percent in FY21. The School District will continue to analyze plan performance moving forward to identify and implement changes that will generate efficiencies and cost savings.
- The long-term trend of declining enrollment has had a significant impact on the School District's financial position. Preliminary student counts for FY20 indicate strong enrollments relative to projections, which is an improvement over FY19 when enrollment dropped by over 400 students and reduced state foundation revenue to the School District by over \$4 million. The arrival of two squadrons of F-35's to Eielson Air Force Base by 2022 will provide some relief to declining enrollments with an increase of approximately 500 to 1,000 students within the next two to three school years. These increases however could be offset by decreases in enrollment due to socio-economic, demographic, and other factors. Because enrollment has such a significant effect on revenue, these factors will continue to be tracked and analyzed as to how they will impact the budget and financial position of the School District going forward.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, parents, students, investors and creditors with a general overview of the School District finances and shows the School District's accountability for the money it receives. Questions concerning information provided in this report or requests for additional information should be addressed to:

Andy DeGraw
Chief Operations Officer
Fairbanks North Star Borough School District
Department of Administrative Services
520 5th Avenue
Fairbanks, Alaska 99701
Phone (907) 452-2000
andy.degraw@k12northstar.org

BASIC FINANCIAL STATEMENTS

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Statement of Net Position

June 30, 2019

**Governmental
Activities**

2019 2018

ASSETS

Equity in central treasury cash	\$ 46,406,116	\$ 51,045,373
Accounts receivable	4,611,720	7,356,819
Due from Fairbanks North Star Borough	5,819	4,894
Inventories	738,296	743,377
Prepaid items	44,681	63,626
Machinery and equipment	12,105,909	11,745,132
Less accumulated depreciation	(8,373,188)	(8,122,855)
Intangible assets, net of amortization	228,216	393,647
Long-term net OPEB asset	916,848	927,696
Total assets	<u>56,684,417</u>	<u>64,157,709</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions	15,437,012	13,812,759
Deferred outflows related to OPEB	<u>11,577,170</u>	<u>3,750,022</u>
Total deferred outflows of resources	<u>27,014,182</u>	<u>17,562,781</u>

LIABILITIES

Accounts payable	3,976,895	1,658,549
Accrued payroll and liabilities	1,165,634	1,165,384
Unearned revenue	389,510	399,123
Due to Fairbanks North Star Borough	224	
Long-term liabilities (See Note 9):		
Due within one year	9,001,443	9,407,645
Due in more than one year	<u>162,175,806</u>	<u>149,300,696</u>
Total liabilities	<u>176,709,512</u>	<u>161,931,397</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	3,648,654	20,746,180
Deferred inflows related to OPEB	<u>10,164,186</u>	<u>11,051,251</u>
Total deferred inflows of resources	<u>13,812,840</u>	<u>31,797,431</u>

NET POSITION

Net investment in capital assets	3,960,939	4,015,924
Restricted for:		
Grant-funded programs	7,641,421	273,018
Student allotments	133,205	133,205
Unrestricted deficit	<u>(118,559,318)</u>	<u>(116,430,485)</u>
Total net position (deficit)	<u>\$ (106,823,753)</u>	<u>\$ (112,008,338)</u>

See accompanying notes to the basic financial statements

This Page Intentionally Left Blank.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2019	2018
Governmental activities:						
Instruction	\$ 91,724,774	\$ 21,518	\$ 10,231,537	\$	\$ (81,471,719)	\$ (77,634,423)
Special education instruction	27,785,770		5,184,271		(22,601,499)	(21,693,730)
Special education support services - students	8,877,680		436,996		(8,440,684)	(8,282,615)
Support services - students	13,888,153	187,672	3,128,902		(10,571,579)	(7,922,799)
Support services - instruction	9,255,330		1,440,797		(7,814,533)	(6,967,268)
School administration	7,523,852		532,031		(6,991,821)	(6,781,642)
School administration support services	4,996,921		108,789		(4,888,132)	(4,659,617)
District administration	2,837,695		83,690		(2,754,005)	(2,359,724)
District administration support services	10,062,800		867,925		(9,194,875)	(8,853,882)
Operations and maintenance of plant	22,806,148		291,851	407,567	(22,106,730)	(20,722,849)
Student activities	4,703,477		2,769,143		(1,934,334)	(1,915,342)
Student transportation - to and from school	13,874,064		11,732,578		(2,141,486)	(1,835,580)
Food services	5,516,605	1,417,808	3,906,884		(191,913)	77,137
Interest expense	9,775				(9,775)	(9,713)
Total governmental activities	<u>\$ 223,863,044</u>	<u>\$ 1,626,998</u>	<u>\$ 40,715,394</u>	<u>\$ 407,567</u>	<u>\$ (181,113,085)</u>	<u>\$ (169,562,047)</u>
General revenues:						
Grants and contributions not restricted to specific programs:						
Borough direct appropriation					50,045,400	51,145,400
Foundation program					112,064,702	117,791,496
Other state revenue					1,974,858	1,985,419
Federal impact aid					20,297,112	16,796,045
Other					738,043	706,812
Miscellaneous					<u>1,177,555</u>	<u>1,223,927</u>
Total general revenues					<u>186,297,670</u>	<u>189,649,099</u>
Change in net position					5,184,585	20,087,052
Net position - beginning					(112,008,338)	(106,542,167)
Restatement - GASB 75 implementation (see note 15)						(25,553,223)
Net position - beginning, as restated						<u>(132,095,390)</u>
Net position - ending					<u>\$ (106,823,753)</u>	<u>\$ (112,008,338)</u>

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2019

(With comparative totals for 2018)

	<u>General</u>	<u>Federal Programs Special Revenue</u>	<u>Student Transportation Special Revenue</u>	<u>Capital Projects</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$ 20,888,582	\$ 4,689	\$ 6,176,119	\$ 7,575,332
Accounts receivable:				
Local	506,671			
State		3,199,238		
Federal		435,986		
Due from other funds	3,845,277			
Due from Fairbanks North Star Borough	5,819			
Inventories	282,719			
Prepaid items	44,681			
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 25,573,749</u></u>	<u><u>\$ 3,639,913</u></u>	<u><u>\$ 6,176,119</u></u>	<u><u>\$ 7,575,332</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 746,943	\$ 136,577	\$ 2,888,383	\$
Accrued payroll and liabilities	1,160,685			
Unearned revenue		2,069		
Due to other funds		3,499,222		
Due to Fairbanks North Star Borough	224			
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,907,852</u>	<u>3,637,868</u>	<u>2,888,383</u>	<u> </u>
Fund balances:				
Nonspendable	327,400			
Restricted	135,240	2,045		7,408,373
Committed				
Assigned	23,203,257		3,287,736	166,959
Unassigned				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>23,665,897</u>	<u>2,045</u>	<u>3,287,736</u>	<u>7,575,332</u>
Total liabilities and fund balances	<u><u>\$ 25,573,749</u></u>	<u><u>\$ 3,639,913</u></u>	<u><u>\$ 6,176,119</u></u>	<u><u>\$ 7,575,332</u></u>

See accompanying notes to the basic financial statements

Nonmajor Governmental	Total Governmental Funds	
	2019	2018
\$ 2,250,541	\$ 36,895,263	\$ 37,992,150
150	506,821	298,083
240,575	3,439,813	3,669,493
	435,986	397,884
	3,845,277	3,961,621
	5,819	4,894
455,577	738,296	743,377
	44,681	63,626
<u>\$ 2,946,843</u>	<u>\$ 45,911,956</u>	<u>\$ 47,131,128</u>

\$ 62,711	\$ 3,834,614	\$ 1,547,260
4,949	1,165,634	1,165,384
387,441	389,510	399,123
346,055	3,845,277	3,961,621
	224	
<u>801,156</u>	<u>9,235,259</u>	<u>7,073,388</u>

455,577	782,977	807,003
228,968	7,774,626	406,223
1,577,591	1,577,591	1,583,939
	26,657,952	29,330,108
(116,449)	(116,449)	7,930,467
<u>2,145,687</u>	<u>36,676,697</u>	<u>40,057,740</u>
<u>\$ 2,946,843</u>	<u>\$ 45,911,956</u>	<u>\$ 47,131,128</u>

This Page Intentionally Left Blank.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019

Total fund balances for governmental funds \$ 36,676,697

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

The cost of capital assets purchased is reported as an expenditure in governmental funds. Conversely, the acquisition market value of capital assets donated is not reported in governmental funds. The statement of net position includes purchased and donated capital assets among the assets of the School District as a whole. The cost (or acquisition value, if donated) of those capital assets is allocated over their estimated useful lives (as depreciation/amortization expense) to the various functions reported as governmental activities in the statement of activities.

Machinery and equipment	\$ 12,105,909	
Accumulated depreciation to date	(8,373,188)	
Intangible assets, net of accumulated amortization	<u>228,216</u>	3,960,937

Other long-term assets are not available to pay for current-period expenditures and; therefore; are not reported in the funds.

Net pension asset	916,848
-------------------	---------

An internal service fund is used by management to charge the costs of self-insurance, risk management, and equipment replacement to individual funds. The assets and liabilities of the internal service fund are reported with governmental activities in the statement of net position.

Internal service fund net position	4,456,769
------------------------------------	-----------

Long-term liabilities applicable to the School District's governmental funds are not due and payable in the current period and accordingly are not reported as governmental fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Balances at June 30, 2019 were:

Compensated absences	(4,792,993)	
Net pension liability	(136,200,600)	
Net OPEB liability	<u>(25,042,753)</u>	(166,036,346)

Deferred outflows related to the School District's governmental funds are applicable to future periods and, therefore, are not reported in the governmental funds.

Pensions	15,437,012
OPEB	11,577,170

Deferred inflows related to the School District's governmental funds are applicable to future periods and, therefore, are not reported in the governmental funds.

Pensions	(3,648,654)
OPEB	<u>(10,164,186)</u>

Total net position of governmental activities \$ (106,823,753)

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019
(With comparative totals for 2018)

	<u>General</u>	<u>Federal Programs Special Revenue</u>	<u>Student Transportation Special Revenue</u>	<u>Capital Projects</u>
Revenues:				
Local sources	\$ 51,322,519	\$ 6,470	\$	\$
State sources	128,721,880		11,724,882	
Federal sources	<u>20,941,371</u>	<u>12,466,760</u>	<u></u>	<u>407,567</u>
Total revenues	<u>200,985,770</u>	<u>12,473,230</u>	<u>11,724,882</u>	<u>407,567</u>
Expenditures - current:				
Instruction	92,537,716	4,278,492		
Special education instruction	25,774,151	3,901,418		
Special education support services - students	9,443,329			
Support services - students	11,985,075	2,440,656		
Support services - instruction	8,616,061	1,097,973		
School administration	7,937,095			
School administration support services	5,477,135			
District administration	3,016,670			
District administration support services	10,027,363	682,226		
Operations and maintenance of plant	24,095,829			
Student activities	2,208,945			
Student transportation - to and from school			13,881,158	
Food services		<u>71,065</u>		
Total current	<u>201,119,369</u>	<u>12,471,830</u>	<u>13,881,158</u>	
Debt service:				
Interest	9,775			
Principal	<u>670,769</u>			
Total debt service	<u>680,544</u>			
Capital outlay				<u>323,698</u>
Total expenditures	<u>201,799,913</u>	<u>12,471,830</u>	<u>13,881,158</u>	<u>323,698</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	12,363			
Transfers in			1,400,000	7,408,373
Transfers out	<u>(9,001,871)</u>			
Total other financing sources (uses)	<u>(8,989,508)</u>		<u>1,400,000</u>	<u>7,408,373</u>
Net change in fund balances	(9,803,651)	1,400	(756,276)	7,492,242
Fund balances - beginning	<u>33,469,548</u>	<u>645</u>	<u>4,044,012</u>	<u>83,090</u>
Fund balances - ending	<u>\$ 23,665,897</u>	<u>\$ 2,045</u>	<u>\$ 3,287,736</u>	<u>\$ 7,575,332</u>

See accompanying notes to the basic financial statements

Nonmajor Governmental	Total Governmental Funds	
	2019	2018
\$ 4,298,609	\$ 55,627,598	\$ 56,808,533
286,156	140,732,918	144,484,872
3,754,959	37,570,657	33,805,836
8,339,724	233,931,173	235,099,241
102,975	96,919,183	94,901,086
	29,675,569	30,590,900
	9,443,329	9,472,016
429,568	14,855,299	12,766,034
16,997	9,731,031	9,260,440
	7,937,095	7,896,957
	5,477,135	5,752,459
	3,016,670	2,751,071
13,707	10,723,296	10,985,260
	24,095,829	23,395,641
2,637,773	4,846,718	4,534,417
	13,881,158	13,989,161
5,650,335	5,721,400	5,609,743
8,851,355	236,323,712	231,905,185
	9,775	9,713
	670,769	330,559
	680,544	340,272
	323,698	695,306
8,851,355	237,327,954	232,940,763
3,375	15,738	6,213
193,498	9,001,871	3,392,465
	(9,001,871)	(5,092,465)
196,873	15,738	(1,693,787)
(314,758)	(3,381,043)	464,691
2,460,445	40,057,740	39,593,049
\$ 2,145,687	\$ 36,676,697	\$ 40,057,740

This Page Intentionally Left Blank.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds	\$ (3,381,043)
--	----------------

The change in net position reported for governmental activities in the statement of activities is 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/amortization expense.

Expenditures for capital assets	\$ 910,578	
Less current year depreciation/amortization	<u>(886,406)</u>	
		24,172

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals and donations) is to decrease net position.	(79,159)
---	----------

The issuance of long-term debt (e.g. capital lease) 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.

Repayment of principal on capital lease	<u>670,769</u>	670,769
---	----------------	---------

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(295,655)
--	-----------

Pension contributions made during the year are reported as expenditures in the governmental funds. However, in the statement of activities contributions made during the year are deferred and not reflected as expenses because they were made after the June 30, 2018 measurement date. Contributions made in the fiscal year ending June 30, 2018 are reflected as expenses in the statement of activities in the current year. These consist of:

Contributions subsequent to the measurement date	11,777,873	
Employer contribution expense	(12,162,705)	

Net pension and OPEB liability related items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities consist of:

Pension expense	14,754,730	
OPEB reduction in expense	(93,535)	

Internal service funds are used by management to charge the costs of equipment replacement, self-insurance and risk management to individual funds. The change in net position of the internal service funds is reported with governmental activities.

Change in net position of governmental activities	<u><u>\$ 5,184,585</u></u>
---	----------------------------

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Statement of Net Position
Proprietary Funds
For the Year Ended June 30, 2019
(With comparative totals for 2018)

	Governmental Activities - Internal Service Funds Total	
	2019	2018
<u>ASSETS</u>		
Current assets:		
Equity in central treasury cash	\$ 9,510,853	\$ 13,053,223
Accounts receivable - local	229,100	2,991,359
Total assets	<u>\$ 9,739,953</u>	<u>\$ 16,044,582</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 142,281	\$ 111,289
Current portion of long-term liabilities:		
Claims payable	4,465,394	4,801,015
Total current liabilities	<u>4,607,675</u>	<u>4,912,304</u>
Noncurrent liabilities:		
Noncurrent portion of long-term liabilities:		
Claims payable	52,935	45,915
Accrued self-insurance reserves	622,574	598,732
Total noncurrent liabilities	<u>675,509</u>	<u>644,647</u>
Total liabilities	<u>5,283,184</u>	<u>5,556,951</u>
<u>NET POSITION</u>		
Unrestricted	<u>4,456,769</u>	<u>10,487,631</u>
Total net position	<u>\$ 4,456,769</u>	<u>\$ 10,487,631</u>

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019
(With comparative totals for 2018)

	Governmental Activities - Internal Service Funds Total	
	2019	2018
Operating revenues:		
Revenue from local sources:		
Charges for services	\$ 35,164,416	\$ 35,102,171
Operating expenses:		
Health and life insurance	38,276,718	32,160,164
Workers' compensation insurance	1,030,719	932,323
Property and other insurance	467,945	417,596
Auto and general liability insurance	455,353	710,831
Supplies, materials and media	964,543	
Total operating expenses	41,195,278	34,220,914
Operating income (loss)	(6,030,862)	881,257
Transfers in		1,700,000
Change in net assets	(6,030,862)	2,581,257
Total net position - beginning	10,487,631	7,906,374
Total net position - ending	\$ 4,456,769	\$ 10,487,631

See accompanying notes to the basic financial statements

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019
(With comparative totals for 2018)

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
School District Agency Fund
Statement of Fiduciary Assets and Liabilities
June 30, 2019
(With comparative totals for 2018)

	Totals	
	2019	2018
<u>ASSETS</u>		
Equity in central treasury cash	<u>\$ 35,870</u>	<u>\$ 35,207</u>
<u>LIABILITIES</u>		
Due to external groups	<u>\$ 35,870</u>	<u>\$ 35,207</u>

See accompanying notes to the basic financial statements

This Page Intentionally Left Blank.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fairbanks North Star Borough School District (School District) operates a public school system under an elected school board, as permitted by Alaska Statutes 14.14.060 and 29.35.160. The financial statements of the School District have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

A. Reporting Entity

These financial statements include all the activities of the School District, a component unit and an integral part of the reporting entity of the Fairbanks North Star Borough (Borough), the primary government. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. The School District is reported in a separate column in the Borough's government-wide financial statements, to emphasize that the School District is legally separate from the Borough. Pursuant to Alaska Statutes, Title 29.35.160, the Borough has the responsibility of establishing, maintaining and operating a system of public schools. The Borough has delegated the administrative responsibilities for compliance with the statutes to the Fairbanks North Star Borough School District Board of Education (Board of Education), while retaining certain responsibilities. The Borough issues bonds to finance school construction, levies taxes and collects and disburses the funds, and has responsibility for funding any deficits. The Borough Assembly remains responsible for approving the School District's total budget and is also responsible for providing a minimum level of local support per State statutes.

School construction bond proceeds to purchase furnishings and equipment for new schools are accounted for in the School District's various capital project and special revenue funds. The School District receives reimbursement from the Borough for these expenditures on an as-needed basis. The operational services provided directly by the Borough have been included in the general fund, special revenue funds and internal service fund, where appropriate, as expenditures.

Complete financial statements of the Borough can be obtained from the Borough Clerk's Office at 809 Pioneer Road, PO Box 71267, Fairbanks, Alaska 99707-1267; phone number (907) 459-1000 or on the web at <http://co.fairbanks.ak.us/fs/Pages/Comprehensive-Annual-Financial-Reports.aspx>.

B. Basis of Presentation – Government-wide Financial Statements

The statement of net position and the statement of activities display information about the reporting entity as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers, parents or students who purchase, use, or directly benefit from goods or services provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. The primary government's contribution to education, State of Alaska public school foundation program revenue, other State aid, Federal Impact Aid, and other items not properly included among program revenues are reported instead as general revenues.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are copier and printing charges between the School District's district administration support services function and various other functions of the district. Elimination of these charges would distort the direct costs reported for the various functions concerned.

C. Basis of Presentation – Fund Financial Statements

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid School District management in demonstrating compliance with finance-related legal and contractual provisions.

The fund financial statements provide information about the School District's funds including its fiduciary fund. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental Funds

The district has four major governmental funds:

General Fund – the School District's primary operating fund. Major revenue sources include the primary government's contribution to education, the State of Alaska public school foundation program, the Public Employees' and Teachers' Retirement System on-behalf payments, and other state and federal revenues. Expenditures are authorized in the annual budget and are made for such activities as student instruction, support services, administration, operations and maintenance, and student activities.

Federal Programs Special Revenue Fund – the federal programs special revenue fund accounts for federal grants received directly from the federal government, passed through the State of Alaska or passed through other funding entities.

Student Transportation Special Revenue Fund – the student transportation special revenue fund accounts for activities related to student transportation to and from school and other State-approved student transportation. Revenues include State student transportation revenue and any necessary transfers from the School District general fund.

Capital Projects Fund – accounts for all resources used for property acquisition, major equipment expense, and infrastructure improvements.

In addition, the School District has four nonmajor governmental funds. The nonmajor special revenue funds are local programs, state programs, food service and school activities.

Proprietary Funds

The School District's internal service funds account for self-insurance and risk management services and equipment replacement provided to other funds of the School District on a cost reimbursement basis.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

Fiduciary Fund

The School District's agency fund accounts for the assets held by the School District as an agent for various school-related employee groups. The activities of the groups are mostly philanthropic in nature for the benefit of District employees and students. The fund is custodial in nature and does not involve the measurement of results of operations.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 School District considers revenues to be available if they are collected within 30 days of the end of the current fiscal 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 only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Entitlements and shared revenues are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenue for expenditure-driven grants is recognized when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the School District.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District's risk management internal service fund are charges to other funds for services. Operating expenses include insurance premiums, risk self-retention costs, risk management administration provided by the Borough, and third party claims administrator costs. The principal operating revenues of the School District's equipment replacement internal service fund are charges to other funds for services. Operating expenses include equipment purchases. All revenues and expenses are reported as operating revenues and expenses.

The agency fund reports only assets and liabilities and as such cannot be said to have a measurement focus. Agency funds do, however, use the accrual basis of accounting to recognize receivables and payables.

E. Equity in Central Treasury Cash – Deposits and Investments

All cash resources of the School District are maintained in the Borough's central cash treasury 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. Borough central treasury investments are reported at fair value. See Note 4.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

If applicable, investment income is allocated to the following School District funds based upon their cumulative, month-end equity in central treasury cash balances: food services special revenue fund for the Food Service Program, and the school district agency fund.

F. Statement of Cash Flows

For purposes of the statement of cash flows, the cash and cash equivalents of the internal service fund is its equity in central treasury cash.

G. Receivables and Payables

Activity between funds, resulting from individual funds' overdrafts of pooled cash in the central treasury, is referred to as "due to/from other funds." Certain receivables and payables between the School District and the primary government are referred to as "due to/from Fairbanks North Star Borough." Receivables from the Fairbanks North Star Borough are comprised of office rental space in the School District's Administrative Center.

Through various negotiated agreements with employees, the School District has put in place a cost sharing mechanism for health costs. At June 30 of each year, total health costs for the fiscal year are used to calculate an amount expected to be collected from employees in the following calendar year through payroll deductions. The School District records an employee dollar share receivable at June 30 of each year in the risk management internal service fund.

H. Inventories

Inventories are recorded in the general fund and the food service special revenue fund. General fund central stores inventory consists of school supplies valued at cost using the weighted average cost method. General fund print shop inventory consists of printing supplies which are valued at cost using the FIFO (first in, first out) method. Food service special revenue fund inventory of food (including commodities received from the U.S. Department of Agriculture) and related supplies are valued at cost using the FIFO method. The cost of inventory is recorded as an expenditure when consumed rather than when purchased. The nonspendable fund balance classification includes an amount for inventory to indicate that inventory does not represent an amount expected to be converted to cash.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current year-end are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items in the governmental funds are recorded using the consumption method. The nonspendable fund balance classification includes an amount for prepaid items to indicate that prepaid items do not represent an amount expected to be converted to cash.

J. General Capital Assets

The Borough owns and provides to the School District without charge all school buildings and associated land. The Borough also owns all four on-base schools located at Fort Wainwright Army Post and Eielson Air Force Base. General capital assets, which consist of machinery and equipment (including commissioned works of art installed in school buildings) and certain intangible assets, are reported in the governmental activities column in the government-wide financial statements. General 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. General capital assets are valued at cost or estimated historical cost when the original cost is not available and depreciated/amortized over their estimated useful lives. Donated capital assets are valued at their acquisition value on the date received. Estimated useful life is management's estimate of how long the asset is expected to meet service demands.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

Straight line depreciation/amortization is used based on the following estimated useful lives:

Machinery and equipment	5 – 25 years
Intangible assets (software)	5 – 10 years

The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the assets' lives are not capitalized.

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, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District has three items in this category, related to pension and other postemployment benefits (OPEB) expense. They are 1) the net difference between projected and actual earnings on plan investments, 2) changes in proportion and differences between School District contributions and proportionate share of contributions and 3) contributions made subsequent to the net pension/OPEB liability measurement date of June 30, 2018.

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, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has three items in this category, related to pension and OPEB expense. They are 1) the net difference between projected and actual earnings on plan investments, 2) the difference between expected and actual experience, and 3) changes in proportion and differences between School District contributions and proportionate share of contributions.

L. Claims Payable and Accrued Self-Insurance Reserves

Amounts reported as claims payable and accrued self-insurance reserves in the risk management internal service fund include estimates for expected future development on claims already reported, as well as consideration for known and unknown events that might create claims, but for which none have been reported.

M. Unearned Revenue

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

N. Compensated Absences

It is the School District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Personal/annual leave is subject to certain restrictions and maximum accumulations. Employees earning personal/annual leave are paid for any accumulated leave upon use. At termination accumulated annual leave is paid, accumulated personal leave is forfeited. Sick leave, which may accumulate indefinitely, is charged to expenditures when used. Upon resignation, unused sick leave is forfeited. However, retiring employees who are members of the Public Employees' Retirement System receive full pay for unused sick leave on a sliding scale, based on years of service, ranging from thirty (30) days to a maximum of ninety (90) days. Retiring employees who are members of the Alaska Teachers' Retirement System may use unused sick leave as an increase in service credit. All personal/annual leave is reported when incurred in the government-wide financial statements. A

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of impending employee resignations and retirements.

O. Other Long-Term Liabilities

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Long-term obligations of the risk management internal service fund are reported as governmental activities in the government-wide financial statements as this fund serves only governmental funds.

Debt incurred for the construction of school facilities is the obligation of the Borough; therefore it is not included on the School District's government-wide statement of net position. It is, however, disclosed in Note 10 for informational purposes.

P. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance

Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are not expected to be converted to cash, i.e., inventories and prepaid items.

Restricted – Fund balances are reported as restricted when constraints are placed on their use through external restrictions imposed by creditors, grantors, donors, or laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education through an adopted resolution. The Board of Education may also modify or rescind the commitment by similar formal action.

Assigned – Fund balances are reported as assigned when amounts are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. The School Board authorized the Superintendent to assign fund balances through formal action taken at its regular meeting on June 22, 2011.

Unassigned – Fund balances are reported as unassigned when residual amounts remain that do not meet any of the above criterion. The School District reports positive unassigned fund balance only in the general fund. Negative unassigned fund balance may be reported in all governmental fund types.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

Flow Assumptions

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

Q. Contract for Operating On-Base Schools

In 1992 the State of Alaska Department of Education and Early Development (DEED) entered into an agreement with the United States Department of Education that required a change in the handling of Impact Aid revenues for the students living on Fort Wainwright Army Post and Eielson Air Force Base. Revenues that had previously gone to the DEED and were used to partially fund the foundation program and tuition in lieu of local taxes were required to be passed on directly to the School District. The increase in federal revenue through the State of Alaska was offset by the equalization deduction in foundation revenue as provided in Alaska Statute section 14.17.410 and a reduction in tuition in lieu of taxes. An agreement was reached between the School District and the DEED that the change in the treatment of revenue would not result in an adverse impact on the operating revenue of the School District. This agreement is still in place and resulted in the State of Alaska making a \$1,450,000 payment for on-base schools in fiscal year 2019.

R. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the Alaska Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) and additions to/deductions from PERS's and TRS's fiduciary net position have been determined on the same basis as they are reported by PERS and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

S. On-Behalf Pension and Postemployment Healthcare Benefit Payments

Effective July 1, 2007 new State regulation set the effective contribution rates of the Alaska Public Employees' Retirement System and the Teachers' Retirement System defined benefit plan tiers below the actuarially determined rates. This legislation also provided that payments be made by the State on behalf of employers to make up the difference between the effective rate and the actuarially determined rate. As required by the Alaska Department of Education and Early Development, the on-behalf payments for all funds of the School District are recorded as revenue in the general fund. The corresponding pension expenditures are also recorded in the general fund in amounts equal to the on-behalf payments.

In the government-wide financial statements the pension on-behalf payments and related revenue are replaced with nonemployer pension expense as of the measurement date of June 30, 2018 and revenue equal to the nonemployer pension expense.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

T. Comparative Data

The financial statements include certain prior-year summarized comparative information in order to provide an understanding of the changes in the financial position and operation of the School District's funds. Such comparative information does not include the level of detail required for 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 School District's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Certain amounts presented in prior year data, which have no effect on change in net position or net change in fund balances, have been reclassified in order to be consistent with the current year's presentation.

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund statement of revenues, expenditures, and changes in fund balances include reconciliation between net change in fund balances – total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “the net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals and donations) is to increase net position.”

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

Net loss on the disposal of capital assets	<u>\$ 79,159</u>
Net adjustment to increase <i>net change in fund balance - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i> .	<u>\$ 79,159</u>

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Fund Balance Compliance

Borough Ordinance 7.04.125 requires the School District to not accumulate unrestricted fund balances, for all funds from all sources, greater than 40 percent of the Borough's July 1st direct appropriation to education for that fiscal year, exclusive of any impact aid advance and without regard to any proration among sources. It further explains what types of unrestricted funds are excluded from the permitted accumulation calculation, such as the local programs special revenue fund and student activities special revenue fund. The excess over the permitted accumulation amount shall be deposited to the Borough's maintenance reserve fund for School District Facilities by the December following the completion of the annual audit.

Title 14 of Alaska State Statutes limits an accumulation of fund balance in the general fund to less than ten percent of current year expenditures. Any amount in excess of this limit will reduce the subsequent year's state foundation aid. Alaska Administrative Code defines six items that are not subject to the fund balance accumulation threshold. A statement of compliance required by the Code can be found in the Supplemental Reports section of this comprehensive annual financial report.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements
June 30, 2019 (cont.)

Fund Balance Detail

	General Fund	Federal Programs Special Revenue Fund	Student Transportation Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals
Non-spendable:						
Inventory	\$ 282,719	\$	\$	\$	\$ 455,577	\$ 738,296
Prepaid items	44,681					44,681
Total non-spendable	<u>327,400</u>				<u>455,577</u>	<u>782,977</u>
Restricted:						
Student allotments	135,240					135,240
Federal programs		2,045				2,045
Construction				7,408,373		7,408,373
State programs					228,968	228,968
Total restricted	<u>135,240</u>	<u>2,045</u>		<u>7,408,373</u>	<u>228,968</u>	<u>7,774,626</u>
Committed:						
Instruments Equipment					38,562	38,562
Options Child Care					17,326	17,326
Barnette Magnet After School Program					68,298	68,298
University Park After School Program					8,485	8,485
Curriculum Staff Development					8,881	8,881
Community Donations					59,651	59,651
Learning and Leadership					4,500	4,500
School activities					1,371,888	1,371,888
Total committed					<u>1,577,591</u>	<u>1,577,591</u>
Assigned:						
Encumbrances	1,227,458					1,227,458
Impact aid advance	11,181,964					11,181,964
Subsequent year's expenditures	10,793,835					10,793,835
Student transportation			3,287,736			3,287,736
Construction				166,959		166,959
Total assigned	<u>23,203,257</u>		<u>3,287,736</u>	<u>166,959</u>		<u>26,657,952</u>
Unassigned					(116,449)	(116,449)
Total fund balance	<u>\$23,665,897</u>	<u>\$ 2,045</u>	<u>\$ 3,287,736</u>	<u>\$7,575,332</u>	<u>\$ 2,145,687</u>	<u>\$36,676,697</u>

NOTE 4: EQUITY IN CENTRAL TREASURY CASH AND INVESTMENTS

The School District is not authorized to secure direct investments. All cash funds of the School District are maintained in a central cash treasury by the Borough. Chapter 7.16 of the Borough Code of Ordinances describes the objectives, policies, and procedures for the investment of Borough funds and applies to the investment of all Borough moneys, unless otherwise provided expressly by ordinance.

Banking services are provided to the Borough under a contract with Wells Fargo Bank Alaska N.A (WFB). These services are being paid monthly through a fee based structure. All deposits are collateralized by federal deposit insurance or by securities held by the Borough.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

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. In addition, the Borough's entire investment portfolio cannot have an average maturity exceeding three years. Further, at the time of purchasing an investment, not more than 30 percent of the prior 12-month moving average value of the portfolio may be in the three- to five-year range.

The Borough's investments in debt securities are also subject to "credit risk" – the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured by nationally recognized statistical rating agencies, such as Standard & Poor's, Moody's, and Fitch in the form of credit quality ratings. 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 Borough also invests in the Alaska Municipal League Investment Pool, Inc. (Pool). The Pool is not SEC-registered, but is a 2a7-like money market fund, operating in a manner consistent with that rule. In March 2019, Standard & Poor's affirmed its AAAM principal stability fund rating to the Pool. Regulatory oversight of the Pool is established by Alaska Statue 37.23. The Pool must maintain a dollar-weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 13 months or less. As of June 30, 2019, 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 the Pool units.

The School District's carrying value of the equity in the central treasury varies from the balances reported in the various funds by the amount that individual funds have overdrawn their share of the pooled cash. A reconciliation of the carrying value to the reported value in the fund financial statements at June 30, 2019 is as follows:

	Carrying Value of Equity in Central Treasury	Due To/From Other Funds	Reported Equity in Central Treasury
General fund	\$ 24,733,859	\$ (3,845,277)	\$ 20,888,582
Federal programs special revenue fund	(3,494,533)	3,499,222	4,689
Student transportation special revenue fund	6,176,119		6,176,119
Capital projects fund	7,575,332		7,575,332
Nonmajor governmental funds	1,904,486	346,055	2,250,541
Total governmental funds	36,895,263		36,895,263
Risk management internal service fund	7,894,451		7,894,451
Equipment replacement internal service fund	1,616,402		1,616,402
Total governmental activities	\$ 46,406,116	\$	\$ 46,406,116
School District agency fund	\$ 35,870	\$	\$ 35,870

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements
June 30, 2019 (cont.)

NOTE 5: RECEIVABLES

Detail of accounts receivable reported in the statement of net position at June 30, 2019 were as follows:

Governmental activities:	Local	State	Federal	Total
General fund	\$ 506,671	\$	\$	\$ 506,671
Federal programs special revenue fund		3,199,238	435,986	3,635,224
Nonmajor governmental funds	150	240,575		240,725
Risk management internal service fund	229,100			229,100
Total receivables	<u>\$ 735,921</u>	<u>\$ 3,439,813</u>	<u>\$ 435,986</u>	<u>\$ 4,611,720</u>

NOTE 6: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2019 was as follows:

Due To/From Other Funds

	Interfund receivable	Interfund payable
General fund	\$ 3,845,277	\$
Federal programs special revenue fund		3,499,222
Nonmajor governmental funds		346,055
Total interfund receivable/payable	<u>\$ 3,845,277</u>	<u>\$ 3,845,277</u>

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers

	Transfers In	Transfer Out
Major funds		
General fund	\$	\$9,001,871
Student transportation special revenue fund	1,400,000	
Capital projects fund	7,408,373	
Nonmajor governmental funds	193,498	
Total transfers in/out	<u>\$ 9,001,871</u>	<u>\$ 9,001,871</u>

Transfers are made to use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Due To / From Fairbanks North Star Borough (Borough)

The amount due from the Borough of \$5,819 is comprised of office rental space in the School District's Administrative Center.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

NOTE 7: CAPITAL ASSETS

The Borough owns and accounts for all land, school buildings and improvements other than buildings, which are provided to School District schools without charge. Capital assets recorded in the School District's financial records consist of machinery, equipment and software. Included in the machinery and equipment category are commissioned works of art installed in school buildings.

The changes in capital assets by major class for the year ended June 30, 2019, were as follows:

	June 30, 2018			June 30, 2019
	Balance	Additions	Deductions	Balance
Governmental activities:				
Machinery and equipment	\$ 11,745,132	\$ 910,578	\$(549,801)	\$ 12,105,909
Less accumulated depreciation	(8,122,855)	(720,975)	470,642	(8,373,188)
Total, net of accumulated depreciation	<u>3,622,277</u>	<u>189,603</u>	<u>(79,159)</u>	<u>3,732,721</u>
Intangible assets (software)	1,642,842			1,642,842
Less accumulated amortization	(1,249,195)	(165,431)		(1,414,626)
Total, net of accumulated amortization	<u>393,647</u>	<u>(165,431)</u>		<u>228,216</u>
Governmental activities capital assets, net	<u>\$ 4,015,924</u>	<u>\$ 24,172</u>	<u>\$ (79,159)</u>	<u>\$ 3,960,937</u>

Depreciation/amortization expense was charged to governmental activities as follows:

Instruction	\$ 139,220
Special education instruction	62,587
Special education support services - students	1,135
Support services - students	27,669
Support services - instruction	147,893
School administration support services	1,019
District administration	8,406
District administration support services	217,038
Operations and maintenance of plant	243,034
Student activities	6,754
Student transportation - to and from school	5,838
Food services	25,813
Total depreciation/amortization expense	<u>\$ 886,405</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements
June 30, 2019 (cont.)

NOTE 8: LEASES

Operating Lease

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 August 14, 2024 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 leases do not give rise to property rights or lease obligations and therefore, the lease agreement is not reflected as an asset or liability. Operating lease expense for fiscal year 2019 was \$307,027.

Capital Lease

The School District acquired equipment under the provisions of a long-term lease agreement. Based on the terms of the lease agreement the lease qualifies as a capital lease for accounting purposes and, therefore, the liabilities associated with the capital lease have been recorded in the statement of net position. The equipment purchased was not capitalized as it did not meet the School District's asset capitalization threshold. The lease was paid in full in fiscal year 2019.

NOTE 9: GENERAL LONG-TERM LIABILITIES

Long-term liabilities for governmental activities for the year ended June 30, 2019 were as follows:

Governmental activities:	June 30, 2018 Balance	Additions	Reductions	June 30, 2019 Balance	Due Within One Year
Compensated absences	\$ 4,497,338	\$ 4,621,678	\$ (4,326,022)	\$ 4,792,994	\$4,536,049
Capital lease	670,769		(670,769)		
Claims on reserves	5,445,662	35,564,814	(35,869,573)	5,140,903	4,465,394
Net pension liability	131,727,567	4,473,033		136,200,600	
Net OPEB liability	16,367,005	8,675,748		25,042,753	
Total long term liabilities	<u>\$ 158,708,341</u>	<u>\$ 53,335,273</u>	<u>\$ (40,866,364)</u>	<u>\$ 171,177,250</u>	<u>\$9,001,443</u>

The risk management internal service fund serves the governmental funds. Accordingly, long-term liabilities related to claims and reserves are included as part of the above totals for governmental activities. Also, for governmental activities, claims and reserves are generally liquidated by the risk management internal service fund and compensated absences, net pension liability and net OPEB liability are generally liquidated by the general fund.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements
June 30, 2019 (cont.)

NOTE 10: DEBT ON SCHOOL CONSTRUCTION

A summary of general obligation bonds issued for school related debt, for which the School District has no liability either primary or secondary, is included in the Borough financial statements as follows:

	June 30, 2018 Balance	Additions	Reductions	June 30, 2019 Balance	Due Within One Year
2006, Series I	\$ 5,000,000	\$	\$ (525,000)	\$ 4,475,000	\$ 550,000
2007, Series J	6,705,000		(625,000)	6,080,000	650,000
2009, Series L	6,825,000		(550,000)	6,275,000	575,000
2010, Series M	8,150,000		(545,000)	7,605,000	565,000
2011, Series O	1,760,000		(1,760,000)		
2012, Series P	1,870,000		(600,000)	1,270,000	625,000
2013, Series Q	10,235,000		(2,100,000)	8,135,000	2,205,000
2014, Series R	8,520,000		(515,000)	8,005,000	525,000
2015, Series S	10,000,000		(1,415,000)	8,585,000	1,445,000
2016, Series T	53,895,000		(1,970,000)	51,925,000	2,075,000
2019, Series U		5,045,749		5,045,749	
	<u>\$ 112,960,000</u>	<u>\$ 5,045,749</u>	<u>\$ (10,605,000)</u>	<u>\$ 107,400,749</u>	<u>\$ 9,215,000</u>

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

Governmental activities:

Year Ending June 30	Principal	Interest
2020	\$ 9,215,000	\$ 4,375,976
2021	9,620,000	3,971,026
2022	8,710,000	3,558,127
2023	9,105,000	3,152,522
2024	7,965,000	2,767,745
2025-2029	29,405,642	9,319,703
2030-2034	22,982,471	3,977,198
2035-2039	10,767,632	703,912
Total	<u>\$ 107,770,745</u>	<u>\$ 31,826,209</u>

During the year, the Borough paid total principal and interest of \$5,110,150 for school-related debt service.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

NOTE 11: COMMITMENTS

As of June 30, 2019 the School District has encumbered amounts intended to honor in the subsequent year for the following governmental funds:

Major Governmental funds:

General fund	\$ 1,227,458
Federal programs special revenue fund	98,190
Student transportation special revenue fund	2,263,351
Capital projects fund	117,388
	<u>\$ 3,706,387</u>

Nonmajor governmental funds:

Special revenue funds	<u>\$ 48,067</u>
-----------------------	------------------

NOTE 12: RISK MANAGEMENT

The School District is 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: employee life insurance, employee fidelity bonds and employee disability insurance. The program self-insures some portion of the following risk exposures: employee and dependent medical, auto and general liability, workers' compensation, errors and omissions/public officials, property, and employment practices. Commercial insurance has also been obtained for excess coverage above self-retention limits for all risk exposures, except environmental. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

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.

The School District accounts for its self-insurance and risk management program in the risk management internal service fund. The Borough administers the program and charges the School District for claims paid and administration expenses incurred.

Self-insurance liabilities are accrued when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Self-insurance liabilities 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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICTNotes to the Basic Financial Statements
June 30, 2019 (cont.)

Changes in the risk management internal service fund liability amounts in fiscal years 2019 and 2018 were:

	Claims Liability 2018-19	Claims Liability 2017-18
July 1	\$ 5,445,662	\$ 4,688,744
Current year claims	34,483,564	33,531,094
Changes in estimates	1,081,251	825,572
Claims payments	(35,869,573)	(33,599,748)
June 30	<u>\$ 5,140,904</u>	<u>\$ 5,445,662</u>

Through various negotiated agreements with employees, the School District has put in place a cost sharing mechanism for health costs. At June 30 of each year, total health costs for the fiscal year are used to calculate an amount expected to be collected from employees in the following calendar year through payroll deductions. The School District records an employee receivable at June 30 of each year for this amount. The employee receivable at June 30, 2019 and 2018 was \$229,100 and \$2,991,359, respectively.

NOTE 13: BOROUGH IN-KIND AND ALLOCATED SERVICES

During the year, 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 and major facility maintenance. The costs of these services have not been charged to the School District. Other services provided by the Borough during the year are allocated and charged to School District operations as follows:

	Allocated Services 2018-19	Allocated Services 2017-18
Risk management overhead	\$ 515,717	\$ 583,427
Auto/general liability, property and other insurance premiums	948,080	844,301
Workers' compensation insurance premiums	227,225	239,454
Health and workers' compensation claims paid	35,845,282	33,747,587
General/auto liabilities, errors & omissions claims paid	168,598	90,818
Audit	65,249	61,047
	<u>\$ 37,770,151</u>	<u>\$ 35,566,634</u>

NOTE 14: RETIREMENT PLANS

Substantially all regular employees of the School District are either members of the Alaska Public Employees' Retirement System (PERS) or the Alaska Teachers' Retirement System (TRS). Both PERS and TRS are governed by the Alaska Retirement Management Board (ARM Board). Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. Membership in the PERS is mandatory for permanent employees scheduled to work at least 15 hours a week and who are not covered by the TRS. Membership in the TRS is mandatory 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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

Stand-alone financial statements for either plan can be obtained by writing to the Alaska Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203, by calling 1-800-821-2251, or by sending an email request to doa.drb.accountingsection@alaska.gov. The financial statements are also available on the web at doa.alaska.gov/drb/resources/publications.html. The following aggregate amounts for the PERS and TRS Defined Benefit and OPEB Plans as of June 30, 2019 are described in detail later in this note:

	PERS	TRS	Total
Net OPEB asset	\$ 336,116	\$ 580,732	\$ 916,848
Deferred outflows related to pensions	7,339,915	8,097,097	15,437,012
Deferred outflows related to OPEB	4,534,716	7,042,454	11,577,170
Net pension liability	61,898,825	74,301,775	136,200,600
Net OPEB liability	13,001,976	12,040,777	25,042,753
Deferred inflows related to pensions	1,553,539	2,095,115	3,648,654
Deferred inflows related to OPEB	5,140,654	5,023,532	10,164,186
Pension (revenue) expense	(5,789,574)	(2,491,438)	(8,281,012)
OPEB (revenue) expense	(51,487)	3,720,069	3,668,582

Alaska Public Employees' Retirement System

Plan Description

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 hybrid plan (Tier IV). Effective July 1, 2008, state legislation changed the defined benefit plan from an agent multiple-employer plan to a cost sharing multiple-employer plan.

The PERS consists of the following:

	Plan Type	Benefits
<i>Defined Benefit Plan Tiers I, II, III (DB Plan):</i>		
Defined Benefit Pension Plan	Cost-sharing, Defined Benefit Pension	Pension, Disability and Death
Alaska Retiree Health Care Trust (ARHCT)	Cost-sharing, Defined Benefit OPEB *	Healthcare
<i>Defined Contribution Hybrid Plan Tier IV (DCH Plan):</i>		
Defined Contribution Retirement Trust	Defined Contribution Pension	Pension
Health Reimbursement Arrangement Plan	Defined Contribution OPEB	Healthcare
Retiree Medical Plan	Cost-sharing, Defined Benefit OPEB	Healthcare
Occupational Death and Disability Plan	Cost-sharing, Defined Benefit OPEB	Disability and Death

* OPEB = Other Postemployment Benefits

Actuarial valuations are prepared for the PERS Defined Benefit Plan (the pension plan and the ARHCT combined), and for the Retiree Medical Plan and the Occupational Death and Disability Plan combined. These valuation reports are available from the Alaska Division of Retirement and Benefits web page <http://doa.alaska.gov/drb/pers/employee/resources/actuarialValuationReports.html>.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

Pension Benefits

DB Plan

The PERS DB Plan provides pension, disability, death, and healthcare benefits. Members are eligible to retire and receive monthly benefits when vested and at retirement age. Vesting occurs with five paid-up years of service. The DB Plan tiers establish differing criteria regarding normal retirement age, early retirement age, years of service eligibility, the calculation of average monthly salary, and the 10 percent cost of living allowance for Alaska residents. For all DB Plan tiers, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. An automatic postretirement pension adjustment (PRPA) is issued annually to all eligible benefit recipients when the cost of living increases in the previous calendar year.

DCH Plan

Employees hired on or after July 1, 2006 participate in the PERS DCH Plan. The PERS DCH Plan provides pension, occupational disability, death, and healthcare benefits. Pension benefits are provided through the Defined Contribution Retirement Trust. Employees immediately vest 100 percent in their own contributions and vest 25.00 percent in School District contributions with two years of service, plus an additional 25.00 percent per year thereafter for full vesting at five years of service. Contributions to the DCH Plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. Alaska Statutes require that forfeitures be used to reduce employer contributions and cannot be used to increase the benefits of any member.

Other Postemployment Benefits (OPEB)

DB Plan

As part of its participation in the PERS DB Plan (Tiers I, II and III), the School District participates in the Alaska Retiree Healthcare Trust (ARHCT). The ARHCT is self-funded and provides major medical coverage to retirees of the PERS. Major medical benefits are provided to retirees without cost for all members hired before July 1, 1986 (Tier I). Members hired on or after July 1, 1986 (Tier II) with five years of credited service (or ten years of credited service for those first hired on or after July 1, 1996 (Tier III)) may pay the full monthly premium if they are under age 60 (or over age 60 with less than ten years of service for those first hired on or after July 1, 1996), and receive benefits at no premium cost if they are over age 60 or are receiving disability benefits.

Active members who become totally and permanently disabled from either occupational or nonoccupational causes may be eligible to receive a monthly disability benefit. Survivor beneficiaries receive benefits when a member dies from either occupational or nonoccupational causes before a member's retirement. The PERS DB OPEB Plan is administered by the State of Alaska, Department of Administration.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

DCH Plan

PERS DCH OPEB plan participants (Tier IV) participate in the Retiree Medical Plan (cost-sharing defined benefit OPEB), the Healthcare Reimbursement Arrangement (HRA) Plan (defined contribution OPEB) and the Occupational Death and Disability (ODD) Plan (cost-sharing defined benefit OPEB). Members became eligible for the healthcare benefits of the Retiree Medical Plan beginning in June 2017. No plan members are eligible to use the Retiree Medical Plan until they have at least ten years of service. The HRA allows medical expenses to be reimbursed from individual savings accounts established for eligible participants. Active members who become totally and permanently disabled from occupational causes may be eligible to receive a monthly benefit. Survivor beneficiaries receive benefits when an employee dies from occupational causes before retirement.

Alaska Teachers' Retirement System

Plan Description

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.

The TRS consists of the following:

Defined Benefit Plan Tiers I, II (DB Plan):

Defined Benefit Pension Plan

Alaska Retiree Health Care Trust (ARHCT)

Defined Contribution Hybrid Plan Tier IV (DCH Plan):

Defined Contribution Retirement Trust

Health Reimbursement Arrangement Plan

Retiree Medical Plan

Occupational Death and Disability Plan

Plan Type	Benefits
Cost-sharing, Defined Benefit Pension	Pension, Disability and Death
Cost-sharing, Defined Benefit OPEB *	Healthcare
Defined Contribution Pension	Pension
Defined Contribution OPEB	Healthcare
Cost-sharing, Defined Benefit OPEB	Healthcare
Cost-sharing, Defined Benefit OPEB	Disability and Death

* OPEB = Other Postemployment Benefits

Actuarial valuations are prepared for the TRS Defined Benefit Plan (the pension plan and the ARHCT combined), and for the Retiree Medical Plan and the Occupational Death and Disability Plan combined. These valuation reports are available from the Alaska Division of Retirement and Benefits web page <http://doa.alaska.gov/drb/trs/employee/resources/actuarialValuationReports.html>.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

Pension Benefits

DB Plan

Members are eligible to retire and receive monthly benefits when vested and at retirement age. Vesting occurs with eight paid-up years of service. The DB Plan tiers establish differing criteria regarding normal retirement age, early retirement age and the 10 percent cost of living allowance for Alaska residents. For DB Plan tiers, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. An automatic postretirement pension adjustment (PRPA) is issued annually to all eligible benefit recipients when the cost of living increases in the previous calendar year.

DCH Plan

Employees hired on or after July 1, 2006 participate in the TRS DCH Plan. The TRS DCH Plan provides pension, healthcare, occupational disability and death benefits. Pension benefits are provided through the Defined Contribution Retirement Trust. Employees immediately vest 100 percent in their own contributions and vest 25.00 percent in School District contributions with two years of service, plus an additional 25.00 percent per year thereafter for full vesting at five years of service. Contributions to the DCH Plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. Alaska Statutes require that forfeitures be used to reduce employer contributions and cannot be used to increase the benefits of any one member.

Other Postemployment Benefits (OPEB)

DB Plan

As part of its participation in the TRS (Tiers I and II), the School District participates in the Alaska Retiree Healthcare Trust (ARHCT). The ARHCT is self-funded and provides major medical coverage to retirees of the TRS. Major medical benefits are provided to retirees without cost for all members hired before July 1, 1990 (Tier I). Members hired on or after July 1, 1990 (Tier II) with eight years of credited service may pay the full monthly premium if they are under age 60, and receive benefits at no premium cost if they are over age 60 or are receiving disability benefits.

Active members who become totally and permanently disabled from either occupational or nonoccupational causes may be eligible to receive a monthly disability benefit. Survivor beneficiaries receive benefits when a member dies from either occupational or nonoccupational causes before a member's retirement. The TRS DB OPEB Plan is administered by the State of Alaska, Department of Administration.

DCH Plan

TRS DCH OPEB plan participants (Tier III) participate in the Retiree Medical Plan (cost-sharing defined benefit OPEB), the Healthcare Reimbursement Arrangement (HRA) Plan (defined contribution OPEB) and the Occupational Death and Disability (ODD) Plan (cost sharing defined benefit OPEB). Members became eligible for the healthcare benefits of the Retiree Medical Plan beginning in June 2017. No plan members are eligible to use the Retiree Medical Plan until they have at least ten years of service. The HRA allows medical expenses to be reimbursed from individual savings accounts established for eligible participants. Active members who become totally and permanently disabled from occupational causes may be eligible to receive a monthly benefit. Survivor beneficiaries receive benefits when an employee dies from occupational causes before retirement.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

Funding Policy and Contributions

Employee Contribution Rates

Employee contribution rates for the PERS DB Pension Plan are 6.75 percent or 9.6 percent (employees on a nine-month contract) of eligible compensation. For the PERS DCH Plan the employee contribution rate is 8.00 percent of eligible compensation. Employee contribution rates for the TRS DB Pension Plan and DCH Pension Plan are 8.65 and 8.00 percent, respectively, of eligible compensation. Employee contributions for the PERS and TRS DCH Plans go fully toward each member's individual pension account. Employees do not contribute to the postemployment benefit plans for the Retiree Medical Plan, the HRA Plan or the ODD Plan.

Employer Effective Contribution Rates

The effective rate established by State statute is set at the greater of 22.00 percent for PERS and 12.56 percent for TRS or the actuarially determined normal cost rate of the DB Plan. The rate is applied to *all* PERS and TRS eligible compensation, including those wages attributable to employees in the DCH Plan. Employer effective contribution rates were:

	PERS	TRS
DB Plan:		
Pension	16.17%	8.41%
OPEB	5.83%	4.15%
	<u>22.00%</u>	<u>12.56%</u>
DCH Plan:		
Retirement Trust	5.00%	7.00%
OPEB - Retiree Medical Plan	0.94%	0.79%
OPEB - Occupational Death and Disability Plan	0.26%	0.08%
OPEB - HRA Plan (see below)		
Defined Benefit Unfunded Liability (see below)		
	<u>22.00%</u>	<u>22.00%</u>

For the HRA Plan, the employer contribution is a flat dollar amount per employee based on 3.00 percent of the average annual compensation of all employees of all employers in the plan. The flat dollar amount for fiscal year 2019 was \$80.88 per pay period for full-time employees. For PERS part-time employees the flat dollar amount was \$1.35 per hour and the rate for TRS part-time employees is based on the contract percentage worked multiplied by the flat dollar amount per bi-weekly pay period for full-time employees.

The Defined Benefit Unfunded Liability (DBUL) amount is levied against the DCH Plan payroll. The DBUL is computed as the difference between the statutory employer contribution rate of 22.00 percent for fiscal year 2019, less the total of the employer contributions for DCH Plan employees for the Defined Contribution Retirement Trust, the HRA Plan, the Retiree Medical Plan, and the Occupational Death and Disability Plan. The difference is deposited, based on an actuarial allocation, into the DB Plan's pension and healthcare funds.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

ARM Board Adopted Rate

As adopted by the ARM Board, the funding policy for the PERS and TRS DB Plans provides for calculation of actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the assets necessary to meet 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 on-behalf nonemployer contribution by the State. As a result, the State's direct on-behalf nonemployer contribution is an amount that, when combined with the employer contribution, will be sufficient to pay the total contribution rate adopted by the ARM Board. Each year the ARM Board certifies an appropriate contribution rate for normal costs and for liquidating any past service liability determined by a level percent of pay method with a 25 year closed amortization period. The rates for fiscal year 2019 were:

	PERS	TRS
Pension	23.21%	26.20%
Other postemployment healthcare	4.37%	2.70%
	<u>27.58%</u>	<u>28.90%</u>

On-behalf Nonemployer Contribution Rate

As noted above the State is required to make a direct on-behalf nonemployer contribution to the PERS and TRS DB Plans equal to the difference between the ARM Board rate and the employer effective rate. The PERS and TRS on-behalf nonemployer contribution rates for fiscal year 2019, applied exclusively to pension, were 5.58 and 16.34 percent, respectively. The PERS and TRS on-behalf nonemployer contribution rates for fiscal year 2018, applied exclusively to pension, were 3.01 percent and 14.22 percent, respectively.

On-behalf nonemployer pension and other postemployment health contributions are recorded in the general fund as revenues from state sources and as expenditures. On the government-wide statement of activities the on-behalf nonemployer pension and other postemployment health contribution expenditures and revenue are replaced with nonemployer pension and other postemployment health expense as of the measurement date of June 30, 2018 and revenue equal to the nonemployer pension and other postemployment health expense.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

Contributions

Contributions into each plan for fiscal years ended June 30, 2019 and 2018 were as follows:

	PERS		TRS	
	Fiscal Year		Fiscal Year	
	2019	2018	2019	2018
DB Plan Pension:				
Employer	\$2,402,504	\$2,751,093	\$3,497,994	\$3,654,422
Employer DBUL pension	1,775,426	1,625,735	233,300	346,419
Nonemployer (on-behalf)	2,206,170	1,167,030	12,476,150	11,156,132
DB Plan OPEB:				
Healthcare (ARHCT) employer	858,720	784,271	1,734,715	1,811,910
Employer DBUL healthcare	628,270	463,357	79,017	171,551
DCH Plan Pension:				
Employer	1,118,956	977,003	2,408,606	2,179,544
Employee	1,789,911	1,563,187	2,752,691	2,490,902
DCH Plan OPEB:				
HRA employer	1,107,940	995,588	1,306,419	933,178
Retiree medical plan employer	210,389	201,745	271,832	283,341
ODD plan employer	58,182	31,321	27,525	

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019 and 2018, the School District reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the School District. The amount recognized by the School District as its proportionate share of the net pension liability, the related State of Alaska support, and the total portion of the net pension liability that was associated with the School District were as follows:

	PERS		TRS	
	Fiscal Year		Fiscal Year	
	2019	2018	2019	2018
District's proportionate share of NPL	\$ 61,898,825	\$ 59,766,961	\$ 74,301,775	\$ 71,960,606
State of Alaska's proportionate share of NPL associated with the District	17,928,534	22,267,660	110,464,440	125,588,693
Total net pension liability	<u>\$ 79,827,359</u>	<u>\$ 82,034,621</u>	<u>\$ 184,766,215</u>	<u>\$ 197,549,299</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

The net pension liability for fiscal year 2019 was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018. The School District's proportion of the net pension liability for fiscal year 2019 was based on the ratio of the present value of projected future contributions of all participating employers and the State of Alaska to the total present value of projected future contributions for the fiscal years 2020 to 2039 to the plan.

At the measurement date of June 30, 2018 the School District's proportionate share of PERS was 1.24569 percent, which was an increase of 7.74 percent from its proportion of 1.15616 percent measured as of June 30, 2017. For TRS the School District's proportion was 3.88135 percent, which was an increase of 9.30 percent from its proportion of 3.55078 percent measured as of June 30, 2017.

For the year ended June 30, 2019, the School District recognized a reduction of pension expense of \$5,789,574 for PERS and a reduction of pension expense of \$2,491,438 for TRS. In addition, the School District recognized revenue equal to the nonemployer portion of total pension expense of \$839,447 and \$5,128,287 for PERS and TRS, respectively.

At June 30, 2019 the School District reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

Deferred Outflow of Resources	PERS	TRS	Combined
Net difference between projected and actual earnings on pension plan investments	\$ 1,367,061	\$ 2,455,876	\$ 3,822,937
Changes in proportion and differences between District contributions and proportionate share of contributions	1,794,924	1,909,927	3,704,851
District contributions subsequent to the measurement date	4,177,930	3,731,294	7,909,224
	<u>\$ 7,339,915</u>	<u>\$ 8,097,097</u>	<u>\$ 15,437,012</u>
Deferred Inflow of Resources	PERS	TRS	Combined
Difference between expected and actual experience	<u>\$ 1,553,539</u>	<u>\$ 2,095,115</u>	<u>\$ 3,648,654</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

The School District reported \$7,909,224 as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	PERS	TRS	Combined
2020	\$ 1,980,101	\$ 2,937,372	\$ 4,917,473
2021	747,503	1,439,297	2,186,800
2022	(1,059,220)	(1,982,802)	(3,042,022)
2023	(59,938)	(123,178)	(183,116)
	<u>\$ 1,608,446</u>	<u>\$ 2,270,689</u>	<u>\$ 3,879,135</u>

Actuarial Assumptions

The total net pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, prepared by Buck Consultants, LLC, which was rolled forward to June 30, 2018. The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the ARM Board to better reflect expected future experience.

Generally, both PERS and TRS follow the same assumptions, except as noted:

Inflation rate	3.12%
Salary increases	Teachers in TRS - graded by age and service, from 8.11% to 3.87% All others - graded by age and service, from 8.55% to 4.34%
Investment rate of return	8.00%, net of pension plan investment expenses. This is based on average inflation rate of 3.12% and a real rate of return of 4.88%.
Mortality	Teachers in TRS pre-termination - based upon the 2010-2013 actual mortality experience. 68% of male rates and 60% of female rates of post-termination mortality. Deaths are assumed to result from non-occupational causes 85% of the time. All others pre-terminations - based on the 2010-2013 actual mortality experiences. 60% of male rates and 65% of female rates of post-termination mortality rates. Deaths are assumed to be occupational 50% of the time. Teachers in TRS post-termination - based on the 2010-2013 actual mortality experience. 94% of male and 97% of female rates of RP-2000, 2000 Base Year projected to 2018 with Projection Scale BB, with a 3-year setback for males and a 4-year setback for females. All others post-termination - 96% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	8.90%
Global ex. U.S. equity	7.85%
Fixed Income	1.25%
Opportunistic	4.76%
Real Assets	6.20%
Absolute return	4.76%
Private equity	12.08%
Cash equivalents	0.66%

Discount Rate

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that employer and nonemployer contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability in accordance with the method prescribed by GASB Statement No. 67.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability and the School District's proportionate share of the net pension liability as of June 30, 2018, calculated using the discount rate of 8.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Proportionate Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
PERS net pension liability	100.0%	\$ 6,580,245,387	\$ 4,969,027,000	\$ 3,606,130,767
District's proportionate share of the PERS NPL	1.24569%	\$ 81,969,660	\$ 61,898,825	\$ 44,921,321
	Proportionate Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
TRS net pension liability	100.0%	\$ 2,738,519,394	\$ 1,914,329,000	\$ 1,220,808,498
District's proportionate share of the TRS NPL	3.88135%	\$ 106,291,475	\$ 74,301,775	\$ 47,383,829

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the separately issued PERS and TRS financial reports.

OPEB Assets, Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2019, the amounts recognized by the School District as its proportionate share of the net OPEB (asset) liability, the related State of Alaska support, and the total portion of the net OPEB (asset) liability that was associated with the School District were as follows:

	PERS	TRS
School District's proportionate share of the:		
DB Plan:		
Alaska Retiree Healthcare Trust net OPEB liability	\$ 12,781,758	\$ 12,040,777
DCH Plan:		
Retiree Medical Plan net OPEB (asset) liability	220,218	(277,026)
Occupational Death and Disability Plan net OPEB asset	(336,116)	(303,706)
State of Alaska's proportionate share of the net OPEB liability associated with the School District	3,710,299	17,968,742
Total	<u>\$ 16,376,159</u>	<u>\$ 29,428,787</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

The net OPEB asset and liability for fiscal year 2019 was measured as of June 30, 2018 and the total OPEB liability for all three OPEB plans used to calculate the net OPEB asset and liability was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018. Each entity's proportion of the net OPEB liability for the Alaska Retiree Healthcare Trust was based on the ratio of the present value of projected future contributions of all participating PERS and TRS employers, and the State of Alaska, to the total present value of projected future contributions to the plan for the fiscal years 2020 to 2039. For the Retiree Medical Plan each entity's proportion of the net OPEB asset and liability was based on the ratio of contributions made by each participating PERS and TRS employer to the total contributions made to the plan during the year ended June 30, 2018. The Occupational Death and Disability Plan used the same allocation percentages as those calculated for the Retiree Medical Plan to allocate the net OPEB liability to each participating PERS and TRS employer.

At the measurement date of June 30, 2018 the School District's proportional share and changes to proportional share of PERS and TRS OPEB were:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Increase (Decrease)</u>
PERS DB Plan:			
Alaska Retiree Healthcare Trust	1.24544%	1.15632%	0.08912%
PERS DCH Plan:			
Retiree Medical Plan	1.73060%	1.68907%	0.04153%
Occupational Death and Disability Plan	1.73060%	1.68907%	0.04153%
TRS DB Plan:			
Alaska Retiree Healthcare Trust	3.87239%	3.53977%	0.33262%
TRS DCH Plan:			
Retiree Medical Plan	8.66246%	8.59184%	0.07062%
Occupational Death and Disability Plan	8.66246%	8.59184%	0.07062%

For the year ended June 30, 2019, the School District recognized a reduction of OPEB expense of \$51,487 for PERS and OPEB expense of \$3,720,069 for TRS. In addition, the School District recognized revenue equal to the nonemployer portion of total OPEB expense of \$487,085 and \$3,209,114 for PERS and TRS, respectively.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements
June 30, 2019 (cont.)

At June 30, 2019 the School District reported deferred outflows of resources related to the PERS and TRS Alaska Retiree Healthcare Trust, Retiree Medical Plan, and Occupational Death and Disability Plan from the following sources:

	PERS			
	ARHT	RMP	ODD	Combined
Changes in actuarial assumptions	\$ 1,939,121	\$ 102,022		\$ 2,041,143
Changes in proportion and differences between School District contributions and proportionate share of contributions	732,927	5,086		738,013
School District contributions subsequent to the measurement date	1,486,989	210,389	58,182	1,755,560
	<u>\$ 4,159,037</u>	<u>\$ 317,497</u>	<u>\$ 58,182</u>	<u>\$ 4,534,716</u>
	TRS			
	ARHT	RMP	ODD	Combined
Changes in actuarial assumptions	\$ 3,462,151	\$ 170,640		\$ 3,632,791
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,296,574			1,296,574
School District contributions subsequent to the measurement date	1,813,732	271,832	27,525	2,113,089
	<u>\$ 6,572,457</u>	<u>\$ 442,472</u>	<u>\$ 27,525</u>	<u>\$ 7,042,454</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements
June 30, 2019 (cont.)

At June 30, 2019 the School District reported deferred inflows of resources related to the PERS and TRS Alaska Retiree Healthcare Trust, Retiree Medical Plan, and Occupational Death and Disability Plan from the following sources:

	PERS			
	ARHT	RMP	ODD	Combined
Difference between expected an actual experience	\$ 1,367,726	11,774	\$ 92,995	\$ 1,472,495
Net difference between projected and actual earnings on OPEB plan investments	2,708,566	32,120	11,823	2,752,509
Changes in proportion and differences between School District contributions and proportionate share of contributions	895,916		19,734	915,650
	<u>\$ 4,972,208</u>	<u>\$ 43,894</u>	<u>\$ 124,552</u>	<u>\$ 5,140,654</u>
	TRS			
	ARHT	RMP	ODD	Combined
Difference between expected an actual experience	\$ 1,488,660	30,534	\$ 20,431	\$ 1,539,625
Net difference between projected and actual earnings on OPEB plan investments	3,135,863	60,984	8,610	3,205,457
Changes in proportion and differences between School District contributions and proportionate share of contributions	264,785	6,604	7,061	278,450
	<u>\$ 4,889,308</u>	<u>\$ 98,122</u>	<u>\$ 36,102</u>	<u>\$ 5,023,532</u>

Detailed information for deferred outflows of resources and deferred inflows of resources for individual OPEB plans reported above can be found on the Alaska Department of Administration, Division of Retirement and Benefits website at: <http://doa.alaska.gov/drb/employer/resources/gasb.html#.V-SNjuSouUk>.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

The School District reported \$3,868,649 as deferred outflows of resources related to OPEBs resulting from district contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

PERS				
Year ended June 30:	ARHT	RMP	ODD	Combined
2020	\$ (993,481)	\$ 1,026	\$ (18,094)	\$ (1,010,549)
2021	(364,232)	1,026	(18,094)	(381,300)
2022	(883,060)	1,026	(18,094)	(900,128)
2023	(59,386)	11,991	(14,259)	(61,654)
2024		11,797	(14,180)	(2,383)
Thereafter		36,347	(41,831)	(5,484)
	<u>\$ (2,300,159)</u>	<u>\$ 63,213</u>	<u>\$ (124,552)</u>	<u>\$ (2,361,498)</u>

TRS				
Year ended June 30:	ARHT	RMP	ODD	Combined
2020	\$ 1,393,103	\$ (5,948)	\$ (5,859)	\$ 1,381,296
2021	(434,227)	(5,948)	(5,859)	(446,034)
2022	(1,023,202)	(5,948)	(5,859)	(1,035,009)
2023	(66,257)	14,773	(3,173)	(54,657)
2024		14,478	(3,035)	11,443
Thereafter		61,111	(12,319)	48,792
	<u>\$ (130,583)</u>	<u>\$ 72,518</u>	<u>\$ (36,104)</u>	<u>\$ (94,169)</u>

Actuarial Assumptions

The total net OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, prepared by Buck Consultants, LLC, which was rolled forward to June 30, 2018. The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the ARM Board to better reflect expected future experience.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

Generally, both PERS and TRS follow the same assumptions, except as noted:

Inflation rate	3.12%
Salary increases	Teachers in TRS - graded by age and service, from 8.11% to 3.87% All others - graded by age and service, from 8.55% to 4.34%
Investment rate of return	8.00%, net of OPEB plan investment expenses. This is based on average inflation rate of 3.12% and a real rate of return of 4.88%.
Healthcare cost trend rates ¹	Pre-65 medical: 8.8% grading down to 4.0% Post-65 medical: 5.5% grading down to 4.0% Prescription drugs: 9.0% grading down to 4.0% Retiree drug subsidy/employer group waiver program: 6.5% grading down to 4.0%
Healthcare participation ²	100% system paid of members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible. 10% of non-system paid members are assumed to elect the healthcare benefits as soon as they are eligible.
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience, 68% of males and 60% of female post-termination rates for teachers, 60% of male and 65% of female for all others. Deaths are assumed to be non-occupational 85% of the time for teachers, 50% of the time for others. Post-termination - Based 94% of the male rates and 97% of the female rates for teachers, 96% for all others, of the RP-2000 table. 2000 base year projected to 2018 with projection scale BB.

¹ Applicable to retiree medical and death and disability only

² Applicable to death and disability only

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

The DCH Retiree Medical Plan's participation rates reflect the expected plan election rate that varies by reason for decrement, duration that a member may pay full cost prior to Medicare eligibility, and availability of alternative and/or lower cost options, particularly in the Medicare market. This assumption is based on observed trends in participation from a range of other plans. The following participation rates were used to measure the collective net OPEB liability as of both June 30, 2018 and 2017:

Decrement Due to Disability		Decrement Due to Retirement	
Age	Percent Participation	Age	Percent Participation
< 56	73.00%	55	40.00%
56	77.50%	56	50.00%
57	79.75%	57	55.00%
58	82.00%	58	60.00%
59	84.25%	59	65.00%
60	86.50%	60	70.00%
61	88.75%	61	75.00%
62	91.00%	62	80.00%
63	93.25%	63	85.00%
64	95.50%	64	90.00%
65 +	94.40%	65 +	<u>Years of Service</u>
		< 15	70.50%
		15-19	75.20%
		20-24	79.90%
		25-29	89.30%
		30 +	94.00%

Long-term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2018 are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	8.90%
Global ex. U.S. equity	7.85%
Fixed income	1.25%
Opportunistic	4.76%
Real Assets	6.20%
Absolute return	4.76%
Private equity	12.08%
Cash equivalents	0.66%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

Discount Rate

The discount rate used to measure the total OPEB liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that employer and nonemployer contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability in accordance with the method prescribed by GASB Statement No. 67 and GASB Statement No. 74.

Sensitivity of the Net OPEB (asset) Liability to Changes in the Discount Rate

The following presents the net OPEB (asset) liability and the School District's proportionate share of the net OPEB (asset) liability as of June 30, 2018, calculated using the discount rate of 8.00 percent, as well as what the School District's proportionate share of the net OPEB (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Proportionate Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
PERS (asset) liability				
Retiree medical plan	100.00%	\$ 38,000,000	\$ 12,725,000	\$ (6,989,000)
Occupational death and disability plan	100.00%	(18,238,000)	(19,422,000)	(20,396,000)
Alaska retiree healthcare trust	100.00%	2,077,719,000	1,026,288,000	144,974,000
School District's proportionate share of the PERS (asset) liability				
Retiree medical plan	1.73060%	\$ 657,626	\$ 220,218	\$ (120,951)
Occupational death and disability plan	1.73060%	(315,626)	(336,116)	(352,972)
Alaska retiree healthcare trust	1.24544%	25,876,656	12,781,758	1,805,558
TRS (asset) liability				
Retiree medical plan	100.00%	\$ 5,462,000	\$ (3,198,000)	\$ (9,786,000)
Occupational death and disability plan	100.00%	(3,524,000)	(3,506,000)	(3,496,000)
Alaska retiree healthcare trust	100.00%	738,084,000	310,939,000	(41,644,000)
School District's proportionate share of the TRS (asset) liability				
Retiree medical plan	8.66246%	\$ 473,144	\$ (277,026)	\$ (847,709)
Occupational death and disability plan	8.66246%	(305,265)	(303,706)	(302,840)
Alaska retiree healthcare trust	3.87239%	28,581,505	12,040,777	(1,612,619)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2019 (cont.)

Sensitivity of the Net OPEB (asset) Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB (asset) liability and the School District's proportionate share of the net OPEB (asset) liability as of June 30, 2018, calculated using the healthcare cost trend rates and using the trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current healthcare cost trend rate	1% Increase
PERS (asset) liability			
Retiree medical plan	<u>\$ (10,819,000)</u>	<u>\$ 12,725,000</u>	<u>\$ 44,234,000</u>
Alaska retiree healthcare trust	19,922,000	1,026,288,000	2,238,554,000
School District's proportionate share of the PERS (asset) liability			
Retiree medical plan	\$ (187,233)	\$ 220,218	\$ 765,511
Alaska retiree healthcare trust	248,116	12,781,758	27,879,752
TRS (asset) liability			
Retiree medical plan	<u>\$ (11,025,000)</u>	<u>\$ (3,198,000)</u>	<u>\$ 7,582,000</u>
Alaska retiree healthcare trust	(84,699,000)	310,939,000	793,808,000
School District's proportionate share of the TRS (asset) liability			
Retiree medical plan	\$ (955,036)	\$ (277,026)	\$ 656,788
Alaska retiree healthcare trust	(3,279,877)	12,040,777	30,739,357

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plans' fiduciary net position is available in the separately issued PERS and TRS financial reports.

NOTE 15: CONTINGENCIES

School operations are monitored by the Alaska Department of Education and Early Development; therefore, revenues from State of Alaska sources may be subject to subsequent adjustment. Additionally, amounts received or receivable from grantor agencies are subject to audit by grantor agencies. Any disallowed claims, including amounts already collected, would become a liability of the general fund. The School District, in the normal course of its activities, is involved in various claims and litigation proceedings and seeks to accrue amounts it considers sufficient to cover settlements that may be payable as a result of unfavorable outcomes.

This Page Intentionally Left Blank.

REQUIRED SUPPLEMENTARY INFORMATION

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts			Actual on	
	Original	Final	Actual	Budgetary	Variance with
				Basis	Final Budget
Revenues:					
Local sources	\$ 51,013,600	\$ 51,013,600	\$ 51,322,519	\$ 51,322,519	\$ 308,919
State sources	130,869,434	133,771,147	128,721,880	128,721,880	(5,049,267)
Federal sources	15,954,560	15,954,560	20,941,371	20,941,371	4,986,811
Total revenues	<u>197,837,594</u>	<u>200,739,307</u>	<u>200,985,770</u>	<u>200,985,770</u>	<u>246,463</u>
Expenditures - current:					
Instruction	93,434,772	94,870,822	92,537,716	92,514,880	2,355,942
Special education instruction	25,314,189	25,385,096	25,774,151	23,877,645	1,507,451
Special education support services - students	9,043,093	9,762,908	9,443,329	9,445,715	317,193
Support services - students	12,606,113	13,038,554	11,985,075	11,847,898	1,190,656
Support services - instruction	8,347,943	8,142,191	8,616,061	8,395,746	(253,555)
School administration	7,867,349	7,836,183	7,937,095	7,937,095	(100,912)
School administration support services	5,957,169	5,994,674	5,477,135	5,478,565	516,109
District administration	2,662,677	2,894,701	3,016,670	3,015,195	(120,494)
District administration support services	10,467,358	10,595,066	10,027,363	10,088,178	506,888
Operations and maintenance of plant	24,054,673	24,395,951	24,095,829	23,667,568	728,383
Student activities	2,375,386	2,340,120	2,208,945	2,204,335	135,785
Total current	<u>202,130,722</u>	<u>205,256,266</u>	<u>201,119,369</u>	<u>198,472,820</u>	<u>6,783,446</u>
Debt service:					
Interest		6,506	9,775	9,775	(3,269)
Principal		333,766	670,769	670,769	(337,003)
Total debt service		<u>340,272</u>	<u>680,544</u>	<u>680,544</u>	<u>(340,272)</u>
Total expenditures	<u>202,130,722</u>	<u>205,596,538</u>	<u>201,799,913</u>	<u>199,153,364</u>	<u>6,443,174</u>
Other financing sources (uses):					
Proceeds from sale of capital assets			12,363	12,363	12,363
Transfers out	(3,392,465)	(1,593,499)	(9,001,871)	(9,001,871)	(7,408,372)
Total other financing sources (uses)	<u>(3,392,465)</u>	<u>(1,593,499)</u>	<u>(8,989,508)</u>	<u>(8,989,508)</u>	<u>(7,396,009)</u>
Net change in fund balance	<u>\$ (7,685,593)</u>	<u>\$ (6,450,730)</u>	<u>(9,803,651)</u>	<u>\$ (7,157,102)</u>	<u>\$ (706,372)</u>
Fund balance - beginning			<u>33,469,548</u>		
Fund balance - ending			<u>\$ 23,665,897</u>		

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Federal Programs Special Revenue
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Local sources	\$	\$	\$ 6,470	\$ 6,470	\$ 6,470
Federal sources	16,136,982	18,457,730	12,466,760	12,546,047	(5,911,683)
Total revenues	<u>16,136,982</u>	<u>18,457,730</u>	<u>12,473,230</u>	<u>12,552,517</u>	<u>(5,905,213)</u>
Expenditures - current:					
Instruction	4,617,876	5,036,827	4,278,492	4,268,881	767,946
Special education instruction	3,624,710	5,212,057	3,901,418	3,892,126	1,319,931
Support services - students	4,792,072	5,055,165	2,440,656	2,538,846	2,516,319
Support services - instruction	1,385,763	1,385,763	1,097,973	1,097,973	287,790
District administration support services	755,266	896,245	682,226	682,226	214,019
Food services	71,065	71,065	71,065	71,065	
Total expenditures	<u>15,246,752</u>	<u>17,657,122</u>	<u>12,471,830</u>	<u>12,551,117</u>	<u>5,106,005</u>
Net change in fund balance	<u>\$ 890,230</u>	<u>\$ 800,608</u>	1,400	<u>\$ 1,400</u>	<u>\$ (799,208)</u>
Fund balance - beginning			645		
Fund balance - ending			<u>\$ 2,045</u>		

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Student Transportation Special Revenue
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>			<u>Actual on</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Budgetary</u>	<u>Variance with</u>
				<u>Basis</u>	<u>Final Budget</u>
Revenues:					
State sources	<u>\$ 12,165,585</u>	<u>\$ 12,165,290</u>	<u>\$ 11,724,882</u>	<u>\$ 13,986,696</u>	<u>\$ 1,821,406</u>
Expenditures - current:					
Student transportation - to and from school	<u>15,065,585</u>	<u>15,065,290</u>	<u>13,881,158</u>	<u>16,142,972</u>	<u>(1,077,682)</u>
Other financing sources - transfers in	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>	
Net change in fund balance	<u>\$ (1,500,000)</u>	<u>\$ (1,500,000)</u>	<u>(756,276)</u>	<u>\$ (756,276)</u>	<u>\$ 743,724</u>
Fund balance - beginning			<u>4,044,012</u>		
Fund balance - ending			<u>\$ 3,287,736</u>		

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Schedule of the School District's Proportionate Share of the Net Pension Liability Public Employees' Retirement System (PERS) Defined Benefit Pension Plan Last Ten Fiscal Years

Fiscal Year	District's proportion of the net pension liability	District's proportionate share of the net pension liability	State of Alaska's proportionate share of the net pension liability	Total net pension liability	District's covered payroll	District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.83535%	\$ 38,961,973	\$ 34,637,437	\$ 73,599,410	\$ 22,799,065	170.89%	62.37%
2016	1.59763%	77,485,110	20,753,489	98,238,599	21,055,300	368.01%	63.96%
2017	1.46640%	81,965,649	10,328,585	92,294,234	19,703,788	415.99%	59.55%
2018	1.15616%	59,766,961	22,267,660	82,034,621	18,026,510	331.55%	63.37%
2019	1.24569%	61,898,825	17,928,534	79,827,359	16,068,624	385.22%	65.19%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Schedule of the School District's Pension Contributions
Public Employees' Retirement System (PERS)
Defined Benefit Pension Plan
Last Ten Fiscal Years

Fiscal Year	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered- employee payroll
2015	\$ 3,512,945	\$ (3,512,945)	\$	\$ 21,055,300	16.68%
2016	3,576,532	(3,576,532)		19,703,788	18.15%
2017	3,967,085	(3,967,085)		18,026,510	22.01%
2018	4,376,828	(4,410,368)	(33,540)	16,068,624	27.45%
2019	4,159,194	(4,177,930)	(18,736)	14,295,690	29.23%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Schedule of the School District's Proportionate Share of the Net Pension Liability Teachers' Retirement System (TRS) Defined Benefit Pension Plan Last Ten Fiscal Years

Fiscal Year	District's proportion of the net pension liability	District's proportionate share of the net pension liability	State of Alaska's proportionate share of the net pension liability	Total net pension liability	District's covered payroll	District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	1.58672%	\$ 47,586,729	\$ 249,903,789	\$ 297,490,518	\$ 54,739,191	86.93%	55.70%
2016	3.90081%	72,572,580	115,994,452	188,567,032	52,103,588	139.29%	73.82%
2017	4.60671%	105,186,990	125,022,680	230,209,670	49,079,783	214.32%	68.40%
2018	3.55078%	71,960,606	125,588,693	197,549,299	46,120,887	156.03%	72.39%
2019	3.88135%	74,301,775	110,464,440	184,766,215	43,588,853	170.46%	74.09%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Schedule of the School District's Pension Contributions
Teachers' Retirement System (TRS)
Defined Benefit Pension Plan
Last Ten Fiscal Years

Fiscal Year	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered- employee payroll
2015	\$ 3,882,614	\$ (3,882,614)	\$	\$ 52,103,588	7.45%
2016	3,589,818	(3,589,818)		49,079,783	7.31%
2017	3,815,829	(3,815,829)		46,120,887	8.27%
2018	4,004,840	(4,017,542)	(12,702)	43,588,853	9.22%
2019	3,742,806	(3,731,294)	11,512	40,023,497	9.32%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Schedule of the School District's Proportionate Share of the Net OPEB Liability Public Employees' Retirement System (PERS) Defined Benefit OPEB Plans Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>District's proportion of the net OPEB liability</u>	<u>District's proportionate share of the net OPEB liability</u>	<u>State of Alaska's proportionate share of the net OPEB liability</u>	<u>Total net OPEB liability</u>	<u>District's covered payroll</u>	<u>District's proportionate share of the net OPEB liability as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
Alaska Retiree Health Care Trust (ARHCT)							
2018	1.56320%	\$ 9,768,118	\$ 3,641,238	\$ 13,409,356	\$ 18,026,510	54.19%	89.68%
2019	1.24544%	12,781,758	3,710,299	16,492,057	16,068,624	79.54%	88.12%
Retiree Medical							
2018	1.68907%	\$ 88,085	\$	\$ 88,085	\$ 17,551,339	0.50%	93.98%
2019	1.73060%	220,218		220,218	19,398,257	1.14%	88.71%
Occupational Death and Disability							
2018	1.68907%	\$ (239,662)	\$	\$ (239,662)	\$ 17,551,339	-1.37%	212.97%
2019	1.73060%	(336,116)		(336,116)	19,398,257	-1.73%	270.62%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Schedule of the School District's OPEB Contributions
Public Employees' Retirement System (PERS)
Defined Benefit OPEB Plans
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
Alaska Retiree Health Care Trust (ARHCT)					
2018	\$ 1,247,628	\$ (1,247,628)	\$	\$ 16,068,624	7.76%
2019	1,486,990	(1,486,990)		14,295,690	10.40%
Retiree Medical					
2018	\$ 201,745	\$ (201,745)	\$	\$ 19,398,257	1.04%
2019	210,389	(210,389)		29,666,590	0.71%
Occupational Death and Disability					
2018	\$ 31,321	\$ (31,321)	\$	\$ 19,398,257	0.16%
2019	58,182	(58,182)		29,666,590	0.20%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Schedule of the School District's Proportionate Share of the Net OPEB Liability
Teachers' Retirement System (TRS)
Defined Benefit OPEB Plans
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>District's proportion of the net OPEB liability</u>	<u>District's proportionate share of the net OPEB liability</u>	<u>State of Alaska's proportionate share of the net OPEB liability</u>	<u>Total net OPEB liability</u>	<u>District's covered payroll</u>	<u>District's proportionate share of the net OPEB liability as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
Alaska Retiree Health Care Trust (ARHCT)							
2018	3.53977%	\$ 6,510,802	\$ 11,418,299	\$ 17,929,101	\$ 46,120,887	14.12%	93.75%
2019	3.87239%	12,040,777	17,968,742	30,009,519	43,588,853	27.62%	90.23%
Retiree Medical							
2018	8.59184%	\$ (407,256)	\$	\$ (407,256)	\$ 28,837,859	-1.41%	118.16%
2019	8.66246%	(277,026)		(277,026)	31,145,862	-0.89%	109.56%
Occupational Death and Disability							
2018	8.59184%	\$ (280,781)	\$	\$ (280,781)	\$ 28,837,859	-0.97%	1342.59%
2019	8.66246%	(303,706)		(303,706)	31,145,862	-0.98%	1304.81%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Schedule of the School District's OPEB Contributions
Teachers' Retirement System (TRS)
Defined Benefit OPEB Plans
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
Alaska Retiree Health Care Trust (ARHCT)					
2018	\$ 1,983,461	\$ (1,983,461)	\$	\$ 43,588,853	4.55%
2019	1,813,732	(1,813,732)		40,023,497	4.53%
Retiree Medical					
2018	\$ 283,341	\$ (283,341)	\$	\$ 31,145,862	0.91%
2019	271,832	(271,832)		32,944,783	0.83%
Occupational Death and Disability					
2018	\$	\$	\$	\$ 31,145,862	0.00%
2019	27,525	(27,525)		32,944,783	0.08%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Required Supplementary Information June 30, 2019

A. Budgetary Comparison Schedules

General Budget Policies

The School District follows these procedures for adoption of the budget for the general fund and special revenue funds:

1. Approval by the Fairbanks North Star Borough School District Board of Education (Board of Education), with community input.
2. Submission to the Fairbanks North Star Borough Assembly (Borough Assembly) for approval of the total budget and appropriation of the local contribution. The deadline for submitting the budget to the Borough Assembly is May 1, in accordance with Alaska Statute section 14.14.060(c) Compiled School Laws. Borough ordinance 7.12.020 however, requires the Board of Education to submit their formally adopted budget to the Borough Assembly by April 1 of each year. The Borough Assembly must furnish the Board of Education with a statement of the local appropriation not more than thirty days after the date on which it first receives the education budget. After the Borough Assembly has set the local appropriation, the Board of Education will again review the budget to make any changes necessitated by the Assembly's action. An opportunity for a public hearing on proposed changes will be provided and at least 24 hours' notice will be given of the meeting at which action is proposed.
3. Submission to the Commissioner of the State of Alaska, Department of Education and Early Development by July 15, in accordance with Alaska Statute section 14.07.170(2) Compiled School Laws.

The original adopted budget for the year ended June 30, 2019, was prepared on the "program" level of budgetary control for information purposes. The budget in these financial statements was approved by the Board of Education by fund and function to comply with the *Alaska Department of Education and Early Development Uniform Chart of Accounts and Account Code Descriptions for Public School Districts, (2018 edition)*.

Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, and capital project funds. An annual budget is legally adopted for the general fund. Annual budgets are legally adopted for all special revenue funds except the School Activity special revenue fund. Capital projects are controlled through project budgets. Adopted project budgets provide authorization to complete projects that extend beyond one fiscal year. Multi-fiscal year projects are controlled by comparing project-to-date expenditures with project budgets. Differences in accounting for encumbrances, as described later, exist between the basis of accounting used for budgetary purposes and that used for reporting in accordance with U.S. generally accepted accounting principles (GAAP).

The objective of the School District's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Resources are allocated to and accounted for in individual funds, based upon the purposes for which those funds were created. Transfers between programs in excess of \$20,000 or any transfer in excess of \$25,000 are authorized by the Board of Education. Therefore, the legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the object level. All other transfers are authorized by the superintendent and reported monthly to the Board of Education.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Required Supplementary Information June 30, 2019 (cont.)

Encumbrances

For budgetary purposes, annual appropriations lapse at year-end, except for that portion related to encumbered amounts. District policy requires recording of an encumbrance as a charge against appropriation in the accounting period in which a purchase order is issued, rather than in the accounting period when goods or services are received as required by generally accepted accounting principles (GAAP). Encumbrances outstanding at year-end are reported as assigned fund balance in the general fund only. All other encumbrances are disclosed in the notes to the basic financial statements. All encumbrances are automatically carried forward to the new fiscal year budget. Appropriations for those capital projects funds with project budgets do not lapse until the purpose of the appropriation has been accomplished.

Basis of Budgeting

Because such encumbrances constitute the equivalent of expenditures for budgetary purposes, the accompanying schedules present comparisons of actual results to the annual budgets of the governmental funds 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 Budget (Non-GAAP Basis) and Actual Comparison Schedules for each major fund. The adjustment includes the addition for current year encumbrances and the deduction for expenditures on prior year encumbrances. The same adjustment is reflected in the revenue portion of those special revenue funds where State and Federal grant revenues are considered unearned until actual expenditures are incurred. The *original budget* column is that adopted by the School Board in its annual appropriation. The *final budget* column combines the *original budget* column, a deduction for expenditures on prior year encumbrances, and budget amendments made during the current fiscal year.

The following schedule reconciles revenues and expenditures on the *Statement of Revenues, Expenditures and Changes in Fund Balances* to revenues and expenditures on the *Budget (Non-GAAP Basis) and Actual Comparison Schedules* for each major governmental fund that has a legally adopted budget. The capital projects fund has a project-length budget presented on page 156.

	General Fund	Federal Programs Special Revenue	Student Transportation Special Revenue
Revenues reported on the basis of budgeting	\$ 200,985,770	\$ 12,552,517	\$ 13,986,696
Basis difference	-	(79,287)	(2,261,814)
Revenues reported on the basis of GAAP	<u>\$ 200,985,770</u>	<u>\$ 12,473,230</u>	<u>\$ 11,724,882</u>
Expenditures reported on the basis of budgeting	\$ 199,117,356	\$ 12,551,117	\$ 16,142,972
Add expenditures on prior year encumbrances	3,910,015	18,903	1,538
Deduct current year encumbrances	(1,227,458)	(98,190)	(2,263,352)
Expenditures reported on the basis of GAAP	<u>\$ 201,799,913</u>	<u>\$ 12,471,830</u>	<u>\$ 13,881,158</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Required Supplementary Information June 30, 2019 (cont.)

Expenditures in Excess of Appropriations

For the year ended June 30, 2019, expenditures exceeded budget, in annually approved budgets, for the following major fund:

General Fund:

Support services - instruction	\$ 253,555
School administration	100,912
District administration	120,494
Debt service	340,272
Transfers out	7,408,372

Expenditures exceeded budget in the support services - instruction functional area due to the purchase of services to support the School District in meeting our strategic goal of personalized learning by focusing on competency-based education.

Expenditures exceeded budget in the school administration functional area due to no original budget being set aside for costs to cover substitute principals in the schools.

Expenditures exceeded budget in the district administration functional area due to the encumbrance of the OnStrategy strategic planning training contract.

Expenditures exceeded budget in the debt service functional area due to the School District paying off the 5 year capital lease one year early.

Transfers out exceeded budget due to a funds being moved into the capital projects fund to support the future roof replacement at Woodriver Elementary and Ben Eielson Jr/Sr High School as agreed up on in a Memorandum of Agreement between the Borough and School District.

Student Transportation:

Student transportation - to and from school	\$ 1,077,682
---	--------------

Expenditures exceeded budget in the student transportation – to and from school functional area due to the encumbrance of the fiscal year 2020 bussing contract with First Student.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

To account for resources traditionally associated with school districts which are not required to be accounted for in another fund.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

General Fund

Balance Sheet

June 30, 2019

(With comparative totals for 2018)

<u>ASSETS</u>	Totals	
	<u>2019</u>	<u>2018</u>
Equity in central treasury cash	\$ 20,888,582	\$ 31,200,886
Accounts receivable:		
Local	506,671	295,536
Due from other funds	3,845,277	3,961,621
Due from Fairbanks North Star Borough	5,819	4,894
Inventories	282,719	338,755
Prepaid items	44,681	63,626
Total assets	<u>\$ 25,573,749</u>	<u>\$ 35,865,318</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 746,943	\$ 1,230,386
Accrued payroll and liabilities	1,160,685	1,165,384
Due to Fairbanks North Star Borough	224	
Total liabilities	<u>1,907,852</u>	<u>2,395,770</u>
Fund balance:		
Nonspendable:		
Inventories	282,719	338,755
Prepaid items	44,681	63,626
Restricted:		
Student allotments	135,240	133,205
Assigned to:		
Encumbrances	1,227,458	3,966,998
Impact aid advance	11,181,964	14,585,772
Subsequent year's expenditures	10,793,835	6,450,725
Unassigned		7,930,467
Total fund balance	<u>23,665,897</u>	<u>33,469,548</u>
Total liabilities and fund balance	<u>\$ 25,573,749</u>	<u>\$ 35,865,318</u>

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - by Object

For the Year Ended June 30, 2019

(With comparative totals for 2018)

		Totals	
		2019	2018
Revenues:			
Revenue from local sources:			
Borough direct appropriation	\$	50,045,400	\$ 51,145,400
E-rate revenue		410,535	462,507
Other local revenue		845,066	749,747
Tuition from students		21,518	21,156
Total local sources		<u>51,322,519</u>	<u>52,378,810</u>
Revenue from state sources:			
Foundation program		112,064,702	117,791,496
QSI grant		404,502	415,063
TRS on-behalf		12,476,150	11,156,132
PERS on-behalf		2,206,170	1,167,030
On-base schools		1,450,000	1,450,000
Other state revenue		120,356	120,356
Total state sources		<u>128,721,880</u>	<u>132,100,077</u>
Revenue from federal sources:			
Direct		563,408	394,359
Medicaid revenue		316,751	467,967
Through the State of Alaska - Impact Aid		20,061,212	16,645,991
Total federal sources		<u>20,941,371</u>	<u>17,508,317</u>
Total revenues		<u>200,985,770</u>	<u>201,987,204</u>
Expenditures - current:			
Instruction:			
Salaries and fringe benefits:			
Certificated salaries		52,091,607	51,387,466
Non-certificated salaries		4,418,473	3,933,226
Employee benefits		31,655,245	31,451,390
Total salaries and fringe benefits		<u>88,165,325</u>	<u>86,772,082</u>
Materials, supplies, services and other:			
Professional and technical services		578,359	555,847
Staff travel		20,914	17,843
Student travel		152,990	164,671
Utility services		35,748	27,794
Other purchased services		378,560	330,569
Supplies, materials and media		3,175,396	3,226,414
Other expenses		9,695	15,284
Total materials, supplies, services and other		<u>4,351,662</u>	<u>4,338,422</u>
Capital outlay - equipment		<u>20,729</u>	<u>7,660</u>
Total instruction		<u>92,537,716</u>	<u>91,118,164</u>

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - by Object

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	Totals	
	2019	2018
Special education instruction:		
Salaries and fringe benefits:		
Certificated salaries	\$ 8,526,294	\$ 8,268,412
Non-certificated salaries	6,017,815	5,871,074
Employee benefits	8,422,361	8,343,059
Total salaries and fringe benefits	22,966,470	22,482,545
Materials, supplies, services and other:		
Professional and technical services	1,985,065	1,813,950
Staff travel		29
Student travel	2,892	2,753
Utility services	5,042	5,481
Other purchased services	320,597	314,930
Supplies, materials and media	243,958	191,251
Tuition and stipends	250,127	109,310
Total materials, supplies, services and other	2,807,681	2,437,704
Total special education instruction	25,774,151	24,920,249
Special education support services - students:		
Salaries and fringe benefits:		
Certificated salaries	3,806,531	3,502,296
Non-certificated salaries	1,207,238	1,341,603
Employee benefits	2,872,792	2,754,065
Total salaries and fringe benefits	7,886,561	7,597,964
Materials, supplies, services and other:		
Professional and technical services	1,426,033	1,761,540
Staff travel	46,799	39,911
Student travel	5,542	4,575
Utility services	209	
Other purchased services	9,022	2,700
Supplies, materials and media	67,943	63,351
Other expenses	1,220	1,975
Total materials, supplies, services and other	1,556,768	1,874,052
Total special education support services - students	9,443,329	9,472,016

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - by Object

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	Totals	
	2019	2018
Support services - students:		
Salaries and fringe benefits:		
Certificated salaries	\$ 3,545,833	\$ 3,443,250
Non-certificated salaries	3,569,993	3,402,288
Employee benefits	4,311,687	4,160,522
Total salaries and fringe benefits	11,427,513	11,006,060
Materials, supplies, services and other:		
Professional and technical services	339,643	296,344
Staff travel	7,397	15,973
Student travel	4,708	4,278
Utility services	8,488	1,314
Other purchased services	65,393	10,806
Supplies, materials and media	130,230	209,136
Other expenses	1,703	3,513
Total materials, supplies, services and other	557,562	541,364
Total support services - students	11,985,075	11,547,424
Support services - instruction:		
Salaries and fringe benefits:		
Certificated salaries	1,492,026	1,384,154
Non-certificated salaries	2,463,141	2,293,766
Employee benefits	2,396,596	2,264,599
Total salaries and fringe benefits	6,351,763	5,942,519
Materials, supplies, services and other:		
Professional and technical services	1,057,662	844,236
Staff travel	141,710	201,417
Student travel	80	
Utility services	152,517	148,755
Other purchased services	7,632	11,307
Supplies, materials and media	818,377	761,570
Other expenses	1,379	1,236
Total materials, supplies, services and other	2,179,357	1,968,521
Capital outlay:		
Equipment	84,941	12,176
Total capital outlay	84,941	12,176
Total support services - instruction	8,616,061	7,923,216

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - by Object

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	Totals	
	2019	2018
School administration:		
Salaries and fringe benefits:		
Certificated salaries	\$ 4,934,354	\$ 4,890,323
Non-certificated salaries	82,091	82,484
Employee benefits	2,862,932	2,869,779
Total salaries and fringe benefits	<u>7,879,377</u>	<u>7,842,586</u>
Materials, supplies, services and other:		
Professional and technical services	4,006	2,260
Staff travel	23,753	30,319
Other purchased services	2,462	
Supplies, materials and media	464	132
Other expenses	27,033	21,660
Total materials, supplies, services and other	<u>57,718</u>	<u>54,371</u>
Total school administration	<u>7,937,095</u>	<u>7,896,957</u>
School administration support services:		
Salaries and fringe benefits:		
Non-certificated salaries	3,024,295	3,119,759
Employee benefits	1,809,893	1,923,407
Total salaries and fringe benefits	<u>4,834,188</u>	<u>5,043,166</u>
Materials, supplies, services and other:		
Professional and technical services	2,420	4,794
Staff travel	1,242	1,329
Student travel	62	701
Utility services	492,574	529,839
Other purchased services	13,068	12,107
Supplies, materials and media	126,201	124,680
Other expenses	7,380	8,205
Total materials, supplies, services and other	<u>642,947</u>	<u>681,655</u>
Total school administration support services	<u>5,477,135</u>	<u>5,724,821</u>
District administration:		
Salaries and fringe benefits:		
Certificated salaries	494,942	485,795
Non-certificated salaries	965,077	847,192
Employee benefits	864,351	771,519
Total salaries and fringe benefits	<u>2,324,370</u>	<u>2,104,506</u>

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - by Object

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	Totals	
	2019	2018
District administration (continued):		
Materials, supplies, services and other:		
Professional and technical services	\$ 371,881	\$ 282,046
Staff travel	82,242	61,220
Utility services	1,813	2,919
Other purchased services	108,112	73,622
Supplies, materials and media	87,039	159,145
Other expenses	32,169	34,627
Total materials, supplies, services and other	683,256	613,579
Capital outlay - equipment	9,044	32,986
Total district administration	3,016,670	2,751,071
District administration support services:		
Salaries and fringe benefits:		
Certificated salaries	65,357	48,352
Non-certificated salaries	4,400,927	4,315,578
Employee benefits	2,882,922	2,837,863
Total salaries and fringe benefits	7,349,206	7,201,793
Materials, supplies, services and other:		
Professional and technical services	926,242	1,114,903
Staff travel	86,730	44,337
Utility services	201,465	177,719
Other purchased services	255,708	176,095
Insurance and bond premiums	1,034,482	1,047,784
Supplies, materials and media	418,801	710,744
Other expenses	275,354	102,398
Indirect costs	(695,936)	(738,908)
Total materials, supplies, services and other	2,502,846	2,635,072
Capital outlay - equipment	175,311	73,145
Total district administration support services	10,027,363	9,910,010
Operations and maintenance of plant:		
Salaries and fringe benefits:		
Non-certificated salaries	8,235,168	8,191,557
Employee benefits	5,019,033	5,074,115
Total salaries and fringe benefits	13,254,201	13,265,672

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - by Object

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	Totals	
	2019	2018
Operations and maintenance of plant (continued):		
Materials, supplies, services and other:		
Professional and technical services	\$ 30,235	\$ 40,489
Staff travel	8,967	5,566
Utility services	882,389	860,816
Energy	5,520,906	5,495,675
Other purchased services	1,633,332	1,723,394
Insurance and bond premiums	424,009	375,358
Supplies, materials and media	1,811,435	1,448,726
Other expenses	2,416	2,301
Total materials, supplies, services and other	10,313,689	9,952,325
Capital outlay - equipment	527,939	177,644
Total operations and maintenance of plant	24,095,829	23,395,641
Student activities:		
Salaries and fringe benefits:		
Certificated salaries	646,415	567,803
Non-certificated salaries	488,475	599,634
Employee benefits	359,136	354,647
Total salaries and fringe benefits	1,494,026	1,522,084
Materials, supplies, services and other:		
Professional and technical services	216,033	172,726
Staff travel	7,058	12,996
Student travel	203,193	150,745
Other purchased services	152,172	105,560
Supplies, materials and media	64,834	66,043
Other expenses	71,629	62,182
Total materials, supplies, services and other	714,919	570,252
Total student activities	2,208,945	2,092,336
Total current	201,119,369	196,751,905
Debt service:		
Interest	9,775	9,713
Principal	670,769	330,559
Total debt service	680,544	340,272
Total expenditures	201,799,913	197,092,177

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - by Object

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	Totals	
	2019	2018
Other financing sources (uses):		
Proceeds from sale of capital assets	\$ 12,363	\$ 6,213
Transfers out	(9,001,871)	(5,092,465)
Total other financing sources (uses)	(8,989,508)	(5,086,252)
Net change in fund balance	(9,803,651)	(191,225)
Fund balance - beginning	33,469,548	33,660,773
Fund balance - ending	\$ 23,665,897	\$ 33,469,548

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Major Governmental Fund
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual - by Object
For the Year Ended June 30, 2019

	Budgeted Amounts			Actual on	
	Original	Final	Actual	Budgetary	Variance with
				Basis	Final Budget
Revenues:					
Revenue from local sources:					
Borough direct appropriation	\$ 50,000,000	\$ 50,000,000	\$ 50,045,400	\$ 50,045,400	\$ 45,400
E-rate revenue	500,000	500,000	410,535	410,535	(89,465)
Other local revenue	488,600	488,600	845,066	845,066	356,466
Tuition from students	25,000	25,000	21,518	21,518	(3,482)
Total local sources	51,013,600	51,013,600	51,322,519	51,322,519	308,919
Revenue from state sources:					
Foundation program	117,228,436	117,228,436	112,064,702	112,064,702	(5,163,734)
QSI grant	412,860	412,860	404,502	404,502	(8,358)
TRS on-behalf	10,699,014	12,505,972	12,476,150	12,476,150	(29,822)
PERS on-behalf	944,124	2,038,879	2,206,170	2,206,170	167,291
On-base schools	1,450,000	1,450,000	1,450,000	1,450,000	
Other state revenue	135,000	135,000	120,356	120,356	(14,644)
Total state sources	130,869,434	133,771,147	128,721,880	128,721,880	(5,049,267)
Revenue from federal sources:					
Direct	304,560	304,560	563,408	563,408	258,848
Medicaid revenue	550,000	550,000	316,751	316,751	(233,249)
Through the State of Alaska	15,100,000	15,100,000	20,061,212	20,061,212	4,961,212
Total federal sources	15,954,560	15,954,560	20,941,371	20,941,371	4,986,811
Total revenues	197,837,594	200,739,307	200,985,770	200,985,770	246,463
Expenditures - current:					
Instruction:					
Salaries and fringe benefits:					
Certificated salaries	52,454,929	52,465,399	52,091,607	52,091,607	373,792
Non-certificated salaries	4,504,845	4,535,961	4,418,473	4,418,473	117,488
Employee benefits	31,891,119	33,323,307	31,655,245	31,655,245	1,668,062
Total salaries and fringe benefits	88,850,893	90,324,667	88,165,325	88,165,325	2,159,342
Materials, supplies, services and other:					
Professional and technical services	435,520	560,163	578,359	594,122	(33,959)
Staff travel	19,327	26,993	20,914	20,914	6,079
Student travel	88,035	149,367	152,990	152,990	(3,623)
Utility services		35,600	35,748	35,748	(148)
Other purchased services	458,994	467,353	378,560	388,341	79,012
Supplies, materials and media	3,542,003	3,257,206	3,175,396	3,127,016	130,190
Other expenses		8,208	9,695	9,695	(1,487)
Total materials, supplies, services and other	4,543,879	4,504,890	4,351,662	4,328,826	176,064
Capital outlay - equipment	40,000	41,265	20,729	20,729	20,536
Total instruction	93,434,772	94,870,822	92,537,716	92,514,880	2,355,942

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Major Governmental Fund
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual - by Object
For the Year Ended June 30, 2019

	Budgeted Amounts			Actual on	
	Original	Final	Actual	Budgetary	Variance with
				Basis	Final Budget
Special education instruction:					
Salaries and fringe benefits:					
Certificated salaries	\$ 8,527,683	\$ 8,510,574	\$ 8,526,294	\$ 8,526,294	\$ (15,720)
Non-certificated salaries	5,909,400	5,855,941	6,017,815	6,017,815	(161,874)
Employee benefits	8,418,582	8,742,648	8,422,361	8,422,361	320,287
Total salaries and fringe benefits	22,855,665	23,109,163	22,966,470	22,966,470	142,693
Materials, supplies, services and other:					
Professional and technical services	1,899,500	1,671,210	1,985,065	90,065	1,581,145
Student travel	1,620	3,846	2,892	2,892	954
Utility services	5,713	5,713	5,042	5,042	671
Other purchased services	307,611	327,611	320,597	320,597	7,014
Supplies, materials and media	244,080	267,553	243,958	242,452	25,101
Tuition and stipends			250,127	250,127	(250,127)
Total materials, supplies, services and other	2,458,524	2,275,933	2,807,681	911,175	1,364,758
Total special education instruction	25,314,189	25,385,096	25,774,151	23,877,645	1,507,451
Special education support services - students:					
Salaries and fringe benefits:					
Certificated salaries	4,108,722	3,902,624	3,806,531	3,806,531	96,093
Non-certificated salaries	1,378,097	1,192,058	1,207,238	1,207,238	(15,180)
Employee benefits	3,259,921	3,107,118	2,872,792	2,872,792	234,326
Total salaries and fringe benefits	8,746,740	8,201,800	7,886,561	7,886,561	315,239
Materials, supplies, services and other:					
Professional and technical services	115,284	1,441,539	1,426,033	1,440,152	1,387
Staff travel	40,805	40,805	46,799	46,799	(5,994)
Student travel	5,400	9,400	5,542	8,811	589
Utility services		500	209	209	291
Other purchased services	6,600	5,600	9,022	4,626	974
Supplies, materials and media	123,164	58,164	67,943	57,337	827
Other expenses	5,100	5,100	1,220	1,220	3,880
Total materials, supplies, services and other	296,353	1,561,108	1,556,768	1,559,154	1,954
Total special education support services - students	9,043,093	9,762,908	9,443,329	9,445,715	317,193
Support services - students:					
Salaries and fringe benefits:					
Certificated salaries	3,258,183	3,372,767	3,545,833	3,545,833	(173,066)
Non-certificated salaries	4,252,777	4,263,998	3,569,993	3,569,993	694,005
Employee benefits	4,258,214	4,589,843	4,311,687	4,311,687	278,156
Total salaries and fringe benefits	11,769,174	12,226,608	11,427,513	11,427,513	799,095

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Major Governmental Fund
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual - by Object
For the Year Ended June 30, 2019

	Budgeted Amounts			Actual on	
	Original	Final	Actual	Budgetary	Variance with
				Basis	Final Budget
Support services - students (continued):					
Materials, supplies, services and other:					
Professional and technical services	\$ 500,139	\$ 504,969	\$ 339,643	\$ 205,867	\$ 299,102
Staff travel	16,848	22,554	7,397	7,397	15,157
Student travel	19,056	19,146	4,708	5,308	13,838
Utility services		3,000	8,488	8,488	(5,488)
Other purchased services	71,750	76,643	65,393	69,686	6,957
Supplies, materials and media	222,905	176,393	130,230	121,936	54,457
Other expenses	6,241	9,241	1,703	1,703	7,538
Total materials, supplies, services and other	836,939	811,946	557,562	420,385	391,561
Total support services - students	12,606,113	13,038,554	11,985,075	11,847,898	1,190,656
Support services - instruction:					
Salaries and fringe benefits:					
Certificated salaries	1,469,288	1,498,635	1,492,026	1,492,026	6,609
Non-certificated salaries	2,486,358	2,479,949	2,463,141	2,463,141	16,808
Employee benefits	2,349,238	2,424,224	2,396,596	2,396,596	27,628
Total salaries and fringe benefits	6,304,884	6,402,808	6,351,763	6,351,763	51,045
Materials, supplies, services and other:					
Professional and technical services	862,266	684,152	1,057,662	869,813	(185,661)
Staff travel	77,216	138,760	141,710	139,905	(1,145)
Student travel			80	80	(80)
Utility services	181,000	181,000	152,517	152,517	28,483
Other purchased services	18,780	19,363	7,632	7,632	11,731
Supplies, materials and media	903,197	629,688	818,377	787,716	(158,028)
Other expenses	600	1,479	1,379	1,379	100
Total materials, supplies, services and other	2,043,059	1,654,442	2,179,357	1,959,042	(304,600)
Capital outlay - equipment		84,941	84,941	84,941	
Total support services - instruction	8,347,943	8,142,191	8,616,061	8,395,746	(253,555)
School administration:					
Salaries and fringe benefits:					
Certificated salaries	4,950,459	4,840,330	4,934,354	4,934,354	(94,024)
Non-certificated salaries			82,091	82,091	(82,091)
Employee benefits	2,848,788	2,927,518	2,862,932	2,862,932	64,586
Total salaries and fringe benefits	7,799,247	7,767,848	7,879,377	7,879,377	(111,529)
Materials, supplies, services and other:					
Professional and technical services	1,000	1,000	4,006	4,006	(3,006)
Staff travel	37,720	37,953	23,753	23,753	14,200
Other purchased services			2,462	2,462	(2,462)
Supplies, materials and media	1,000	1,000	464	464	536
Other expenses	28,382	28,382	27,033	27,033	1,349
Total materials, supplies, services and other	68,102	68,335	57,718	57,718	10,617
Total school administration	7,867,349	7,836,183	7,937,095	7,937,095	(100,912)

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Major Governmental Fund
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual - by Object
For the Year Ended June 30, 2019

	Budgeted Amounts			Actual on	
	Original	Final	Actual	Budgetary	Variance with
				Basis	Final Budget
School administration support services:					
Salaries and fringe benefits:					
Non-certificated salaries	\$ 3,291,676	\$ 3,223,382	\$ 3,024,295	\$ 3,024,295	\$ 199,087
Employee benefits	1,999,883	2,059,015	1,809,893	1,809,893	249,122
Total salaries and fringe benefits	5,291,559	5,282,397	4,834,188	4,834,188	448,209
Materials, supplies, services and other:					
Professional and technical services	6,180	4,710	2,420	2,420	2,290
Staff travel	3,999	1,375	1,242	1,242	133
Student travel		27	62	62	(35)
Utility services	533,877	541,036	492,574	492,574	48,462
Other purchased services	10,350	10,686	13,068	13,068	(2,382)
Supplies, materials and media	109,404	149,163	126,201	127,631	21,532
Other expenses	1,800	5,280	7,380	7,380	(2,100)
Total materials, supplies, services and other	665,610	712,277	642,947	644,377	67,900
Total school administration support services	5,957,169	5,994,674	5,477,135	5,478,565	516,109
District administration:					
Salaries and fringe benefits:					
Certificated salaries	471,646	471,646	494,942	494,942	(23,296)
Non-certificated salaries	1,016,217	1,016,217	965,077	965,077	51,140
Employee benefits	859,229	917,155	864,351	864,351	52,804
Total salaries and fringe benefits	2,347,092	2,405,018	2,324,370	2,324,370	80,648
Materials, supplies, services, and other:					
Professional and technical services	156,220	152,220	371,881	316,852	(164,632)
Staff travel	32,329	36,329	82,242	82,242	(45,913)
Utility services			1,813	1,813	(1,813)
Other purchased services	42,716	40,716	108,112	177,329	(136,613)
Supplies, materials and media	52,355	54,325	87,039	80,420	(26,095)
Other expenses	31,965	206,093	32,169	32,169	173,924
Total materials, supplies, services, and other	315,585	489,683	683,256	690,825	(201,142)
Capital outlay - equipment			9,044		
Total district administration	2,662,677	2,894,701	3,016,670	3,015,195	(120,494)
District administration support services:					
Salaries and fringe benefits:					
Certificated salaries	55,775	55,775	65,357	65,357	(9,582)
Non-certificated salaries	4,691,700	4,654,194	4,400,927	4,400,927	253,267
Employee benefits	2,912,146	3,026,158	2,882,922	2,882,922	143,236
Total salaries and fringe benefits	7,659,621	7,736,127	7,349,206	7,349,206	386,921

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Major Governmental Fund
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual - by Object
For the Year Ended June 30, 2019

	Budgeted Amounts			Actual on	
	Original	Final	Actual	Budgetary	Variance with
				Basis	Final Budget
District administration support services (continued):					
Materials, supplies, services and other:					
Professional and technical services	\$ 1,203,410	\$ 1,127,329	\$ 926,242	\$ 941,304	\$ 186,025
Staff travel	43,097	82,261	86,730	86,730	(4,469)
Utility services	192,207	191,044	201,465	201,465	(10,421)
Other purchased services	231,500	325,388	255,708	294,483	30,905
Insurance and bond premiums	1,194,702	1,194,702	1,034,482	1,034,482	160,220
Supplies, materials and media	442,311	470,905	418,801	519,733	(48,828)
Other expenses	24,043	24,843	275,354	275,354	(250,511)
Indirect costs	(663,533)	(663,533)	(695,936)	(695,936)	32,403
Total materials, supplies, services and other	2,667,737	2,752,939	2,502,846	2,657,615	95,324
Capital outlay - equipment	140,000	106,000	175,311	81,357	24,643
Total district administration support services	10,467,358	10,595,066	10,027,363	10,088,178	506,888
Operations and maintenance of plant:					
Salaries and fringe benefits:					
Non-certificated salaries	8,833,678	8,838,785	8,235,168	8,235,168	603,617
Employee benefits	5,424,099	5,667,127	5,019,033	5,019,033	648,094
Total salaries and fringe benefits	14,257,777	14,505,912	13,254,201	13,254,201	1,251,711
Materials, supplies, services and other:					
Professional and technical services	37,300	40,400	30,235	30,235	10,165
Staff travel	5,291	5,291	8,967	8,967	(3,676)
Utility services	877,599	877,849	882,389	882,389	(4,540)
Energy	5,768,127	5,765,127	5,520,906	5,520,906	244,221
Other purchased services	1,418,531	1,467,025	1,633,332	1,538,002	(70,977)
Insurance and bond premiums	443,957	456,432	424,009	424,009	32,423
Supplies, materials and media	1,225,686	1,257,510	1,811,435	1,778,479	(520,969)
Other expenses	405	405	2,416	2,416	(2,011)
Total materials, supplies, services and other	9,776,896	9,870,039	10,313,689	10,185,403	(315,364)
Capital outlay - equipment	20,000	20,000	527,939	227,964	(207,964)
Total operations and maintenance of plant	24,054,673	24,395,951	24,095,829	23,667,568	728,383
Student activities:					
Salaries and fringe benefits:					
Certificated salaries	1,239,256	819,290	646,415	646,415	172,875
Non-certificated salaries	174,302	360,812	488,475	488,475	(127,663)
Employee benefits	465,740	484,397	359,136	359,136	125,261
Total salaries and fringe benefits	1,879,298	1,664,499	1,494,026	1,494,026	170,473

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Major Governmental Fund
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual - by Object
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final			
Student activities (continued):					
Materials, supplies, services and other:					
Professional and technical services	\$ 93,520	\$ 140,914	\$ 216,033	\$ 216,033	\$ (75,119)
Staff travel	4,790	11,346	7,058	7,058	4,288
Student travel	143,169	188,173	203,193	203,193	(15,020)
Other purchased services	20,337	116,500	152,172	152,172	(35,672)
Supplies, materials and media	175,872	149,157	64,834	60,224	88,933
Other expenses	58,400	69,531	71,629	71,629	(2,098)
Total materials, supplies, services and other	496,088	675,621	714,919	710,309	(34,688)
Total student activities	2,375,386	2,340,120	2,208,945	2,204,335	135,785
Total current	202,130,722	205,256,266	201,119,369	198,472,820	6,783,446
Debt service:					
Interest		6,506	9,775	9,775	(3,269)
Principal		333,766	670,769	670,769	(337,003)
Total debt service		340,272	680,544	680,544	(340,272)
Total expenditures	202,130,722	205,596,538	201,799,913	199,153,364	6,443,174
Other financing sources (uses):					
Proceeds from sale of capital assets			12,363	12,363	12,363
Transfers out	(3,392,465)	(1,593,499)	(9,001,871)	(9,001,871)	(7,408,372)
Total other financing sources (uses)	(3,392,465)	(1,593,499)	(8,989,508)	(8,989,508)	(7,396,009)
Net change in fund balance	\$ (7,685,593)	\$ (6,450,730)	(9,803,651)	\$ (7,157,102)	\$ (706,372)
Fund balance - beginning			33,469,548		
Fund balance - ending			\$ 23,665,897		

See accompanying notes to the basic financial statements

SPECIAL REVENUE FUNDS

Federal Programs: accounts for programs that are funded by federal sources received directly from the federal government or passed through the State of Alaska.

Student Transportation: this program provides transportation for regular and special education students that are bused to school.

State Programs: accounts for programs that are funded by nonfederal State of Alaska sources.

Local Programs: accounts for transactions of programs funded by nonfederal and nonstate sources.

Food Service: accounts for the operations of the School District's Student Nutrition program. Financing is provided by user fees and proceeds received under the National School Lunch and Breakfast programs.

School Activities: accounts for transactions of district controlled school activity programs. School activity funds are not budgeted and are non-lapsing.

This Page Intentionally Left Blank.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund
Federal Programs Special Revenue
Combining Balance Sheet
For the Year Ended June 30, 2019
(With comparative totals for 2018)

	Alaska Native Education	Title I-A Basic Grant	Title I-C Migrant Regular	Title III-A English Language Acquisition
<u>ASSETS</u>				
Equity in central treasury cash	\$	\$	\$	\$
Accounts receivable:				
State		651,752	237,690	5,298
Federal	211,230			
Total assets	<u>\$ 211,230</u>	<u>\$ 651,752</u>	<u>\$ 237,690</u>	<u>\$ 5,298</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$	\$ 6,263	\$ 50,000	\$
Unearned revenue				
Due to other funds	211,230	645,489	187,690	5,298
Total liabilities	<u>211,230</u>	<u>651,752</u>	<u>237,690</u>	<u>5,298</u>
Fund balances:				
Restricted				
Total fund balances				
Total liabilities and fund balances	<u>\$ 211,230</u>	<u>\$ 651,752</u>	<u>\$ 237,690</u>	<u>\$ 5,298</u>

See accompanying notes to the basic financial statements

Title I-D Golden Heart Academy	Title I-A Neglected & Delinquent	Carl Perkins Secondary	Title VI-B	Preschool Disabled Section 619	Title I-A Parent Involvement
\$	\$	\$	\$	\$	\$
7,903	62,045	43,943	1,053,869	10,114	12,131
<u>\$ 7,903</u>	<u>\$ 62,045</u>	<u>\$ 43,943</u>	<u>\$ 1,053,869</u>	<u>\$ 10,114</u>	<u>\$ 12,131</u>
\$ 750	\$ 14,616	\$	\$ 15,052	\$	\$
7,153	47,429	43,943	1,038,817	10,114	12,131
<u>7,903</u>	<u>62,045</u>	<u>43,943</u>	<u>1,053,869</u>	<u>10,114</u>	<u>12,131</u>
<u>\$ 7,903</u>	<u>\$ 62,045</u>	<u>\$ 43,943</u>	<u>\$ 1,053,869</u>	<u>\$ 10,114</u>	<u>\$ 12,131</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund
Federal Programs Special Revenue
Combining Balance Sheet
For the Year Ended June 30, 2019
(With comparative totals for 2018)

	Tilte I-C Migrant Summer	Alaska Community Learning Centers	Title IV-A Student Support Services	Migrant Competitive
<u>ASSETS</u>				
Equity in central treasury cash	\$	\$	\$	\$
Accounts receivable:				
State	36,425	339,203	115,070	37,428
Federal				
Total assets	<u>\$ 36,425</u>	<u>\$ 339,203</u>	<u>\$ 115,070</u>	<u>\$ 37,428</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 20,605	\$ 2,104	\$ 9,744	\$ 208
Unearned revenue				
Due to other funds	15,820	337,099	105,326	37,220
Total liabilities	<u>36,425</u>	<u>339,203</u>	<u>115,070</u>	<u>37,428</u>
Fund balances:				
Restricted				
Total fund balances				
Total liabilities and fund balances	<u>\$ 36,425</u>	<u>\$ 339,203</u>	<u>\$ 115,070</u>	<u>\$ 37,428</u>

See accompanying notes to the basic financial statements

Migrant Education Book Program	Options Child Care Grant	McKinney Vento Homeless Education	Department of Defense Education Activity 2016	Department of Defense Education Activity 2017	Department of Defense Education Activity 2018
\$	\$ 1,120	\$	\$	\$	\$
4,950		10,944			
			57,208	81,656	42,903
<u>\$ 4,950</u>	<u>\$ 1,120</u>	<u>\$ 10,944</u>	<u>\$ 57,208</u>	<u>\$ 81,656</u>	<u>\$ 42,903</u>
\$	\$	\$	\$	\$	\$ 1,932
4,950		10,944	57,208	80,731	40,971
<u>4,950</u>		<u>10,944</u>	<u>57,208</u>	<u>80,731</u>	<u>42,903</u>
	1,120			925	
	<u>1,120</u>			<u>925</u>	
<u>\$ 4,950</u>	<u>\$ 1,120</u>	<u>\$ 10,944</u>	<u>\$ 57,208</u>	<u>\$ 81,656</u>	<u>\$ 42,903</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund
Federal Programs Special Revenue
Combining Balance Sheet
For the Year Ended June 30, 2019
(With comparative totals for 2018)

	Department of Defense Education Activity 2019	School Improvement	School Improvement Implementation	Teen Opioid
<u>ASSETS</u>				
Equity in central treasury cash	\$	\$	\$	\$ 3,569
Accounts receivable:				
State		9,525	759	
Federal	42,989			
Total assets	<u>\$ 42,989</u>	<u>\$ 9,525</u>	<u>\$ 759</u>	<u>\$ 3,569</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 4,500	\$	\$	\$ 1,500
Unearned revenue				2,069
Due to other funds	38,489	9,525	759	
Total liabilities	<u>42,989</u>	<u>9,525</u>	<u>759</u>	<u>3,569</u>
Fund balances:				
Restricted				
Total fund balances				
Total liabilities and fund balances	<u>\$ 42,989</u>	<u>\$ 9,525</u>	<u>\$ 759</u>	<u>\$ 3,569</u>

See accompanying notes to the basic financial statements

Title II-A Teacher & Principal Training	ESEA Consolidated Administration Pool	Totals	
		2019	2018
\$	\$	\$ 4,689	\$ 1,656
458,660	101,529	3,199,238	3,545,376
		435,986	397,884
<u>\$ 458,660</u>	<u>\$ 101,529</u>	<u>\$ 3,639,913</u>	<u>\$ 3,944,916</u>

\$ 9,083	\$ 220	\$ 136,577	\$ 88,341
		2,069	
449,577	101,309	3,499,222	3,855,930
<u>458,660</u>	<u>101,529</u>	<u>3,637,868</u>	<u>3,944,271</u>

		2,045	645
		2,045	645
<u>\$ 458,660</u>	<u>\$ 101,529</u>	<u>\$ 3,639,913</u>	<u>\$ 3,944,916</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

Federal Programs Special Revenue

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - by Function

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	Alaska Native Education	Title I-A Basic Grant	Title I-C Migrant Regular	Title III-A English Language Acquisition
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct	826,756			
Through the State of Alaska		2,542,399	669,011	26,389
Other intermediate agencies				
Total federal sources	<u>826,756</u>	<u>2,542,399</u>	<u>669,011</u>	<u>26,389</u>
Total revenues	<u>826,756</u>	<u>2,542,399</u>	<u>669,011</u>	<u>26,389</u>
Expenditures - current:				
Instruction	777,538	2,391,023	629,193	25,872
Special education instruction				
Support services - students				
Support services - instruction				
District administration support services	49,218	151,376	39,818	517
Food services				
Total expenditures	<u>826,756</u>	<u>2,542,399</u>	<u>669,011</u>	<u>26,389</u>
Net change in fund balances				
Fund balances (deficit) - beginning				
Fund balances - ending	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

See accompanying notes to the basic financial statements

Title I-D Golden Heart Academy	Title I-A Neglected & Delinquent	Carl Perkins Secondary	Air Force ROTC- Ben Eielson Jr/Sr	Air Force ROTC - North Pole HS	Title VI-B
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
29,645	108,082	317,268	4,117	16,429	4,094,760
<u>29,645</u>	<u>108,082</u>	<u>317,268</u>	<u>4,117</u>	<u>16,429</u>	<u>4,094,760</u>
<u>29,645</u>	<u>108,082</u>	<u>317,268</u>	<u>4,117</u>	<u>16,429</u>	<u>4,094,760</u>
27,880	101,863	305,052	4,117	15,954	3,851,496
1,765	6,219	12,216			243,264
<u>29,645</u>	<u>108,082</u>	<u>317,268</u>	<u>4,117</u>	<u>15,954</u>	<u>4,094,760</u>
				475	
				(475)	
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

Federal Programs Special Revenue

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - by Function

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	Preschool Disabled Section 619	Title I-A Parent Involvement	Title I-C Migrant Summer	Secondary Partnership CTE
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct				
Through the State of Alaska	53,082	29,626	36,425	25,292
Other intermediate agencies				
Total federal sources	53,082	29,626	36,425	25,292
Total revenues	53,082	29,626	36,425	25,292
Expenditures - current:				
Instruction				
Special education instruction	49,922			
Support services - students		27,862	34,257	24,088
Support services - instruction				
District administration support services	3,160	1,764	2,168	1,204
Food services				
Total expenditures	53,082	29,626	36,425	25,292
Net change in fund balances				
Fund balances (deficit) - beginning				
Fund balances - ending	\$	\$	\$	\$

See accompanying notes to the basic financial statements

Alaska Community Learning Centers	Title IV-A Student Support Services	Special Education 619 Audit	Migrant Competitive	Migrant Parent Advisory Council	Migrant Education Book Program
<u>\$ 6,470</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
1,242,115	326,351	42,909	107,968	225	19,567
<u>1,242,115</u>	<u>326,351</u>	<u>42,909</u>	<u>107,968</u>	<u>225</u>	<u>19,567</u>
<u>1,248,585</u>	<u>326,351</u>	<u>42,909</u>	<u>107,968</u>	<u>225</u>	<u>19,567</u>
1,174,640	319,952	40,355	101,541	225	19,567
73,945	6,399	2,554	6,427		
<u>1,248,585</u>	<u>326,351</u>	<u>42,909</u>	<u>107,968</u>	<u>225</u>	<u>19,567</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

Federal Programs Special Revenue

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - by Function

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	Options Child Care Grant	McKinney Vento Homeless Education	Department of Defense Education Activity 2016	Department of Defense Education Activity 2017
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct			169,280	316,186
Through the State of Alaska		35,105		
Other intermediate agencies				
Total federal sources		35,105	169,280	316,186
Total revenues		35,105	169,280	316,186
Expenditures - current:				
Instruction				
Special education instruction				
Support services - students		33,015	169,280	315,261
Support services - instruction				
District administration support services		2,090		
Food services				
Total expenditures		35,105	169,280	315,261
Net change in fund balances				925
Fund balances (deficit) - beginning	1,120			
Fund balances - ending	\$ 1,120	\$	\$	\$ 925

See accompanying notes to the basic financial statements

Department of Defense Education Activity 2018	Department of Defense Education Activity 2019	School Improvement	School Improvement Implementation	Teen Opioid	Title II-A Teacher & Principal Training
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
98,790	64,580	13,349	759	12,931	813,322
<u>98,790</u>	<u>64,580</u>	<u>13,349</u>	<u>759</u>	<u>12,931</u>	<u>813,322</u>
<u>98,790</u>	<u>64,580</u>	<u>13,349</u>	<u>759</u>	<u>12,931</u>	<u>813,322</u>
92,909	61,505	12,554	714	12,931	764,904
5,881	3,075	795	45		48,418
<u>98,790</u>	<u>64,580</u>	<u>13,349</u>	<u>759</u>	<u>12,931</u>	<u>813,322</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

Federal Programs Special Revenue

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - by Function

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	ESEA Consolidated Administration Pool	Fresh Fruit & Vegetable Program	Totals	
			2019	2018
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$ 6,470	\$ 13,427
Revenue from federal sources:				
Direct			1,496,138	1,680,184
Through the State of Alaska	352,977	71,065	10,957,691	10,888,551
Other intermediate agencies			12,931	
Total federal sources	<u>352,977</u>	<u>71,065</u>	<u>12,466,760</u>	<u>12,568,735</u>
Total revenues	<u>352,977</u>	<u>71,065</u>	<u>12,473,230</u>	<u>12,582,162</u>
Expenditures - current:				
Instruction			4,278,492	3,672,332
Special education instruction			3,901,418	5,670,651
Support services - students			2,440,656	778,796
Support services - instruction	333,069		1,097,973	1,322,157
District administration support services	19,908		682,226	1,075,250
Food services		71,065	71,065	64,212
Total expenditures	<u>352,977</u>	<u>71,065</u>	<u>12,471,830</u>	<u>12,583,398</u>
Net change in fund balances			1,400	(1,236)
Fund balances (deficit) - beginning			645	1,881
Fund balances - ending	<u>\$</u>	<u>\$</u>	<u>\$ 2,045</u>	<u>\$ 645</u>

See accompanying notes to the basic financial statements

This Page Intentionally Left Blank.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

Federal Programs Special Revenue

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - by Object

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	Alaska Native Education	Title I-A Basic Grant	Title I-C Migrant Regular	Title III-A English Language Acquisition
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct	826,756			
Through the State of Alaska		2,542,399	669,011	26,389
Other intermediate agencies				
Total federal sources	826,756	2,542,399	669,011	26,389
Total revenues	826,756	2,542,399	669,011	26,389
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries	87,716	453,145	240	746
Non-certificated salaries	404,488	798,786	315,349	2,625
Employee benefits	275,078	606,812	168,760	949
Total salaries and fringe benefits	767,282	1,858,743	484,349	4,320
Materials, supplies, services and other:				
Professional and technical services	50	47,072	86,012	2,210
Staff travel	2,791	167,420	9,803	
Student travel	2,400	28,909	354	427
Utility services				
Other purchased services	166	625		
Supplies, materials and media	4,745	287,970	48,519	18,915
Tuition and stipends			156	
Other expenses	104	284		
Indirect costs	49,218	151,376	39,818	517
Total materials, supplies, services and other	59,474	683,656	184,662	22,069
Capital outlay - equipment				
Total expenditures	826,756	2,542,399	669,011	26,389
Net change in fund balances				
Fund balances (deficit) - beginning				
Fund balances - ending	\$	\$	\$	\$

See accompanying notes to the basic financial statements

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

Federal Programs Special Revenue

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - by Object

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	Preschool Disabled Section 619	Title I-A Parent Involvement	Title I-C Migrant Summer	Secondary Partnership CTE
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct				
Through the State of Alaska	53,082	29,626	36,425	25,292
Other intermediate agencies				
Total federal sources	53,082	29,626	36,425	25,292
Total revenues	53,082	29,626	36,425	25,292
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries		5,283	5,070	
Non-certificated salaries	22,506	2,551	957	1,387
Employee benefits	13,258	1,577	1,214	118
Total salaries and fringe benefits	35,764	9,411	7,241	1,505
Materials, supplies, services and other:				
Professional and technical services		100	14,370	2,326
Staff travel	11,931			20,133
Student travel	65	8	30	
Utility services				
Other purchased services				
Supplies, materials and media	2,162	18,343	12,616	124
Tuition and stipends				
Other expenses				
Indirect costs	3,160	1,764	2,168	1,204
Total materials, supplies, services and other	17,318	20,215	29,184	23,787
Capital outlay - equipment				
Total expenditures	53,082	29,626	36,425	25,292
Net change in fund balances				
Fund balances (deficit) - beginning				
Fund balances - ending	\$	\$	\$	\$

See accompanying notes to the basic financial statements

Alaska Community Learning Centers	Title IV-A Student Support Services	Special Education 619 Audit	Migrant Competitive	Migrant Parent Advisory Council	Migrant Education Book Program
<u>\$ 6,470</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
1,242,115	326,351	42,909	107,968	225	19,567
<u>1,242,115</u>	<u>326,351</u>	<u>42,909</u>	<u>107,968</u>	<u>225</u>	<u>19,567</u>
<u>1,248,585</u>	<u>326,351</u>	<u>42,909</u>	<u>107,968</u>	<u>225</u>	<u>19,567</u>
161,871					
547,541	159,937	8,661	54,274		
269,656	78,963	5,128	31,528		
<u>979,068</u>	<u>238,900</u>	<u>13,789</u>	<u>85,802</u>		
55,910	10,612	715	400		
37,787	44,627		6,277	225	
40,296			875		
2,597		5,381	1,695		
58,712	25,188	20,470	6,492		19,567
270	625				
73,945	6,399	2,554	6,427		
<u>269,517</u>	<u>87,451</u>	<u>29,120</u>	<u>22,166</u>	<u>225</u>	<u>19,567</u>
<u>1,248,585</u>	<u>326,351</u>	<u>42,909</u>	<u>107,968</u>	<u>225</u>	<u>19,567</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

Federal Programs Special Revenue

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - by Object

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	Options Child Care Grant	McKinney Vento Homeless Education	Department of Defense Education Activity 2016	Department of Defense Education Activity 2017
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct			169,280	316,186
Through the State of Alaska		35,105		
Other intermediate agencies				
Total federal sources		35,105	169,280	316,186
Total revenues		35,105	169,280	316,186
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries			18,044	500
Non-certificated salaries		30,030	48,192	174,601
Employee benefits		2,568	31,575	56,327
Total salaries and fringe benefits		32,598	97,811	231,428
Materials, supplies, services and other:				
Professional and technical services			22,500	36,411
Staff travel			3,299	11,393
Student travel				50
Utility services				
Other purchased services				2,010
Supplies, materials and media		417	45,670	33,969
Tuition and stipends				
Other expenses				
Indirect costs		2,090		
Total materials, supplies, services and other		2,507	71,469	83,833
Capital outlay - equipment				
Total expenditures		35,105	169,280	315,261
Net change in fund balances				925
Fund balances (deficit) - beginning	1,120			
Fund balances - ending	\$ 1,120	\$	\$	\$ 925

See accompanying notes to the basic financial statements

Department of Defense Education Activity 2018	Department of Defense Education Activity 2019	School Improvement	School Improvement Implementation	Teen Opioid	Title II-A Teacher & Principal Training
\$	\$	\$	\$	\$	\$
98,790	64,580	13,349	759	12,931	813,322
98,790	64,580	13,349	759	12,931	813,322
98,790	64,580	13,349	759	12,931	813,322
56,032	20,189	280	133	2,687	331,450
18,619	12,151	24	82	754	99,133
74,651	32,340	304	215	1,034	193,711
9,569	5,105	235			9,297
165	5,339	9,392		39	122,211
		105			
69				1,815	
8,455	18,686	2,018	499	6,602	691
	35	500			8,411
5,881	3,075	795	45		48,418
24,139	32,240	13,045	544	8,456	189,028
98,790	64,580	13,349	759	12,931	813,322
\$	\$	\$	\$	\$	\$

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

Federal Programs Special Revenue

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - by Object

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	ESEA Consolidated Administration Pool	Fresh Fruit & Vegetable Program	Totals	
			2019	2018
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$ 6,470	\$ 13,427
Revenue from federal sources:				
Direct			1,496,138	1,680,184
Through the State of Alaska	352,977	71,065	10,957,691	10,888,551
Other intermediate agencies			12,931	
Total federal sources	<u>352,977</u>	<u>71,065</u>	<u>12,466,760</u>	<u>12,568,735</u>
Total revenues	<u>352,977</u>	<u>71,065</u>	<u>12,473,230</u>	<u>12,582,162</u>
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries	92,988		2,093,296	2,519,857
Non-certificated salaries	107,358		4,219,672	3,683,405
Employee benefits	105,376		3,043,406	3,098,003
Total salaries and fringe benefits	<u>305,722</u>		<u>9,356,374</u>	<u>9,301,265</u>
Materials, supplies, services and other:				
Professional and technical services			810,035	737,224
Staff travel	19,406		596,400	371,318
Student travel			90,270	100,355
Utility services				2,800
Other purchased services	672		17,030	8,380
Supplies, materials and media	7,069	71,065	833,271	1,242,937
Tuition and stipends			64,495	73,872
Other expenses	200		13,234	1,438
Indirect costs	19,908		682,226	726,639
Total materials, supplies, services and other	<u>47,255</u>	<u>71,065</u>	<u>3,106,961</u>	<u>3,264,963</u>
Capital outlay - equipment			8,495	17,170
Total expenditures	<u>352,977</u>	<u>71,065</u>	<u>12,471,830</u>	<u>12,583,398</u>
Net change in fund balances			1,400	(1,236)
Fund balances (deficit) - beginning			645	1,881
Fund balances - ending	\$	\$	\$ 2,045	\$ 645

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Major Governmental Fund
Federal Programs Special Revenue
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual - by Object
For the Year Ended June 30, 2019

	Budgeted Amounts			Actual on	Variance with
	Original	Final	Actual	Budgetary	Final Budget
Revenues:					
Revenue from local sources:					
Other local revenue	\$	\$	\$ 6,470	\$ 6,470	\$ 6,470
Revenue from federal sources:					
Direct	4,388,045	4,388,044	1,496,138	1,496,138	(2,891,906)
Through the State of Alaska	11,741,437	14,054,686	10,957,691	11,036,978	(3,017,708)
Other intermediate agencies	7,500	15,000	12,931	12,931	(2,069)
Total federal sources	16,136,982	18,457,730	12,466,760	12,546,047	(5,911,683)
Total revenues	16,136,982	18,457,730	12,473,230	12,552,517	(5,905,213)
Expenditures - current:					
Salaries and fringe benefits:					
Certificated salaries	2,574,122	2,243,451	2,093,296	2,093,296	150,155
Non-certificated salaries	5,202,634	5,727,621	4,219,672	4,219,672	1,507,949
Employee benefits	3,669,733	3,644,435	3,043,406	3,043,406	601,029
Total salaries and fringe benefits	11,446,489	11,615,507	9,356,374	9,356,374	2,259,133
Materials, supplies, services and other:					
Professional and technical services	858,721	1,565,995	810,035	904,435	661,560
Staff travel	730,373	1,018,401	596,400	596,400	422,001
Student travel	97,899	126,173	90,270	91,916	34,257
Other purchased services	15,688	27,212	17,030	17,030	10,182
Supplies, materials and media	1,243,895	2,295,356	833,271	825,007	1,470,349
Tuition and stipends	85,511	85,511	64,495	64,495	21,016
Other expenses	12,910	26,722	13,234	13,234	13,488
Indirect costs	755,266	896,245	682,226	682,226	214,019
Total materials, supplies, services and other	3,800,263	6,041,615	3,106,961	3,194,743	2,846,872
Capital outlay - equipment			8,495		
Total expenditures	15,246,752	17,657,122	12,471,830	12,551,117	5,106,005
Net change in fund balance	\$ 890,230	\$ 800,608	1,400	\$ 1,400	\$ (799,208)
Fund balance - beginning			645		
Fund balance - ending			\$ 2,045		

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund
Student Transportation Special Revenue
Balance Sheet
June 30, 2019
(With comparative totals for 2018)

	Totals	
	2019	2018
<u>ASSETS</u>		
Equity in central treasury cash	<u>\$ 6,176,119</u>	<u>\$ 4,254,547</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	<u>\$ 2,888,383</u>	<u>\$ 210,535</u>
Fund balance:		
Assigned	<u>3,287,736</u>	<u>4,044,012</u>
Total fund balance	<u>3,287,736</u>	<u>4,044,012</u>
Total liabilities and fund balance	<u>\$ 6,176,119</u>	<u>\$ 4,254,547</u>

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Major Governmental Fund
Student Transportation Special Revenue
Statement of Revenues, Expenditures and Changes in Fund Balance - by Object
For the Year Ended June 30, 2019
(With comparative totals for 2018)

	Totals	
	2019	2018
Revenues:		
Revenue from state sources	<u>\$ 11,724,882</u>	<u>\$ 12,101,611</u>
Expenditures - current:		
Salaries and fringe benefits:		
Non-certificated salaries	228,884	207,898
Employee benefits	<u>135,858</u>	<u>119,877</u>
Total salaries and fringe benefits	<u>364,742</u>	<u>327,775</u>
Materials, supplies, services and other:		
Professional and technical services	19,354	19,781
Utility services		359
Other purchased services	12,518,301	12,571,306
Supplies, materials and media	<u>978,761</u>	<u>1,069,940</u>
Total materials, supplies, services and other	<u>13,516,416</u>	<u>13,661,386</u>
Total expenditures	<u>13,881,158</u>	<u>13,989,161</u>
Other financing sources:		
Transfers in	<u>1,400,000</u>	<u>2,898,967</u>
Net change in fund balance	(756,276)	1,011,417
Fund balance - beginning	<u>4,044,012</u>	<u>3,032,595</u>
Fund balance - ending	<u><u>\$ 3,287,736</u></u>	<u><u>\$ 4,044,012</u></u>

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Major Governmental Fund
Student Transportation Special Revenue
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual - by Object
For the Year Ended June 30, 2019

	Budgeted Amounts			Actual on	
	Original	Final	Actual	Budgetary	Variance with
				Basis	Final Budget
Revenues:					
Revenue from state sources	\$ 12,165,585	\$ 12,165,290	\$ 11,724,882	\$ 13,986,696	\$ 1,821,406
Expenditures - current:					
Salaries and fringe benefits:					
Non-certificated salaries	239,842	239,842	228,884	228,884	10,958
Employee benefits	141,769	141,769	135,858	135,858	5,911
Total salaries and fringe benefits	381,611	381,611	364,742	364,742	16,869
Materials, supplies, services and other:					
Professional and technical services	7,000	7,000	19,354	19,354	(12,354)
Staff travel	4,200	4,200			4,200
Utility services					
Other purchased services	13,572,574	13,572,574	12,518,301	14,675,572	(1,102,998)
Supplies, materials and media	1,100,200	1,099,905	978,761	1,083,304	16,601
Total materials, supplies, services and other	14,683,974	14,683,679	13,516,416	15,778,230	(1,094,551)
Total expenditures	15,065,585	15,065,290	13,881,158	16,142,972	(1,077,682)
Other financing sources:					
Transfers in	1,400,000	1,400,000	1,400,000	1,400,000	
Net change in fund balance	\$ (1,500,000)	\$ (1,500,000)	(756,276)	\$ (756,276)	\$ 743,724
Fund balance - beginning			4,044,012		
Fund balance - ending			\$ 3,287,736		

See accompanying notes to the basic financial statements

This Page Intentionally Left Blank.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Governmental Funds
Combining Balance Sheet - by Fund Type
June 30, 2019
(With comparative totals for 2018)

	Special Revenue			
	Local Programs	State Programs	Food Service	School Activities
<u>ASSETS</u>				
Equity in central treasury cash	\$ 206,793	\$ 635,170	\$	\$ 1,408,578
Accounts receivable:				
Local				150
State		220,528	20,047	
Inventories			455,577	
Total assets	<u>\$ 206,793</u>	<u>\$ 855,698</u>	<u>\$ 475,624</u>	<u>\$ 1,408,728</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$	\$ 25,604	\$ 267	\$ 36,840
Accrued payroll and liabilities		4,949		
Unearned revenue	1,090	386,351		
Due to other funds		209,826	136,229	
Total liabilities	<u>1,090</u>	<u>626,730</u>	<u>136,496</u>	<u>36,840</u>
Fund balances:				
Nonspendable - inventories			455,577	
Restricted		228,968		
Committed	205,703			1,371,888
Assigned				
Unassigned			(116,449)	
Total fund balances	<u>205,703</u>	<u>228,968</u>	<u>339,128</u>	<u>1,371,888</u>
Total liabilities and fund balances	<u>\$ 206,793</u>	<u>\$ 855,698</u>	<u>\$ 475,624</u>	<u>\$ 1,408,728</u>

See accompanying notes to the basic financial statements

Totals	
2019	2018
\$ 2,250,541	\$ 2,451,971
150	2,547
240,575	124,117
455,577	404,622
<u>\$ 2,946,843</u>	<u>\$ 2,983,257</u>

\$ 62,711	\$ 17,998
4,949	
387,441	399,123
346,055	105,691
<u>801,156</u>	<u>522,812</u>

455,577	404,622
228,968	272,373
1,577,591	1,583,939
	199,511
(116,449)	
<u>2,145,687</u>	<u>2,460,445</u>
<u>\$ 2,946,843</u>	<u>\$ 2,983,257</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - by Fund Type

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	Special Revenue			
	Local Programs	State Programs	Food Service	School Activities
Revenues:				
Revenue from local sources:				
Food service	\$	\$	\$ 1,417,808	\$
Other local revenue	193,026			2,687,775
Total local sources	193,026		1,417,808	2,687,775
Revenue from state sources		286,156		
Revenue from federal sources:				
Through the State of Alaska			3,754,959	
Total revenues	193,026	286,156	5,172,767	2,687,775
Expenditures:				
Current:				
Instruction	71,438	31,537		
Support services - students	160,941	268,627		
Support services - instruction	16,997			
School administration support services				
District administration support services		13,707		
Student activities				2,637,773
Food services		15,690	5,634,645	
Total expenditures	249,376	329,561	5,634,645	2,637,773
Deficiency of revenues over expenditures	(56,350)	(43,405)	(461,878)	50,002
Other financing sources:				
Proceeds from sale of capital assets			3,375	
Transfers in			193,498	
Total other financing sources			196,873	
Net change in fund balances	(56,350)	(43,405)	(265,005)	50,002
Fund balances - beginning	262,053	272,373	604,133	1,321,886
Fund balances - ending	\$ 205,703	\$ 228,968	\$ 339,128	\$ 1,371,888

See accompanying notes to the basic financial statements

Totals	
2019	2018
\$ 1,417,808	\$ 1,360,303
2,880,801	2,677,800
4,298,609	4,038,103
286,156	283,184
3,754,959	3,682,542
8,339,724	8,003,829
102,975	110,590
429,568	439,814
16,997	15,067
	27,638
13,707	
2,637,773	2,442,081
5,650,335	5,545,531
8,851,355	8,580,721
(511,631)	(576,892)
3,375	
193,498	493,498
196,873	493,498
(314,758)	(83,394)
2,460,445	2,543,839
\$ 2,145,687	\$ 2,460,445

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

State Programs Special Revenue

Combining Balance Sheet

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	Safe Children's Act	Bree's Law	Youth Risk Behavior Survey	Student Safety and Security
<u>ASSETS</u>				
Equity in central treasury cash	\$ 241	\$ 3,406	\$ 6,611	\$ 245,413
Accounts receivable:				
State				
Total assets	<u>\$ 241</u>	<u>\$ 3,406</u>	<u>\$ 6,611</u>	<u>\$ 245,413</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$	\$	\$	\$ 19,851
Accrued payroll and liabilities				
Unearned revenue	241		6,611	
Due to other funds				
Total liabilities	<u>241</u>		<u>6,611</u>	<u>19,851</u>
Fund balances:				
Restricted		3,406		225,562
Total liabilities and fund balances	<u>\$ 241</u>	<u>\$ 3,406</u>	<u>\$ 6,611</u>	<u>\$ 245,413</u>

See accompanying notes to the basic financial statements

Capacity Bldg Suicide Prevention	Alaska Pre- Elementary	Nutritional AK Foods for Schools FY13 thru FY15	Totals	
			2019	2018
\$	\$	\$ 379,499	\$ 635,170	\$ 677,287
19,433	201,095		220,528	103,605
<u>\$ 19,433</u>	<u>\$ 201,095</u>	<u>\$ 379,499</u>	<u>\$ 855,698</u>	<u>\$ 780,892</u>
\$ 4,500	\$ 1,253	\$	\$ 25,604	\$ 5,005
	4,949		4,949	
		379,499	386,351	397,823
14,933	194,893		209,826	105,691
<u>19,433</u>	<u>201,095</u>	<u>379,499</u>	<u>626,730</u>	<u>508,519</u>
			228,968	272,373
<u>\$ 19,433</u>	<u>\$ 201,095</u>	<u>\$ 379,499</u>	<u>\$ 855,698</u>	<u>\$ 780,892</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

State Programs Special Revenue

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - by Function

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	Staff Development Mini-grants	Safe Children's Act	Bree's Law	Youth Risk Behavior Survey
Revenues:				
Revenue from state sources	\$ 24,343	\$ 2,100	\$ 8,500	\$ 10,182
Expenditures - current:				
Instruction	24,343	2,100	5,094	
Support services - students				9,889
School administration support services				
District administration support services				293
Food services				
Total expenditures	24,343	2,100	5,094	10,182
Net change in fund balances			3,406	
Fund balances - beginning				
Fund balances - ending	\$	\$	\$ 3,406	\$

See accompanying notes to the basic financial statements

Student Safety and Security	Capacity Bldg Suicide Prevention	Alaska Pre- Elementary	Nutritional AK Foods for Schools FY13 thru FY15	Totals	
				2019	2018
\$	\$ 23,978	\$ 201,363	\$ 15,690	\$ 286,156	\$ 283,184
				31,537	96,807
46,811	22,551	189,376		268,627	253,695
	1,427	11,987		13,707	27,638
			15,690	15,690	
46,811	23,978	201,363	15,690	329,561	378,140
(46,811)				(43,405)	(94,956)
272,373				272,373	367,329
\$ 225,562	\$	\$	\$	\$ 228,968	\$ 272,373

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

State Programs Special Revenue

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - by Object

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	Staff Development Mini-grants	Safe Children's Act	Bree's Law	Youth Risk Behavior Survey
Revenues:				
Revenue from state sources	\$ 24,343	\$ 2,100	\$ 8,500	\$ 10,182
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries				
Non-certificated salaries	599			
Employee benefits	32			
Total salaries and fringe benefits	631			
Materials, supplies, services and other:				
Professional and technical services				
Staff travel	23,712		5,094	
Student travel				
Other purchased services				
Supplies, materials and media		2,100		9,889
Other expenses				
Indirect costs				293
Total materials, supplies, services and other	23,712	2,100	5,094	10,182
Capital outlay - equipment				
Total expenditures	24,343	2,100	5,094	10,182
Net change in fund balances			3,406	
Fund balances - beginning				
Fund balances - ending	\$	\$	\$ 3,406	\$

See accompanying notes to the basic financial statements

Student Safety and Security	Capacity Bldg Suicide Prevention	Alaska Pre- Elementary	Nutritional AK Foods for Schools FY13 thru FY15	Totals	
				2019	2018
\$	\$ 23,978	\$ 201,363	\$ 15,690	\$ 286,156	\$ 283,184
		21,750		21,750	18,070
		76,255		76,854	51,043
		33,294		33,326	11,093
		131,299		131,930	80,206
2,381		550		2,931	1,515
	334	2,809		31,949	23,214
	727			727	1,732
	6,458			6,458	3,255
44,430	15,032	49,718	15,690	136,859	243,103
		5,000		5,000	5,000
	1,427	11,987		13,707	12,269
46,811	23,978	70,064	15,690	197,631	290,088
					7,846
46,811	23,978	201,363	15,690	329,561	378,140
(46,811)				(43,405)	(94,956)
272,373				272,373	367,329
\$ 225,562	\$	\$	\$	\$ 228,968	\$ 272,373

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Nonmajor Governmental Fund
State Programs Special Revenue
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual - by Object
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final			
Revenues:					
Revenue from state sources	\$ 714,122	\$ 731,445	\$ 286,156	\$ 332,675	\$ (398,770)
Expenditures - current:					
Salaries and fringe benefits:					
Certificated salaries	58,967	24,936	21,750	21,750	3,186
Non-certificated salaries	14,415	100,779	76,854	76,854	23,925
Employee benefits	27,419	35,587	33,326	33,326	2,261
Total salaries and fringe benefits	100,801	161,302	131,930	131,930	29,372
Materials, supplies, services and other:					
Professional and technical services	25,000	7,233	2,931	2,931	4,302
Staff travel	15,337	42,876	31,949	31,949	10,927
Student travel	1,800	900	727	727	173
Other purchased services	23,000	21,500	6,458	6,458	15,042
Supplies, materials and media	796,223	656,133	136,859	183,378	472,755
Other expenses	5,000	5,215	5,000	5,000	215
Indirect cost	14,290	16,505	13,707	13,707	2,798
Total materials, supplies, services and other	880,650	750,362	197,631	244,150	506,212
Capital outlay - equipment	100,000	92,154			92,154
Total expenditures	1,081,451	1,003,818	329,561	376,080	627,738
Net change in fund balance	\$ (367,329)	\$ (272,373)	(43,405)	\$ (43,405)	\$ 228,968
Fund balance - beginning			272,373		
Fund balance - ending			\$ 228,968		

See accompanying notes to the basic financial statements

This Page Intentionally Left Blank.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Local Programs Special Revenue

Combining Balance Sheet

June 30, 2019

(With comparative totals for 2018)

	<u>Instruments Equipment</u>	<u>Options Child Care</u>	<u>Barnette Magnet After School Program</u>	<u>University Park After School Program</u>
<u>ASSETS</u>				
Equity in central treasury cash	<u>\$ 38,562</u>	<u>\$ 17,326</u>	<u>\$ 68,298</u>	<u>\$ 9,575</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Unearned revenue	\$	\$	\$	\$ 1,090
Due to other funds				
Total liabilities				<u>1,090</u>
Fund balances:				
Committed	<u>38,562</u>	<u>17,326</u>	<u>68,298</u>	<u>8,485</u>
Total fund balances	<u>38,562</u>	<u>17,326</u>	<u>68,298</u>	<u>8,485</u>
Total liabilities and fund balances	<u>\$ 38,562</u>	<u>\$ 17,326</u>	<u>\$ 68,298</u>	<u>\$ 9,575</u>

See accompanying notes to the basic financial statements

Curriculum Staff Development	Community Donations	Learning and Leadership	Totals	
			2019	2018
<u>\$ 8,881</u>	<u>\$ 59,651</u>	<u>\$ 4,500</u>	<u>\$ 206,793</u>	<u>\$ 263,980</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,090</u>	<u>\$ 627</u>
				<u>1,300</u>
			<u>1,090</u>	<u>1,927</u>
<u>8,881</u>	<u>59,651</u>	<u>4,500</u>	<u>205,703</u>	<u>262,053</u>
<u>8,881</u>	<u>59,651</u>	<u>4,500</u>	<u>205,703</u>	<u>262,053</u>
<u>\$ 8,881</u>	<u>\$ 59,651</u>	<u>\$ 4,500</u>	<u>\$ 206,793</u>	<u>\$ 263,980</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Local Programs Special Revenue

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - by Function

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	<u>Instruments Equipment</u>	<u>Options Child Care</u>	<u>Barnette Magnet After School Program</u>	<u>University Park After School Program</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$ 95,717	\$ 85,485
Expenditures - current:				
Instruction	71,438			
Support services - students			84,508	76,096
Support services - instruction				
Total expenditures	<u>71,438</u>		<u>84,508</u>	<u>76,096</u>
Net change in fund balances	(71,438)		11,209	9,389
Fund balances (deficit) - beginning	<u>110,000</u>	<u>17,326</u>	<u>57,089</u>	<u>(904)</u>
Fund balances - ending	<u>\$ 38,562</u>	<u>\$ 17,326</u>	<u>\$ 68,298</u>	<u>\$ 8,485</u>

See accompanying notes to the basic financial statements

Walmart Community Grant - SpEd Dept.	Curriculum Staff Development	Community Donations	Learning and Leadership	Totals	
				2019	2018
\$	\$	\$ 7,324	\$ 4,500	\$ 193,026	\$ 283,492
				71,438	13,783
337				160,941	186,119
	2,671	14,326		16,997	15,067
337	2,671	14,326		249,376	214,969
(337)	(2,671)	(7,002)	4,500	(56,350)	68,523
337	11,552	66,653		262,053	193,530
\$	\$ 8,881	\$ 59,651	\$ 4,500	\$ 205,703	\$ 262,053

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Local Programs Special Revenue

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - by Object

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	<u>Instruments Equipment</u>	<u>Options Child Care</u>	<u>Barnette Magnet After School Program</u>	<u>University Park After School Program</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$ 95,717	\$ 85,485
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries			4,888	8,248
Non-certificated salaries			46,775	39,164
Employee benefits			22,379	20,818
Total salaries and fringe benefits			<u>74,042</u>	<u>68,230</u>
Materials, supplies, services and other:				
Professional and technical services			500	2,716
Staff travel				28
Student travel				
Utility services			379	379
Supplies, materials and media	<u>71,438</u>		<u>9,587</u>	<u>4,743</u>
Total materials, supplies, services and other	<u>71,438</u>		<u>10,466</u>	<u>7,866</u>
Total expenditures	<u>71,438</u>		<u>84,508</u>	<u>76,096</u>
Net change in fund balances	(71,438)		11,209	9,389
Fund balances (deficit) - beginning	<u>110,000</u>	<u>17,326</u>	<u>57,089</u>	<u>(904)</u>
Fund balances - ending	<u>\$ 38,562</u>	<u>\$ 17,326</u>	<u>\$ 68,298</u>	<u>\$ 8,485</u>

See accompanying notes to the basic financial statements

Walmart Community Grant - SpEd Dept.	Curriculum Staff Development	Community Donations	Learning and Leadership	Totals	
				2019	2018
\$	\$	\$ 7,324	\$ 4,500	\$ 193,026	\$ 283,492
	500			13,636	19,248
				85,939	83,244
	74			43,271	43,604
	574			142,846	146,096
	2,097			5,313	4,863
				28	2,546
					2,924
				758	725
337		14,326		100,431	57,815
337	2,097	14,326		106,530	68,873
337	2,671	14,326		249,376	214,969
(337)	(2,671)	(7,002)	4,500	(56,350)	68,523
337	11,552	66,653		262,053	193,530
\$	\$ 8,881	\$ 59,651	\$ 4,500	\$ 205,703	\$ 262,053

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Nonmajor Special Revenue Fund
Local Programs Special Revenue
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual - by Object
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>			<u>Actual on</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Budgetary</u>	<u>Variance with</u>
				<u>Basis</u>	<u>Final Budget</u>
Revenues:					
Revenue from local sources:					
Other local revenue	\$	\$ 108,052	\$ 193,026	\$ 192,549	\$ 84,497
Expenditures - current:					
Salaries and fringe benefits:					
Certificated salaries			13,636	13,636	(13,636)
Non-certificated salaries		56,185	85,939	85,939	(29,754)
Employee benefits			43,271	43,271	(43,271)
Total salaries and fringe benefits		56,185	142,846	142,846	(86,661)
Materials, supplies, services and other:					
Professional and technical services		11,552	5,313	5,313	6,239
Staff travel			28	28	(28)
Utility services			758	758	(758)
Supplies, materials and media		176,513	100,431	99,954	76,559
Total materials, supplies, services and other		188,065	106,530	106,053	82,012
Total expenditures		244,250	249,376	248,899	(4,649)
Net change in fund balance	\$	\$ (136,198)	(56,350)	\$ (56,350)	\$ 79,848
Fund balance - beginning			262,053		
Fund balance - ending			\$ 205,703		

See accompanying notes to the basic financial statements

This Page Intentionally Left Blank.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Food Service Special Revenue

Balance Sheet

June 30, 2019

(With comparative totals for 2018)

	Totals	
	2019	2018
<u>ASSETS</u>		
Equity in central treasury cash	\$	\$ 179,311
Accounts receivable:		
State	20,047	20,512
Inventories	455,577	404,622
Total assets	<u>\$ 475,624</u>	<u>\$ 604,445</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 267	\$ 312
Due to other funds	136,229	
Total liabilities	<u>136,496</u>	<u>312</u>
Fund balance:		
Nonspendable - inventories	455,577	404,622
Assigned		199,511
Unassigned	(116,449)	
Total fund balance	<u>339,128</u>	<u>604,133</u>
Total liabilities and fund balance	<u>\$ 475,624</u>	<u>\$ 604,445</u>

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Food Service Special Revenue

Statement of Revenues, Expenditures and Changes in Fund Balance - by Function

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	Totals	
	2019	2018
Revenues:		
Revenue from local sources:		
Food service	\$ 1,417,808	\$ 1,360,303
Revenue from federal sources:		
Through the State of Alaska	3,754,959	3,682,542
Total revenues	5,172,767	5,042,845
Expenditures - current:		
Food services	5,634,645	5,545,531
Other financing sources:		
Proceeds from sale of capital assets	3,375	
Transfers in	193,498	493,498
Total other financing sources	196,873	493,498
Net change in fund balance	(265,005)	(9,188)
Fund balance - beginning	604,133	613,321
Fund balance - ending	\$ 339,128	\$ 604,133

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Food Service Special Revenue

Statement of Revenues, Expenditures and Changes in Fund Balance - by Object

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	Totals	
	2019	2018
Revenues:		
Revenue from local sources:		
Food service	\$ 1,417,808	\$ 1,360,303
Revenue from federal sources:		
Through the State of Alaska	3,754,959	3,682,542
Total revenues	5,172,767	5,042,845
Expenditures - current:		
Salaries and fringe benefits:		
Non-certificated salaries	1,929,565	1,937,992
Employee benefits	1,071,862	1,131,345
Total salaries and fringe benefits	3,001,427	3,069,337
Materials, supplies, services and other:		
Professional and technical services	31,358	31,680
Staff travel	9,171	7,749
Utility services	11,689	13,220
Energy	184,816	181,752
Other purchased services	2,218	2,112
Supplies, materials and media	2,338,475	2,239,505
Other expenses	122	176
Total materials, supplies, services and other	2,577,849	2,476,194
Capital outlay - equipment	55,369	
Total expenditures	5,634,645	5,545,531
Other financing sources:		
Proceeds from sale of capital assets	3,375	
Transfers in	193,498	493,498
Total other financing sources	196,873	493,498
Net change in fund balance	(265,005)	(9,188)
Fund balance - beginning	604,133	613,321
Fund balance - ending	\$ 339,128	\$ 604,133

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Food Service Special Revenue

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual - by Object

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>			<u>Actual on</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Budgetary</u>	<u>Variance with</u>
				<u>Basis</u>	<u>Final Budget</u>
Revenues:					
Revenue from local sources:					
Food Service	\$ 1,650,417	\$ 1,650,417	\$ 1,417,808	\$ 1,417,808	\$ (232,609)
Revenue from federal sources:					
Through the State of Alaska	3,815,756	3,760,387	3,754,959	3,699,590	(60,797)
Total revenues	5,466,173	5,410,804	5,172,767	5,117,398	(293,406)
Expenditures - current:					
Salaries and fringe benefits:					
Non-certificated salaries	2,149,003	2,149,003	1,929,565	1,929,565	219,438
Employee benefits	1,222,127	1,222,127	1,071,862	1,071,862	150,265
Total salaries and fringe benefits	3,371,129	3,371,130	3,001,427	3,001,427	369,703
Materials, supplies, services and other:					
Professional and technical services	25,000	25,000	31,358	31,358	(6,358)
Staff travel	10,000	10,000	9,171	9,171	829
Utility services	15,227	15,227	11,689	11,689	3,538
Energy	190,500	190,500	184,816	184,816	5,684
Other purchased services	1,570	1,570	2,218	2,218	(648)
Supplies, materials and media	2,280,576	2,280,575	2,338,475	2,338,475	(57,900)
Other expenses	300	300	122	122	178
Total materials, supplies, services and other	2,523,173	2,523,172	2,577,849	2,577,849	(54,677)
Capital outlay - equipment	65,369	10,000	55,369		10,000
Total expenditures	5,959,671	5,904,302	5,634,645	5,579,276	325,026
Other financing sources (uses):					
Proceeds from sale of capital assets			3,375	3,375	3,375
Transfers in	193,498	193,498	193,498	193,498	
Total other financing sources (uses)	193,498	193,498	196,873	196,873	3,375
Net change in fund balance	\$ (300,000)	\$ (300,000)	(265,005)	\$ (265,005)	\$ 34,995
Fund balance - beginning			604,133		
Fund balance - ending			\$ 339,128		

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund
School Activities Special Revenue
Balance Sheet
June 30, 2019
(With comparative totals for 2018)

	Totals	
	2019	2018
<u>ASSETS</u>		
Equity in central treasury cash	\$ 1,408,578	\$ 1,331,393
Accounts receivable:		
Local	150	2,547
Total assets	<u>\$ 1,408,728</u>	<u>\$ 1,333,940</u>
<u>LIABILITIES & FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 36,840	\$ 12,054
Fund balance:		
Committed	<u>1,371,888</u>	<u>1,321,886</u>
Total liabilities and fund balance	<u>\$ 1,408,728</u>	<u>\$ 1,333,940</u>

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

School Activities Special Revenue

Statement of Revenues, Expenditures and Changes in Fund Balance - by Function

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	Totals	
	2019	2018
Revenues:		
Revenue from local sources:		
Other local revenue	<u>\$ 2,687,775</u>	<u>\$ 2,394,308</u>
Expenditures - current:		
Student activities	<u>2,637,773</u>	<u>2,442,081</u>
Net change in fund balance	50,002	(47,773)
Fund balance - beginning	<u>1,321,886</u>	<u>1,369,659</u>
Fund balance - ending	<u><u>\$ 1,371,888</u></u>	<u><u>\$ 1,321,886</u></u>

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

School Activities Special Revenue

Statement of Revenues, Expenditures and Changes in Fund Balance - by Object

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	Totals	
	2019	2018
Revenues:		
Revenue from local sources:		
Other local revenue	\$ 2,687,775	\$ 2,394,308
Expenditures - current:		
Salaries and fringe benefits:		
Certificated salaries	1,163	5,396
Non-certificated salaries	6,334	3,950
Employee benefits	1,151	1,237
Total salaries and fringe benefits	8,648	10,583
Materials, supplies, services and other:		
Professional and technical services	84,669	78,244
Staff travel	1,663	4,808
Student travel	1,158,058	1,021,040
Other purchased services	60,056	36,119
Insurance and bond premium	71	
Supplies, materials and media	1,265,867	1,225,278
Other expenses	52,791	61,009
Total materials, supplies, services and other	2,623,175	2,426,498
Capital outlay - equipment	5,950	5,000
Total expenditures	2,637,773	2,442,081
Net change in fund balance	50,002	(47,773)
Fund balance - beginning	1,321,886	1,369,659
Fund balance - ending	\$ 1,371,888	\$ 1,321,886

See accompanying notes to the basic financial statements

CAPITAL PROJECTS FUND

To account for all resources used for property acquisition, major equipment expense, and infrastructure improvements.

This Page Intentionally Left Blank.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Capital Projects Fund

Combining Balance Sheet

June 30, 2019

(With comparative totals for 2018)

	<u>Title VIII Construction</u>	<u>Districtwide School Projects</u>	<u>BEH Roof Replacement</u>	<u>WRV Roof Replacement</u>
<u>ASSETS</u>				
Equity in central treasury cash	<u>\$ 166,890</u>	<u>\$ 69</u>	<u>\$ 4,356,672</u>	<u>\$ 3,051,701</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Fund balances:				
Restricted	\$	\$	\$ 4,356,672	\$ 3,051,701
Assigned	<u>166,890</u>	<u>69</u>	<u>4,356,672</u>	<u>3,051,701</u>
Total fund balances	<u>166,890</u>	<u>69</u>	<u>4,356,672</u>	<u>3,051,701</u>
Total liabilities and fund balances	<u>\$ 166,890</u>	<u>\$ 69</u>	<u>\$ 4,356,672</u>	<u>\$ 3,051,701</u>

See accompanying notes to the basic financial statements

Totals	
2019	2018
\$ 7,575,332	\$ 83,090

\$ 7,408,373	\$
166,959	83,090
7,575,332	83,090
\$ 7,575,332	\$ 83,090

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Major Capital Projects Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2019
(With comparative totals for 2018)

	<u>Title VIII Construction</u>	<u>Districtwide School Projects</u>	<u>BEH Roof Replacement</u>	<u>WRV Roof Replacement</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Through the State of Alaska	407,567			
Total revenues	407,567			
Expenditures:				
Capital outlay:				
Professional and technical services				
Other purchased services	253,478			
Supplies, materials and media	70,220			
Equipment				
Buildings and improvements purchased				
Total expenditures	323,698			
Other financing sources - transfers in			4,356,672	3,051,701
Net change in fund balances	83,869		4,356,672	3,051,701
Fund balances - beginning	83,021	69		
Fund balances - ending	\$ 166,890	\$ 69	\$ 4,356,672	\$ 3,051,701

See accompanying notes to the basic financial statements

Totals	
2019	2018
<hr/>	
\$	\$ 378,193
407,567	46,242
407,567	424,435
<hr/>	
	2,083
253,478	227,541
70,220	200,845
	34,313
	230,524
323,698	695,306
<hr/>	
7,408,373	
7,492,242	(270,871)
83,090	353,961
\$ 7,575,332	\$ 83,090
<hr/>	

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Capital Projects Fund
Project Length Schedule of Revenues and Expenditures
Beginning of Projects to June 30, 2019

	Title VIII Construction	BEH Roof Replacement	WRV Roof Replacement	Project To Date Totals
Project Authorizations:	<u>\$ 1,810,337</u>	<u>\$ 4,356,672</u>	<u>\$ 3,051,701</u>	<u>\$ 9,218,710</u>
Revenues:				
Revenue from federal sources:				
Through the State of Alaska	\$ 1,775,025	\$	\$	\$ 1,775,025
Transfers from other funds	<u>35,312</u>	<u>4,356,672</u>	<u>3,051,701</u>	<u>7,443,685</u>
Total revenues	<u>1,810,337</u>	<u>4,356,672</u>	<u>3,051,701</u>	<u>9,218,710</u>
Expenditures:				
Capital outlay:				
Professional and technical services	18,669			18,669
Other purchased services	1,156,974			1,156,974
Supplies, materials and media	467,804			467,804
Other capital outlay	<u>323,187</u>			<u>323,187</u>
Total expenditures	<u>1,966,634</u>			<u>1,966,634</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (156,297)</u>	<u>\$ 4,356,672</u>	<u>\$ 3,051,701</u>	<u>\$ 7,252,076</u>

See accompanying notes to the basic financial statements

INTERNAL SERVICE FUNDS

Risk Management: accounts for transactions related to self-insurance and risk management services.

Equipment Replacement: accounts for the management and replacement of the General Fund's equipment and vehicles.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Internal Service Funds
Combining Statement of Net Position
For the Year Ended June 30, 2019
(With comparative totals for 2018)

	Risk Management Fund	Equipment Replacement Fund	Totals	
			2019	2018
<u>ASSETS</u>				
Current assets:				
Equity in central treasury cash	\$ 7,894,451	\$ 1,616,402	\$ 9,510,853	\$ 13,053,223
Accounts receivable - local	229,100		229,100	2,991,359
Total assets	<u>\$ 8,123,551</u>	<u>\$ 1,616,402</u>	<u>\$ 9,739,953</u>	<u>\$ 16,044,582</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 142,281	\$	\$ 142,281	\$ 111,289
Current portion of long-term liabilities:				
Claims payable	4,465,394		4,465,394	4,801,015
Total current liabilities	<u>4,607,675</u>		<u>4,607,675</u>	<u>4,912,304</u>
Noncurrent liabilities:				
Noncurrent portion of long-term liabilities:				
Claims payable	52,935		52,935	45,915
Accrued self-insurance reserves	622,574		622,574	598,732
Total noncurrent liabilities	<u>675,509</u>		<u>675,509</u>	<u>644,647</u>
Total liabilities	<u>5,283,184</u>		<u>5,283,184</u>	<u>5,556,951</u>
<u>NET POSITION</u>				
Unrestricted	<u>2,840,367</u>	<u>1,616,402</u>	<u>4,456,769</u>	<u>10,487,631</u>
Total net position	<u>\$ 2,840,367</u>	<u>\$ 1,616,402</u>	<u>\$ 4,456,769</u>	<u>\$ 10,487,631</u>

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

For the Year Ended June 30, 2019

(With comparative totals for 2018)

	Risk Management Fund	Equipment Replacement Fund	Totals	
			2019	2018
Operating revenues:				
Revenue from local sources:				
Charges for services	\$ 34,283,471	\$ 880,945	\$ 35,164,416	\$ 35,102,171
Operating expenses:				
Health and life insurance	38,276,718		38,276,718	32,160,164
Workers' compensation insurance	1,030,719		1,030,719	932,323
Property and other insurance	467,945		467,945	417,596
Auto and general liability insurance	455,353		455,353	710,831
Supplies, materials and media		964,543	964,543	
Total operating expenses	40,230,735	964,543	41,195,278	34,220,914
Operating income (loss)	(5,947,264)	(83,598)	(6,030,862)	881,257
Transfers in				1,700,000
Change in net assets	(5,947,264)	(83,598)	(6,030,862)	2,581,257
Total net position - beginning	8,787,631	1,700,000	10,487,631	7,906,374
Total net position - ending	\$ 2,840,367	\$ 1,616,402	\$ 4,456,769	\$ 10,487,631

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2019
(With comparative totals for 2018)

	Risk Management Fund	Equipment Replacement Fund	Totals	
			2019	2018
Cash flows from operating activities:				
Receipts from interfund services provided	\$ 34,264,865	\$ 880,945	\$ 35,145,810	\$ 35,065,317
Receipts from employees	2,091,119		2,091,119	2,985,908
Payments to suppliers	(728,263)	(964,543)	(1,692,806)	(768,002)
Payments to employees	(701,742)		(701,742)	(565,552)
Payments to Fairbanks North Star Borough	(38,384,751)		(38,384,751)	(34,765,033)
Net cash provided by (used in) operating activities	(3,458,772)	(83,598)	(3,542,370)	1,952,638
Cash flows from noncapital financing activities:				
Transfers from other funds				1,700,000
Net increase (decrease) in equity in central treasury cash	(3,458,772)	(83,598)	(3,542,370)	3,652,638
Equity in central treasury cash - beginning	11,353,223	1,700,000	13,053,223	9,400,585
Equity in central treasury cash - ending	<u>\$ 7,894,451</u>	<u>\$ 1,616,402</u>	<u>\$ 9,510,853</u>	<u>\$ 13,053,223</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	<u>\$ (5,947,264)</u>	<u>\$ (83,598)</u>	<u>\$ (6,030,862)</u>	<u>\$ 881,257</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Decrease (increase) in accounts receivable - local	2,762,259		2,762,259	384,701
Increase (decrease) in accounts payable	30,992		30,992	(70,238)
Increase (decrease) in claims payable, current portion	(335,621)		(335,621)	524,446
Increase (decrease) in claims payable, non-current portion	7,020		7,020	4,658
Increase (decrease) in accrued self-insurance reserves	23,842		23,842	227,814
Total adjustments	<u>2,488,492</u>		<u>2,488,492</u>	<u>1,071,381</u>
Net cash provided by (used in) operating activities	<u>\$ (3,458,772)</u>	<u>\$ (83,598)</u>	<u>\$ (3,542,370)</u>	<u>\$ 1,952,638</u>

See accompanying notes to the basic financial statements

This Page Intentionally Left Blank.

AGENCY FUND

School District Agency Fund

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

School District Agency Fund
Statement of Changes in Assets and Liabilities
Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>ASSETS</u>				
Equity in central treasury cash	<u>\$ 35,207</u>	<u>\$ 44,413</u>	<u>\$ 43,750</u>	<u>\$ 35,870</u>
<u>LIABILITIES</u>				
Accounts payable	\$	\$ 43,750	\$ 43,750	\$
Due to external groups	<u>35,207</u>	<u>44,413</u>	<u>43,750</u>	<u>35,870</u>
Total liabilities	<u>\$ 35,207</u>	<u>\$ 88,163</u>	<u>\$ 87,500</u>	<u>\$ 35,870</u>

This Page Intentionally Left Blank.

STATISTICAL SECTION

STATISTICAL SECTION

Financial Trends – pages 183-193

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

Revenue Capacity – pages 194-204

These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax levied by the Borough, and the School District's most significant own-sourced revenue.

Debt Capacity – page 205

These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the Borough's ability to issue additional debt in the future.

Demographic & Economic Information – pages 206-207

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.

Operating Information – pages 208-223

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

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year			
	2009-10	2010-11	2011-12	2012-13
Governmental activities:				
Investment in capital assets	\$ 4,180,344	\$ 4,449,676	\$ 4,391,797	\$ 4,169,278
Restricted for:				
Grant-funded programs				
Student allotments				
Unrestricted	<u>20,954,280</u>	<u>20,747,031</u>	<u>17,380,499</u>	<u>19,123,971</u>
Total net position	<u><u>\$ 25,134,624</u></u>	<u><u>\$ 25,196,707</u></u>	<u><u>\$ 21,772,296</u></u>	<u><u>\$ 23,293,249</u></u>

Note:

^a Beginning net position at July 1, 2014 has been adjusted for the implementation of GASB Statements No. 68 and 71.

^b Beginning net position at July 1, 2017 has been adjusted for the implementation of GASB Statements No. 75.

Fiscal Year					
2013-14	2014-15 ^a	2015-16	2016-17	2017-18 ^b	2018-19
\$ 4,001,914	\$ 4,112,494	\$ 4,580,174	\$ 4,299,337	\$ 4,015,924	\$ 3,960,939
	1,416,526	1,670,850	700,964	273,018	7,641,421
	35,108	88,780	102,147	133,205	133,205
20,941,096	(65,801,513)	(85,483,184)	(111,644,615)	(116,430,485)	(118,559,318)
<u>\$ 24,943,010</u>	<u>\$ (60,237,385)</u>	<u>\$ (79,143,380)</u>	<u>\$ (106,542,167)</u>	<u>\$ (112,008,338)</u>	<u>\$ (106,823,753)</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year			
	2009-10	2010-11	2011-12	2012-13
Expenses				
Governmental activities:				
Instruction	\$ 96,924,540	\$ 100,600,464	\$ 107,518,432	\$ 111,205,333
Special education instruction	25,847,781	24,870,238	25,693,963	29,783,855
Special education support services - students	4,787,664	7,376,804	7,840,679	10,087,672
Support services - students	13,485,882	13,959,359	14,645,274	15,353,243
Support Services - instruction	12,292,803	15,414,500	13,656,552	12,899,352
School administration	7,283,846	7,164,900	7,683,508	8,384,189
School administration support services	4,774,903	4,908,392	6,109,394	5,645,704
District administration	2,326,390	2,205,571	2,460,180	2,415,563
District administration support services	10,161,958	10,700,442	11,302,391	10,394,306
Operations and maintenance of plant	22,831,870	24,374,735	26,259,233	25,334,946
Student activities	4,969,303	4,959,591	5,004,579	5,182,117
Student transportation - to and from school	9,856,507	10,010,640	11,222,482	11,382,622
Adult and continuing education instruction	321			
Community services				
Food services	5,386,119	5,399,896	5,510,680	5,400,980
Interest expense	46,119	33,227		
Total expenses	<u>220,976,006</u>	<u>231,978,759</u>	<u>244,907,347</u>	<u>253,469,882</u>
Program Revenues				
Governmental activities:				
Charges for Services:				
Instruction	61,343	43,895	51,492	69,392
Support services - students	66,813	116,542	112,795	19,703
Support services - instruction	77,079	41,850	65,844	145,416
Food services	2,010,908	1,926,416	1,897,853	1,598,281
Operating grants and contributions	52,835,590	54,664,159	59,782,158	66,613,379
Capital grants and contributions	369,871	69,000	378,803	69,419
Total program revenues	<u>55,421,604</u>	<u>56,861,862</u>	<u>62,288,945</u>	<u>68,515,590</u>
Net expense - governmental activities	<u>(165,554,402)</u>	<u>(175,116,897)</u>	<u>(182,618,402)</u>	<u>(184,954,292)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Grants and contributions not restricted to specific programs:				
Borough direct appropriation	43,339,901	45,299,502	46,586,695	46,200,000
Foundation program	109,730,232	112,387,761	113,227,755	119,814,989
Other state revenue	1,856,765	1,974,562	4,144,172	4,705,752
Federal impact aid	12,005,572	14,428,645	14,051,688	14,758,858
Other	386,120	739,636	643,721	595,346
Miscellaneous	369,096	348,874	539,960	400,300
Total general revenues	<u>167,687,686</u>	<u>175,178,980</u>	<u>179,193,991</u>	<u>186,475,245</u>
Change in net position	<u>\$ 2,133,284</u>	<u>\$ 62,083</u>	<u>\$ (3,424,411)</u>	<u>\$ 1,520,953</u>

Fiscal Year					
2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
\$ 109,531,681	\$ 122,257,659	\$ 107,399,957	\$ 111,640,903	\$ 90,117,357	\$ 91,724,774
29,236,637	31,589,337	33,322,750	34,256,340	28,067,312	27,785,770
10,551,365	11,614,210	11,205,400	11,056,197	8,882,198	8,877,680
16,554,098	16,113,199	16,503,860	14,252,727	11,372,845	13,888,153
12,079,620	12,093,473	14,110,870	15,580,406	8,532,961	9,255,330
8,712,544	9,734,249	8,555,778	8,933,366	7,524,309	7,523,852
5,724,618	5,627,274	7,154,047	6,805,796	4,862,734	4,996,921
2,125,738	2,368,596	2,170,832	2,372,557	2,482,325	2,837,695
10,503,523	10,876,471	14,310,514	13,431,721	9,841,603	10,062,800
25,259,547	27,052,784	28,728,249	27,579,992	21,434,921	22,806,148
5,293,009	3,052,086	4,969,652	5,043,266	4,412,922	4,703,477
11,785,326	11,974,378	11,891,808	12,149,994	13,949,612	13,874,064
5,000					
5,418,264	5,910,012	6,591,827	6,399,804	5,149,815	5,516,605
				9,713	9,775
252,780,970	270,263,728	266,915,544	269,503,069	216,640,627	223,863,044
62,715	44,280	47,332	9,686	21,156	21,518
188,850	222,709	189,497	185,255	169,021	187,672
38,540	34,860	29,006	9,050		
1,492,538	1,353,596	1,352,523	1,369,239	1,360,303	1,417,808
68,202,040	81,118,672	52,262,056	45,805,824	45,103,665	40,715,394
126,935	911,562	220,410	1,135,763	424,435	407,567
70,111,618	83,685,679	54,100,824	48,514,817	47,078,580	42,749,959
(182,669,352)	(186,578,049)	(212,814,720)	(220,988,252)	(169,562,047)	(181,113,085)
47,560,000	49,906,000	55,369,000	54,169,000	51,145,400	50,045,400
117,038,885	117,696,672	118,214,578	116,214,852	117,791,496	112,064,702
4,691,698	6,498,660	1,982,685	1,984,382	1,985,419	1,974,858
13,979,892	17,420,489	17,012,673	18,353,834	16,796,045	20,297,112
508,827	953,584	721,453	1,325,280	706,812	738,043
539,811	554,027	608,336	1,542,117	1,223,927	1,177,555
184,319,113	193,029,432	193,908,725	193,589,465	189,649,099	186,297,670
\$ 1,649,761	\$ 6,451,383	\$ (18,905,995)	\$ (27,398,787)	\$ 20,087,052	\$ 5,184,585

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year			
	2009-10	2010-11^a	2011-12	2012-13
General fund				
Nonspendable	\$ 966,466	\$ 555,592	\$ 602,804	\$ 573,283
Restricted				
Assigned	20,712,010	21,080,111	19,556,139	18,552,099
Unassigned	743,899		71,358	1,372,848
Total general fund	<u>\$ 22,422,375</u>	<u>\$ 21,635,703</u>	<u>\$ 20,230,301</u>	<u>\$ 20,498,230</u>
All other governmental funds				
Nonspendable	\$ 676,166	\$ 499,732	\$ 432,994	\$ 443,788
Restricted	25,736	2,954	377,814	662,773
Committed	2,430,074	1,760,378	1,796,551	1,794,550
Assigned	700,444	1,315,325	1,614,100	1,643,638
Unassigned	(764,901)	(88,626)	(11,270)	(77,502)
Total all other governmental funds	<u>\$ 3,067,519</u>	<u>\$ 3,489,763</u>	<u>\$ 4,210,189</u>	<u>\$ 4,467,247</u>

^a In fiscal year 2010-11, the School District implemented Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and restated fiscal year 2009-10 balances. Balances prior to fiscal year 2009-10 reflect fund balance terminology in place at that time.

Fiscal Year					
2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
\$ 518,791	\$ 624,652	\$ 444,007	\$ 457,102	\$ 402,381	\$ 327,400
	35,108	88,780	102,147	133,205	135,240
15,719,300	19,972,736	18,653,930	20,340,970	25,003,495	23,203,257
3,616,590	4,342,757	15,425,238	12,760,554	7,930,467	
<u>\$ 19,854,681</u>	<u>\$ 24,975,253</u>	<u>\$ 34,611,955</u>	<u>\$ 33,660,773</u>	<u>\$ 33,469,548</u>	<u>\$ 23,665,897</u>
\$ 625,306	\$ 480,711	\$ 476,760	\$ 414,148	\$ 404,622	\$ 455,577
1,864,874	1,416,526	1,670,850	700,964	273,018	7,639,386
1,726,030	1,634,796	1,576,893	1,563,189	1,583,939	1,577,591
1,414,676	1,618,291	1,430,984	3,253,975	4,326,613	3,454,695
(500,032)	(1,170,105)	(1,459,913)			(116,449)
<u>\$ 5,130,854</u>	<u>\$ 3,980,219</u>	<u>\$ 3,695,574</u>	<u>\$ 5,932,276</u>	<u>\$ 6,588,192</u>	<u>\$ 13,010,800</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Governmental Funds Revenues Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year			
	2009-10	2010-11	2011-12	2012-13
Revenues from local sources:				
Borough direct appropriation	\$ 43,339,901	\$ 45,299,502	\$ 46,586,695	\$ 46,200,000
E-rate revenue	369,002	725,861	643,721	595,346
Food services	2,010,908	1,926,416	1,897,853	1,598,281
Other local revenue	3,102,069	3,020,007	3,180,689	2,907,469
Tuition from students			30,961	37,936
Total revenue from local sources	<u>48,821,880</u>	<u>50,971,786</u>	<u>52,339,919</u>	<u>51,339,032</u>
Revenue from state sources:				
Foundation program	109,730,232	112,387,761	113,227,755	119,814,989
QSI grant	406,765	412,969	421,134	431,321
Supplemental aid			2,162,030	2,711,634
TRS on-behalf	16,615,652	18,728,033	22,767,876	30,229,983
PERS on-behalf	1,750,178	2,772,197	4,003,866	5,041,243
On-base schools	1,450,000	1,450,000	1,450,000	1,450,000
Other state revenue	<u>10,576,761</u>	<u>10,964,714</u>	<u>12,293,304</u>	<u>12,799,187</u>
Total revenue from state sources	<u>140,529,588</u>	<u>146,715,674</u>	<u>156,325,965</u>	<u>172,478,357</u>
Revenue from federal sources:				
Direct	13,105,128	15,710,159	15,475,729	15,929,448
Through the State of Alaska and other intermediate agencies	<u>20,647,414</u>	<u>18,640,095</u>	<u>17,337,965</u>	<u>15,240,598</u>
Total revenue from federal sources	<u>33,752,542</u>	<u>34,350,254</u>	<u>32,813,694</u>	<u>31,170,046</u>
Total revenues	<u>\$ 223,104,010</u>	<u>\$ 232,037,714</u>	<u>\$ 241,479,578</u>	<u>\$ 254,987,435</u>

^a Prior to fiscal year 2014-15 all Federal Impact Aid revenue was coded as revenue from federal sources - direct. However, a large portion of this revenue was passed through the State of Alaska. Beginning in fiscal year 2014-15 that portion of Federal Impact Aid passed through the State of Alaska was recorded as such.

Fiscal Year					
2013-14	2014-15 ^a	2015-16	2016-17	2017-18	2018-19
\$ 47,560,000	\$ 49,906,000	\$ 55,369,000	\$ 54,169,000	\$ 51,145,400	\$ 50,045,400
508,827	635,436	407,354	1,043,416	462,507	410,535
1,492,538	1,353,596	1,352,523	1,369,239	1,360,303	1,417,808
3,229,576	3,667,163	3,458,316	4,250,443	3,819,167	3,732,337
24,529	44,280	47,332	9,686	21,156	21,518
52,815,470	55,606,475	60,634,525	60,841,784	56,808,533	55,627,598
117,038,885	117,696,672	118,214,578	116,214,852	117,791,496	112,064,702
426,169	419,961	419,888	414,026	415,063	404,502
2,671,187	4,479,736				
31,150,634	195,386,281	12,598,052	11,312,186	11,156,132	12,476,150
5,034,322	16,140,721	2,008,855	1,612,416	1,167,030	2,206,170
1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000
15,408,956	12,855,852	12,655,113	11,557,655	12,505,151	12,131,394
173,180,153	348,429,223	147,346,486	142,561,135	144,484,872	140,732,918
14,921,469	1,349,145	1,384,720	1,865,609	2,074,543	2,059,546
13,510,686	32,187,078	30,937,836	33,444,642	31,731,293	35,511,111
28,432,155	33,536,223	32,322,556	35,310,251	33,805,836	37,570,657
<u>\$ 254,427,778</u>	<u>\$ 437,571,921</u>	<u>\$ 240,303,567</u>	<u>\$ 238,713,170</u>	<u>\$ 235,099,241</u>	<u>\$ 233,931,173</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Governmental Funds Expenditures and Debt Service Ratio

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2009-10	2010-11	2011-12	2012-13
Instruction	\$ 97,534,169	\$ 100,456,233	\$ 106,245,188	\$ 111,908,220
Special education instruction	26,434,567	24,813,218	25,299,652	29,874,926
Special education support services - students	4,784,941	7,351,847	7,765,973	10,116,540
Support services - students	13,523,654	13,917,100	14,464,374	15,436,738
Support services - instruction	12,580,996	14,986,928	13,384,278	12,741,319
School administration	7,327,490	7,127,341	7,604,630	8,452,142
School administration support services	4,754,818	4,897,659	6,050,059	5,666,342
District administration	2,302,737	2,209,647	2,433,594	2,396,461
District administration support services	10,516,123	10,828,683	11,153,362	10,381,157
Operations and maintenance of plant	22,678,492	24,153,731	25,959,798	25,455,301
Student activities	4,981,827	4,977,656	4,992,296	5,185,421
Student transportation - to and from school	9,873,929	10,009,855	11,214,750	11,377,599
Adult and continuing education instruction	321			
Community services				
Food services	5,252,103	5,361,214	5,519,986	5,433,831
Debt service:				
Interest	46,119	33,227		
Principal	414,306	568,656		
Capital outlay	186,110	713,647	80,028	39,881
Total expenditures	<u>\$ 223,192,702</u>	<u>\$ 232,406,642</u>	<u>\$ 242,167,968</u>	<u>\$ 254,465,878</u>
Capital expenditures ^a	<u>\$ 1,779,080</u>	<u>\$ 984,085</u>	<u>\$ 734,274</u>	<u>\$ 607,782</u>
Noncapital expenditures	<u>\$ 221,413,622</u>	<u>\$ 231,422,557</u>	<u>\$ 241,433,694</u>	<u>\$ 253,858,096</u>
Debt service as a percentage of noncapital expenditures	0.21%	0.26%	0.00%	0.00%

Notes:

^a Source: *Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities* in the School District's CAFR.

Fiscal Year					
2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
\$ 110,458,367	\$ 223,441,209	\$ 94,867,175	\$ 97,473,533	\$ 94,901,086	\$ 96,919,183
29,374,914	50,484,786	27,997,201	29,915,351	30,590,900	29,675,569
10,616,448	19,726,865	9,756,127	9,814,352	9,472,016	9,443,329
16,745,156	26,237,222	13,677,384	12,144,630	12,766,034	14,855,299
12,024,263	17,963,049	12,050,673	13,922,427	9,260,440	9,731,031
8,798,346	18,710,099	7,523,471	7,786,833	7,896,957	7,937,095
5,767,625	6,880,327	5,552,526	5,766,492	5,752,459	5,477,135
2,223,703	3,680,703	1,821,104	2,060,746	2,751,071	3,016,670
10,586,356	13,057,446	11,729,962	11,709,938	13,427,341	10,723,296
24,931,722	27,781,546	23,622,168	24,231,980	23,395,641	24,095,829
5,312,989	7,130,687	4,682,307	4,789,190	2,092,336	4,846,718
11,793,857	11,968,995	11,785,369	12,141,538	13,989,161	13,881,158
5,000					
5,416,030	5,836,841	5,478,326	5,652,711	5,609,743	5,721,400
				9,713	9,775
			340,272	330,559	670,769
355,897	707,947	407,717	1,019,257	695,306	323,698
<u>\$ 254,410,673</u>	<u>\$ 433,607,722</u>	<u>\$ 230,951,510</u>	<u>\$ 238,769,250</u>	<u>\$ 232,940,763</u>	<u>\$ 237,327,954</u>
<u>\$ 638,774</u>	<u>\$ 869,935</u>	<u>\$ 1,252,326</u>	<u>\$ 523,376</u>	<u>\$ 598,465</u>	<u>\$ 910,578</u>
<u>\$ 253,771,899</u>	<u>\$ 432,737,787</u>	<u>\$ 229,699,184</u>	<u>\$ 238,245,874</u>	<u>\$ 232,342,298</u>	<u>\$ 236,417,376</u>
0.00%	0.00%	0.00%	0.14%	0.15%	0.29%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Other Financing Sources and Uses and Net Change in Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2009-10	2010-11	2011-12	2012-13
Other financing sources (uses):				
Proceeds from sale of capital assets	\$ 5,280	\$ 4,500	\$ 3,414	\$ 3,430
Issuance of capital leases				
Transfers in	718,076	1,880,057	481,000	394,136
Transfers out	<u>(718,076)</u>	<u>(1,880,057)</u>	<u>(481,000)</u>	<u>(394,136)</u>
Total other financing sources (uses)	<u>5,280</u>	<u>4,500</u>	<u>3,414</u>	<u>3,430</u>
Net change in fund balances	<u>\$ (83,412)</u>	<u>\$ (364,428)</u>	<u>\$ (684,976)</u>	<u>\$ 524,987</u>

Fiscal Year					
2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
\$ 2,953	\$ 5,738	\$	\$ 1,341,600	\$ 6,213	\$ 15,738
237,100	196,808	353,556	3,659,851	3,392,465	9,001,871
(237,100)	(196,808)	(353,556)	(3,659,851)	(5,092,465)	(9,001,871)
2,953	5,738		1,341,600	(1,693,787)	15,738
<u>\$ 20,058</u>	<u>\$ 3,969,937</u>	<u>\$ 9,352,057</u>	<u>\$ 1,285,520</u>	<u>\$ 464,691</u>	<u>\$ (3,381,043)</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
As Reported by the Fairbanks North Star Borough

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

Calendar Year of Assessed Value	Residential Property	Commercial Property	Industrial Property	Pipeline and Personal Property (a)	Vacant Land
2008	\$ 4,863,123,964	\$ 1,033,947,976	\$ 812,797,405	\$ 508,804,970	\$ 377,730,452
2009	4,904,177,806	1,084,908,136	925,518,536	694,077,720	373,581,218
2010	4,920,676,560	1,140,775,454	1,169,072,197	739,610,090	374,354,328
2011	5,092,908,211	1,219,689,461	1,220,419,599	706,617,790	377,340,540
2012	5,537,719,131	1,171,130,143	1,028,359,940	669,165,790	366,769,285
2013	5,161,733,840	1,308,735,243	1,297,245,790	947,537,770	363,078,718
2014	5,282,718,724	1,376,423,527	1,459,477,396	869,679,750	372,149,228
2015	5,430,005,080	1,411,411,448	1,471,191,632	832,745,270	363,029,926
2016	5,572,722,669	1,448,926,710	1,534,373,986	729,317,160	352,640,633
2017	5,688,950,351	1,458,215,835	1,570,596,019	735,113,850	355,472,190

Note: 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 do not reflect subsequent adjustments.

(b) This column is the areawide mill rate.

(c) This column includes tax-exempt property.

Source: Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2018. Historically, information for the most recent fiscal year is not available until after the publication date of the School District's CAFR.

Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
		(b)		(c)
\$ 721,729,006	\$ 6,874,675,761	11.287	\$ 7,410,674,986	92.767%
769,391,011	7,212,872,405	11.186	7,705,203,789	93.610%
810,393,521	7,534,095,108	11.432	7,976,571,504	94.453%
847,484,868	7,769,490,733	11.294	8,245,058,799	94.232%
878,253,061	7,894,891,228	11.216	8,325,157,990	94.832%
904,270,216	8,174,061,145	11.216	9,235,983,336	88.502%
916,033,858	8,444,414,767	11.356	8,886,714,578	95.023%
993,369,979	8,515,013,377	11.599	8,904,050,278	95.631%
1,038,895,879	8,599,085,279	11.418	8,966,461,936	95.903%
1,060,150,288	8,775,197,957	11.913	9,176,952,858	95.622%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
As Reported by the Fairbanks North Star Borough

Property Tax Rates and Tax Levies - This Borough and All Underlying Governments
Last Ten Calendar Years

	Tax Rates - Millage									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Direct:										
Borough areawide	11.287	11.186	11.432	11.294	11.216	11.216	11.356	11.599	11.418	12.850
Overlapping special Borough taxing jurisdictions except service areas										
Non-Areawide	0.400	0.393	0.400	0.511	0.525	0.523	0.493	0.507	0.520	0.570
Solid Waste Collection District	1.103	1.121	1.141	1.194	1.229	1.232	1.300	1.350	1.389	1.534
Borough direct and overlapping except service areas total (a)	12.790	12.700	12.973	12.999	12.970	12.971	13.149	13.456	13.327	14.954
Airway S.A.	1.089	1.207	1.256	1.287	1.324	1.387	1.436	1.489	1.569	1.551
Arctic Fox S.A.	1.804	1.861	1.787	1.708	1.850	1.945	1.967	2.168	2.363	2.410
Aztec S.A.	1.257	1.259	1.319	1.342	1.406	1.469	1.533	1.592	1.589	1.751
Ballaine Lake S.A.	12.413	12.671	13.162	14.920	16.054	17.222	17.670	18.209	18.204	17.124
Bear's Den Road S.A.						0.329	0.356	0.357		
Becker Ridge S.A.	1.376	1.450	1.486	1.496	1.440	1.509	1.612	1.666	1.661	1.711
Birch Hill S.A.	1.814	1.939	1.995	2.023	2.101	2.195	2.292	2.356	2.379	2.332
Bluebird Road S.A.	2.054	2.333	2.447	2.792	2.883	3.138	3.378	3.362	3.392	3.528
Borda Road S.A.	1.079	1.119	1.171	1.157	1.204	1.253	1.349	1.383	1.362	1.361
Brookside S.A.	0.437	0.479	0.498	0.503	0.526	0.546	0.559	0.571	0.550	0.533
Chena Goldstream Fire S.A.	1.473	1.547	1.603	1.644	2.142	2.241	2.340	2.377	2.357	2.380
Chena Hills Road S.A.	0.985	1.047	1.060	1.076	1.115	1.152	1.197	1.219	1.187	1.173
Chena Hot Springs II S.A.	0.698	0.713	0.732	0.746	0.412	0.312				
Chena Marina S.A.	0.756	0.796	0.830	0.857	0.880	0.966	1.001	0.976	0.988	0.997
Chena Point Road S.A.	2.958	3.064	3.065	3.128	3.247	3.352	3.488	3.550	3.494	3.491
Chena Spur S.A.	2.329	2.606	2.671	2.679	2.837	2.957	3.052	3.232	3.187	3.290
Cleary Summit S.A.	0.183	0.190	0.191	0.158	0.132					
College S.A.	1.257	1.391	1.437	1.427	1.457	1.216	1.269	1.303	1.305	1.292
College Hills S.A.	0.785	0.835	0.871	0.912	0.950	1.016	1.011	1.053	1.035	1.007
Cooper Estates S.A.	2.614	2.821	2.899	2.915	3.048	3.087	3.313	3.397	3.376	3.330
Cordes Drive S.A.	1.074	1.112	1.201	1.232	1.283	1.374	1.431	1.423	1.448	1.446
Cripple Creek S.A.	1.520	1.601	1.636	1.668	1.717	1.814	1.904	1.946	1.944	1.945
Deep Forest S.A.	0.707	0.724	0.743	0.758	0.795	0.977	1.026	1.050	1.037	1.035
Denali View S.A. (b)	1.692	1.590	2.831	2.847	2.979	2.969	2.995	3.032	3.078	2.896
Diane Subdivision S.A.	0.310	0.333	0.348	0.345	0.357	0.374	0.391	0.405	0.396	0.382
Drake Estates S.A.	0.719	0.762	0.760	0.753	0.777	0.792	0.831	0.844	0.872	0.897
Edanella Heights Road S.A.	1.249	1.388	1.425	1.457	1.485	2.130	2.284	2.316	2.218	2.261
Ester Lump Road S.A.	1.741	1.773	3.093	3.160	3.333	3.550	3.765	4.109	4.145	4.241
Ester Volunteer Fire S.A.	2.384	2.444	2.568	2.619	2.726	2.887	3.033	3.140	3.159	3.158
Fairfields S.A.	0.675	0.713	0.752	0.750	0.789	0.834	0.867	0.898	0.887	0.831
Fairhill S.A.	1.093	1.188	2.255	2.294	2.315	1.156	1.213	1.245	1.285	1.249
Fairwest S.A.	1.789	1.896	1.948	1.903	1.989	2.082	2.119	2.155	2.204	2.160
Garden S.A.	1.035	1.089	1.126	1.099	1.135	1.188	1.244	1.275	1.280	1.306
Golden Valley Road S.A.	4.285	4.483	4.555	4.704	4.945	5.085	5.410	5.404	4.948	4.891
Goldstream Alaska S.A.	2.171	2.246	2.333	2.422	2.435	2.591	2.835	2.839	2.817	2.906
Goldstream Moose Creek S.A.	1.635	1.598	1.682	1.694	1.720	1.758	1.831	1.887	1.871	1.921
Gordon S.A.	1.028	1.096	1.143	1.135	1.158	1.238	1.280	1.309	1.306	1.291
Granola Estates S.A.	1.089	1.239	1.281	1.321	1.441	1.534	1.587	1.647	1.603	1.661
Grieme Road S.A.	3.466	3.780	3.833	3.852	3.899	4.067	4.153	4.234	4.359	4.373
Haystack S.A.	2.901	3.231	3.324	3.615	3.767	3.815	3.974	4.128	4.324	4.793

Tax Levies (In 000's)

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
\$82,551	\$86,102	\$92,077	\$93,726	\$94,876	\$98,349	\$103,053	\$106,434	\$106,398	\$113,619
1,921	1,991	2,126	2,773	2,910	3,053	2,987	3,135	3,259	3,332
5,636	6,038	6,422	6,870	7,214	7,562	8,272	8,682	9,052	9,353
12	14	14	15	15	16	17	18	19	20
5	5	6	5	6	6	7	7	8	8
20	21	23	26	28	30	31	38	40	43
26	28	29	34	37	38	41	42	42	39
					1	1	1		
105	113	116	122	128	135	145	152	156	159
104	111	116	122	129	143	151	160	165	168
7	7	8	9	9	10	12	12	13	14
28	29	30	30	32	33	36	38	39	41
9	9	10	10	10	11	11	12	11	12
933	1,007	1,057	1,111	1,498	1,579	1,678	1,756	1,802	1,856
88	95	100	103	109	114	121	129	134	137
1	1	1	1	1					
21	22	24	25	26	30	32	34	35	36
90	95	99	112	124	137	149	155	162	167
39	43	45	47	51	52	56	60	61	64
1	1	1	1	1					
493	530	544	561	586	481	514	533	544	556
25	27	28	29	31	32	34	35	36	36
24	26	28	29	32	33	35	36	37	38
24	26	27	28	30	31	33	33	35	36
55	62	66	70	74	81	86	89	91	94
19	20	21	21	22	29	30	31	31	31
5	5	8	8	9	9	9	9	9	9
3	4	4	4	4	4	4	5	5	5
7	8	8	8	9	9	9	9	10	10
31	34	34	36	37	53	57	59	60	61
18	20	35	38	40	42	46	49	50	53
344	379	401	427	457	487	522	550	568	589
15	16	17	17	18	19	20	21	21	21
12	13	25	25	27	13	14	15	15	16
24	26	26	26	27	28	29	30	31	32
36	39	4	43	45	48	51	55	58	59
12	13	15	16	17	18	19	19	19	19
24	26	27	29	30	32	35	36	36	36
45	49	52	54	58	61	65	71	72	77
50	54	57	60	62	66	68	70	72	73
5	6	6	6	8	8	9	9	9	10
16	19	20	22	24	25	25	27	28	28
34	37	38	41	43	46	47	50	53	56

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
As Reported by the Fairbanks North Star Borough

Property Tax Rates and Tax Levies - This Borough and All Underlying Governments
Last Ten Calendar Years

	Tax Rates - Millage									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Herning Hills S.A.	1.258	1.368	1.394	1.441	1.501	1.506	1.571	1.618	1.636	1.625
Horseshoe Downs S.A.	2.297	2.447	3.376	3.315	3.462	3.745	4.351	4.687	4.693	4.417
Jennifer Drive S.A.	1.554	1.654	1.742	1.816	2.019	2.202	2.328	2.404	2.389	2.616
Jones Road S.A.	1.470	1.522	1.630	1.689	1.737	1.815	1.905	1.889	1.939	1.997
Joy Road S.A.	1.189	1.265	1.271	1.271	1.314	1.313	1.329	1.345	1.375	1.421
Keeney Road S.A.	0.545	0.561	0.616	0.657	0.671	0.714	0.743	0.746	0.753	0.740
Kendall S.A.	0.854	0.903	0.957	1.021	1.045	1.073	1.165	1.197	1.189	1.169
Keystone S.A.	3.002	3.088	3.184	3.328	3.440	3.861	4.065	4.039	4.050	4.162
Kris Kringle S.A.	1.911	2.023	2.091	2.139	2.211	2.315	2.393	2.540	2.526	2.437
Lakloey Hill S.A.	0.933	1.003	1.036	1.059	1.110	1.177	1.214	1.263	1.256	1.218
Lee Lane S.A.	1.561	1.623	1.673	1.641	1.738	1.806	1.888	1.959	1.807	3.008
Loose Moose S.A.	0.808	0.905	1.002	0.982	1.034	1.042	1.086	1.128	1.147	1.030
Martin S.A.	8.555	8.190	8.588	8.833	9.417	9.943	10.323	10.359	10.500	12.279
McCloud S.A.	15.075	15.055	9.972	10.458	10.481	11.409	12.208	12.486	12.443	13.314
McGrath Estates S.A.	1.212	1.302	1.342	1.381	1.431	1.528	1.556	1.609	1.611	1.556
Mellow Woods Road S.A.	1.194	1.242	1.329	1.271	1.273	1.346	1.403	1.420	1.385	1.340
Miller Hill Extension S.A.	4.400	4.481	4.808	4.945	4.995	5.357	5.725	5.740	5.691	5.857
Moose Creek S.A.	0.373	0.350	0.344	0.380	0.387	0.344	0.383	0.390	0.421	1.103
Moose Meadows S.A.	0.774	0.829	0.869	0.877	0.910	0.923	0.968	0.993	0.997	0.978
Mt. View S.A.	1.119	1.191	1.297	1.358	1.399	1.504	1.520	1.475	1.475	1.386
Murphy S.A. (c)	1.506	1.564	1.618	1.642	1.692	1.784	1.844	1.829	1.812	2.857
Musk Ox S.A.	1.163	1.290	1.337	1.354	1.390	1.462	1.450	1.490	1.476	2.852
Newby Park S.A.	0.676	0.710	0.758	0.767	0.823	0.853	0.884	0.900	0.881	0.841
North Ridge S.A.	4.009	4.298	4.423	4.507	4.830	4.889	5.120	5.289	5.145	5.706
North Star Fire S.A.	1.153	1.198	1.241	1.258	1.306	1.329	1.399	1.432	1.439	1.436
O'Connor Creek S.A.	9.770	7.831	7.389	8.875	8.893	6.641	7.822	7.969	8.902	8.975
Old Wood Road S.A.	1.733	1.771	1.786	1.790	2.039	2.194	2.328	2.417	2.621	2.645
Olympic S.A. (d)	0.838	0.889	0.941	0.940	0.970	1.014	1.080	1.114	1.115	1.158
Our S.A.	0.838	0.828	1.092	1.087	1.209	1.329	1.337	1.359	1.363	1.463
Parkside S.A.	1.446	1.552	1.576	1.602	1.674	1.736	1.784	1.803	1.754	1.806
Peede Country Estates S.A.	1.287	1.409	1.482	1.326	1.357	1.446	1.485	1.500	1.471	1.478
Pine Stream S.A.	0.928	0.981	1.022	1.001	1.034	1.070	1.105	1.152	1.149	1.179
Pleasureland S.A.	0.881	0.962	0.995	0.970	0.998	1.023	1.078	1.170	1.167	1.141
Polar Heights S.A.	0.926	0.926	0.952	1.016	1.027	0.964	1.045	1.055	1.116	1.158
Potlatch S.A. (e)	2.436	4.553	2.705	2.665	2.755	2.885	3.354	3.547	3.554	3.606
Prospect Park S.A.	1.095	1.121	1.140	1.258	1.281	1.371	1.374	1.481	1.459	1.348
Reed Acres Road S.A.	1.146	1.206	1.260	1.355	1.382	1.476	1.521	1.573	1.584	2.261
Ridgecrest S.A.	0.840	0.975	1.078	1.099	1.129	1.172	1.199	1.219	1.169	1.071
Salchaket Heights S.A.	4.966	5.162	3.863	3.972	4.357	4.472	4.690	4.750	4.743	4.799
Scenic Heights S.A.	1.415	1.497	1.589	1.600	1.707	1.759	1.764	1.856	1.743	1.698
Seavy S.A.	0.294	0.299	0.303	0.311	0.320	0.316	0.341	0.351	0.356	0.353
Secluded Acres S.A.	1.310	1.365	1.396	1.452	1.495	1.567	2.190	1.783	1.814	1.737
Serendipity Hill S.A.	2.998	3.069	3.154	2.901	2.976	3.162	3.315	3.321	3.446	3.449
Six-Mile Village Road S.A..	1.167	1.234	1.255	1.232	1.262	1.412	1.495	1.528	1.509	1.701
Smallwood Trail Road S.A.	0.596	0.673	0.742	0.751	0.756	0.794	0.831	0.864	1.711	1.663
Smith Ranch S.A.	1.299	1.372	1.417	1.343	0.249	0.267	0.274	0.278	0.285	0.282
Spring Glade S.A.	0.813	0.850	0.877	0.898	0.926	0.981	1.570	1.600	1.615	1.591

Tax Levies (In 000's)

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
\$ 26	\$ 28	\$ 28	\$ 30	\$ 32	\$ 33	\$ 35	\$ 37	\$ 38	\$ 39
12	13	19	20	26	29	32	34	35	33
5	5	6	6	6	7	7	8	8	8
57	61	64	67	71	75	80	83	85	89
7	8	8	9	9	9	10	10	11	11
2	2	2	3	3	3	3	3	3	3
12	12	13	14	14	15	16	17	17	18
11	12	15	16	17	18	19	20	20	22
12	13	14	15	15	16	17	18	20	20
36	39	39	41	44	46	48	62	64	64
5	6	6	7	7	8	9	9	8	4
7	7	8	8	9	8	9	9	10	9
22	23	29	34	39	42	43	46	48	56
29	31	20	21	23	26	29	31	31	34
65	69	72	74	77	81	86	90	93	94
18	18	19	19	19	20	21	21	21	22
51	57	61	64	67	69	73	75	77	79
15	15	16	17	17	17	18	19	19	50
69	74	77	81	86	88	93	96	99	102
28	30	32	34	35	36	37	37	37	38
12	12	14	15	16	16	17	17	17	18
25	41	42	43	45	47	48	49	50	51
17	17	18	19	21	21	22	23	23	23
10	11	11	13	15	16	16	17	17	19
1,484	1,596	1,739	1,831	1,940	2,030	2,146	2,241	2,303	2,358
107	112	118	130	125	128	133	135	136	137
11	12	13	14	16	17	18	19	22	23
22	23	24	25	27	28	30	31	32	34
4	4	4	4	5	5	6	6	6	7
10	11	12	13	13	14	15	16	16	17
5	5	6	6	8	9	10	11	11	11
22	23	24	25	26	35	37	40	40	69
7	8	8	8	8	9	9	10	10	11
18	19	20	21	21	22	24	24	25	25
15	16	12	12	13	14	16	17	17	17
8	8	8	9	9	10	10	11	11	11
8	8	9	10	10	11	11	12	12	27
2	2	3	3	3	3	3	4	4	3
2	2	4	5	5	5	5	5	5	6
18	19	20	21	23	24	25	26	25	25
9	10	10	10	11	11	12	12	13	13
8	8	8	8	13	14	19	16	16	16
7	7	7	8	8	8	9	9	9	9
9	9	10	10	10	11	11	12	12	13
5	6	7	7	8	8	8	9	18	13
36	40	45	47	9	9	10	10	10	10
27	29	31	32	34	35	58	60	62	63

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
As Reported by the Fairbanks North Star Borough

Property Tax Rates and Tax Levies - This Borough and All Underlying Governments
Last Ten Calendar Years

	Tax Rates - Millage									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Spruce Acres S.A.	1.470	1.614	1.692	1.610	1.562	1.573	1.629	1.714	1.666	1.649
Steamboat Landing S.A.	1.192	1.307	1.386	1.339	1.385	1.490	1.589	1.643	1.665	2.721
Steese Volunteer Fire S.A.	1.600	1.690	1.739	1.789	1.849	1.893	1.973	2.015	2.031	2.004
Straight Creek S.A.	3.926	3.776	3.867	4.096	3.701	4.050	4.217	4.285	4.323	4.496
Summerwood S.A.	2.258	2.395	2.470	2.560	2.662	2.819	2.922	3.051	3.007	3.027
Summit Drive S.A.	1.381	1.447	1.496	1.542	1.603	1.690	1.710	1.756	1.750	1.741
Sunny Hills Terrace S.A.	2.367	2.498	2.702	2.772	2.946	3.120	3.224	3.278	3.180	3.187
Sunrise S.A.	1.926	2.031	2.136	2.171	2.198	2.381	2.419	2.494	2.463	2.638
Tan Terra S.A.	1.559	1.478	1.553	1.592	1.754	1.885	1.883	1.935	1.977	1.981
Thomas S.A.	2.460	2.759	2.842	2.791	2.861	3.008	3.449	3.660	3.572	4.133
Timberlane Road S.A.	1.274	1.371	1.485	1.464	1.448	1.594	1.642	1.616	1.639	1.595
Tungsten S.A.	2.648	2.814	2.875	2.921	2.992	3.165	3.320	3.384	3.464	3.418
Twenty Three Mile Slough S.A.	3.986	3.977	4.587	3.424	3.557	3.652	3.889	2.983	2.880	3.015
Ullrhaven S.A.	1.658	1.827	1.714	1.706	1.858	2.076	2.153	2.192	2.358	2.411
University Fire S.A.	2.138	2.301	2.370	2.464	2.510	2.643	2.689	2.756	2.736	2.733
University Heights S.A.	1.520	1.617	1.725	1.742	1.755	1.848	1.865	1.887	1.900	1.839
University West Street Lights S.A.	0.419	0.447	0.467	0.472	0.485	0.512	0.527	0.535	0.535	0.541
Vienna Woods S.A.	0.772	0.794	0.815	0.836	0.860	0.809	0.858	0.873	0.892	0.880
Viewpointe S.A.	0.982	1.019	1.056	1.104	1.129	1.201	1.192	1.193	1.167	1.167
Violet Drive S.A.	2.572	2.798	2.912	2.990	3.075	3.265	3.399	3.480	5.574	3.761
Vista Gold Road S.A.	2.390	2.377	2.462	2.549	2.622	2.758	2.888	2.924	2.918	2.945
Vue Crest, S.A.	1.303	1.429	1.479	1.497	1.517	1.587	1.657	1.686	1.669	1.667
Whitman S.A.	1.369	1.442	1.428	1.385	1.562	1.625	1.787	1.811	1.727	1.894
Wildview S.A.	2.651	2.898	2.999	2.975	3.052	3.215	3.359	3.471	3.454	3.357
Woodland S.A.	0.964	1.036	1.073	1.068	1.097	1.152	1.189	1.293	1.377	1.454
Yak Road S.A.	0.900	0.976	0.984	1.009	1.035	1.077	1.117	1.132	1.095	1.096

Overlapping Separate

City Governments

City of Fairbanks	5.991	5.927	5.803	5.843	5.734	5.716	5.549	5.678	5.651	5.874
Borough areawide	<u>11.287</u>	<u>11.186</u>	<u>11.432</u>	<u>11.294</u>	<u>11.216</u>	<u>11.216</u>	<u>11.356</u>	<u>11.599</u>	<u>11.418</u>	<u>12.850</u>
City of Fairbanks total (a)	<u>17.278</u>	<u>17.113</u>	<u>17.235</u>	<u>17.137</u>	<u>16.950</u>	<u>16.932</u>	<u>16.905</u>	<u>17.277</u>	<u>17.069</u>	<u>18.724</u>
City of North Pole	3.000	3.000	3.000	3.000	3.000	3.500	3.500	3.500	3.500	1.499
Borough areawide	<u>11.287</u>	<u>11.186</u>	<u>11.432</u>	<u>11.294</u>	<u>11.216</u>	<u>11.216</u>	<u>11.356</u>	<u>11.599</u>	<u>11.418</u>	<u>12.850</u>
Borough Solid Waste										
Collection District	<u>1.103</u>	<u>1.121</u>	<u>1.141</u>	<u>1.194</u>	<u>1.229</u>	<u>1.232</u>	<u>1.300</u>	<u>1.350</u>	<u>1.389</u>	<u>1.534</u>
City of North Pole total (a)	<u>15.390</u>	<u>15.307</u>	<u>15.573</u>	<u>15.488</u>	<u>15.445</u>	<u>15.948</u>	<u>16.156</u>	<u>16.449</u>	<u>16.307</u>	<u>15.883</u>

Note: Alaska Statute 29.45.090 limits the amount of taxes levied to 3% of the assessed value of the property within the municipality. Furthermore, no municipality, or combination of municipalities occupying the same geographic area, may levy taxes which result in tax revenues from all sources exceeding \$1,500 a year for each person residing in the Borough or which exceed the product of 225% of the average per capita full and true value in the state multiplied by the number of residents of the taxing municipality. However, there is no taxing limitation for debt service per Alaska Statute 29.45.100. With some exceptions, the total amount of tax that can be levied during a year cannot exceed the total amount approved for the preceding year by more than a percentage determined by adding the percentage increase in the Consumer Price index for Fairbanks from the preceding year per FNSBC 8.04.290.

Air Park S.A., Bear's Den S.A, Chena Hot Springs II S.A. and Cleary Summit S.A. do not levy taxes.

Tax Levies (In 000's)

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
\$ 6	\$ 7	\$ 7	\$ 7	\$ 7	\$ 8	\$ 8	\$ 9	\$ 9	\$ 9
17	18	19	20	21	23	24	26	27	45
1,172	1,279	1,380	1,452	1,536	1,619	1,709	1,779	1,832	1,870
18	19	18	19	19	20	21	21	22	23
34	38	39	42	44	46	50	52	53	55
108	115	121	129	137	145	155	162	165	171
30	33	35	36	40	41	43	44	43	45
12	12	13	13	14	15	16	16	16	17
20	27	29	31	35	39	40	42	45	46
11	12	13	13	14	14	15	16	16	17
8	8	9	9	9	10	10	10	10	10
32	42	43	46	49	53	57	59	61	62
29	41	52	43	50	52	59	50	52	57
4	4	4	4	5	5	6	6	6	7
2,135	2,337	2,434	2,590	2,724	2,871	3,005	3,160	3,248	3,325
55	58	62	63	65	67	69	71	73	74
62	66	68	70	72	75	78	81	82	86
21	23	25	25	26	27	28	29	30	30
18	18	19	20	21	23	23	24	24	24
57	61	64	69	74	79	86	92	96	101
35	38	40	42	44	47	49	51	52	54
30	32	33	34	36	38	40	44	47	48
4	4	4	4	5	5	6	6	6	7
171	184	193	202	212	224	236	247	251	252
2	2	2	2	3	3	3	3	3	3
73	78	81	84	87	90	95	96	97	99
13,210	13,701	14,876	14,960	14,945	15,155	15,161	14,787	15,011	15,930
924	959	938	982	980	1,054	1,066	818	817	377

- (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 rates in addition. Other areas of the Borough, including the cities of Fairbanks and North Pole, are not in any service area.
- (b) Denali View S.A was formerly known as McKinley S.A
- (c) Murphy S.A. starting in 2012, includes a two-year road project under a differential tax zone. An additional one-year road project was authorized in 2015.
- (d) Olympic S.A was formerly known as Hopeless S.A
- (e) Potlatch S.A. starting in 2008b, includes a two-year road project under a differential tax zone.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
As Reported by Fairbanks North Star Borough

Principal Taxable Properties
Current Year and Nine Years Ago

Taxpayer	Type of Business	2017			2008		
		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	\$ 735,113,850	1	8.38%	\$ 508,804,970	1	7.40%
Fairbanks Gold Mining, Inc.	gold mining	631,854,016	2	7.20%			0.00%
Doyon Utilities, LLC	utilities	268,246,986	3	3.06%			0.00%
Corvias Military Living (Eielson AFB)	military housing	137,692,556	4	1.57%			0.00%
Alaska Communications Systems	communications	52,892,246	5	0.60%			0.00%
Petro Star, Inc	oil refining	47,177,209	6	0.54%			
GCI Cable Fairbanks, Inc.	communications	46,751,081	7	0.53%			
Flint Hills Resources, LLC	oil refining	42,636,182	8	0.49%			0.00%
Westmark Hotel	hotel	37,574,644	9	0.43%	33,256,612	2	0.48%
Wal-Mart	shopping center	35,077,121	10	0.40%	28,655,968	3	0.42%
Fred Meyer Stores, Inc. (east)	shopping center				23,299,635	4	0.34%
Fred Meyer Stores, Inc. (west)	shopping center				22,908,027	5	0.33%
Jillian Square	hotel				21,649,549	6	0.31%
Bentley Mall	shopping center				19,116,327	7	0.28%
Sam's Club	shopping center				18,989,417	8	0.28%
Sophie Plaza	hotel				18,931,383	9	0.28%
North Star AK Housing (ft Wainwright)	military housing				17,582,617	10	0.26%
		<u>\$ 2,035,015,891</u>		<u>23.19%</u>	<u>\$ 713,194,505</u>		<u>10.37%</u>

Sources: Borough treasury and budget division and assessing department

Notes:

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

^a \$8,775,197,957

^b \$6,874,675,761

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

As Reported by the Fairbanks North Star Borough

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		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Net Levy
2008-09	\$ 82,550,860	\$ 77,549,577	\$ 76,584,066	98.75%	\$ 846,270	\$ 77,430,336	99.85%
2009-10	86,102,429	80,813,908	79,648,773	98.56%	1,159,078	80,807,851	99.99%
2010-11	92,077,064	86,709,188	85,643,722	98.77%	1,018,954	86,662,676	99.95%
2011-12	93,725,808	87,756,597	86,666,871	98.76%	633,573	87,300,444	99.48%
2012-13	94,876,332	88,546,542	87,427,560	98.74%	1,077,449	88,505,009	99.95%
2013-14	98,348,591	91,722,353	90,579,521	98.75%	1,056,101	91,635,622	99.91%
2014-15	103,052,677	95,894,341	93,159,285	97.15%	1,045,472	94,204,757	98.24%
2015-16	106,433,578	98,559,732	95,768,091	97.17%	1,038,472	96,806,563	98.22%
2016-17	106,398,099	98,211,057	95,469,849	97.21%	540,741	96,010,590	97.76%
2017-18	113,619,424	104,523,843	101,602,810	97.21%			

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 include 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 do not reflect subsequent adjustments

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Significant Own-Sourced Revenue
Last Ten Fiscal Years

Fiscal Year	Food Services Local Revenue	Cost of Full- Priced Meals		Percentage of Students Eligible for Free or Reduced-Price Meals
		Breakfast	Lunch	
2009-10	\$ 2,010,908	\$ 1.75	\$ 3.00	31%
2010-11	1,926,416	1.75	3.00	33%
2011-12	1,897,853	2.00	3.50	34%
2012-13	1,598,281	2.00	3.50	35%
2013-14	1,492,538	2.00	3.50	36%
2014-15	1,353,596	2.00	3.50	35%
2015-16	1,352,523	2.00	3.50	37%
2016-17	1,369,239	2.00	3.50	37%
2017-18	1,360,303	2.00	3.50	37%
2018-19	1,417,808	2.00	3.50	37%

Source (non-accounting data): Nutrition Services Department

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Capital Leases	Percentage of Personal Income^a	Per Capita^a
2009-10	\$ 568,656	0.01%	\$ 5.97
2010-11			
2011-12			
2012-13			
2013-14			
2014-15			
2015-16			
2016-17	1,001,328	0.02%	10.08
2017-18	670,769	0.01%	6.73
2018-19			

Note:

^a See page 188, Demographic and Economic Statistics, for personal income and population data. These ratios are calculated using personal income and population from the most recent calendar year available.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

As Reported by Fairbanks North Star Borough

Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income in 000's	Per Capita Personal Income	Unemployment Rate
	(a)	(a)	(a)	(b)
2007	93,545	\$ 3,905,607	\$ 41,751	5.6%
2008	94,552	4,298,303	45,460	6.1%
2009	95,238	4,239,936	44,519	7.1%
2010	98,293	4,460,272	45,377	6.6%
2011	98,100	4,933,704	50,293	6.4%
2012	100,330	5,076,132	50,594	6.1%
2013	100,879	4,905,310	48,626	5.9%
2014	99,295	5,162,803	51,995	5.8%
2015	99,639	5,362,587	53,820	5.5%
2016	100,605	5,397,187	53,647	5.9%

(a) U.S. Department of Commerce: Bureau of Economic Analysis

(b) State of Alaska Department of Labor and Workforce Development: Research and Analysis Section.

Note:

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

This table has been restated to incorporate new estimates and revisions released in March 2017 by the U.S. Department of Commerce's Bureau of Economic Analysis. Personal income and per capita personal income have been restated back to 2007.

Data for calendar year 2017 is not available until April 2019.

Source:

Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2018. Historically, information for the most recent calendar year is not available until after the publication date of the School District's CAFR. However, data for the most recent two years was not available for this schedule.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

As Reported by the Fairbanks North Star Borough

Employment by Industry
Current Year and Nine Years Ago

Type of Employer	Rank	2017		Rank	2008	
		Annual Average Monthly Employment ^a	Percentage of Total Borough Employment		Annual Average Monthly Employment ^a	Percentage of Total Borough Employment
Government ^b	1	10,700	28.38%	1	11,800	30.89%
Trade, transportation, utilities	2	7,700	20.42%	2	7,700	20.16%
Educational and health services	3	5,500	14.59%	4	4,400	11.52%
Leisure and hospitality	4	4,500	11.94%	3	4,200	10.99%
Construction	5	2,600	6.90%	5	2,800	7.33%
Professional and business services	6	2,500	6.63%	6	2,300	6.02%
Information, other services	7	1,500	3.98%	7	1,800	4.71%
Financial activities	8	1,300	3.45%	8	1,500	3.93%
Mining and logging	9	900	2.39%	9	1,100	2.88%
Manufacturing	10	500	1.33%	10	600	1.57%
		<u>37,700</u>	<u>100.00%</u>		<u>38,200</u>	<u>100.00%</u>

Notes:

^a for the 12 months ended December 31; rounded to nearest hundred

^b federal government 3,000
state government 4,700
local government 3,000

Source: Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2018. Historically, information for the most recent calendar year is not available until after the publication date of the School District CAFR.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Full-time Equivalent Operating Fund Employees by Department and Type Last Ten Years and Projected Next Year

	Actual as of June 30					
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Personnel by Department						
Board / Superintendent	9.50	8.50	8.50	8.50	5.00	5.00
Administrative Services	38.50	38.50	38.50	35.50	32.50	32.50
Human Resources	15.50	9.00	10.00	10.00	12.50	13.50
Facilities Management	187.60	187.60	187.60	172.60	168.60	172.80
Instruction and Supervision	38.80	37.85	36.85	36.85	35.85	36.05
Alternative Learning ^a	13.65	14.40	19.40	18.80	19.80	19.80
Student Support Services						
Teaching and Learning ^b	5.00	15.25	16.50	14.00	15.00	15.00
Special Education	270.50	343.73	343.73	366.50	381.90	381.40
Information and Technology ^c	43.00	36.50	35.50	35.50	32.00	33.00
Non-Departmental ^d		7.00	7.00	6.00	3.00	1.00
Federal Programs ^e						
Elementary Schools	494.14	535.14	519.14	526.14	519.64	518.64
Middle Schools	152.00	157.00	158.00	149.20	144.00	139.20
Junior/Senior High School	47.00	47.00	45.50	45.50	39.50	39.50
Senior High Schools	273.00	270.00	259.80	267.10	245.00	241.50
Charter Schools ^f	55.00	56.25	55.00	59.02	60.77	61.37
Total Personnel	<u>1,643.19</u>	<u>1,763.72</u>	<u>1,741.02</u>	<u>1,751.21</u>	<u>1,715.06</u>	<u>1,710.26</u>
Personnel by Employee Type						
Districtwide Administration	5.00	5.00	5.00	5.00	4.00	4.00
Professional Staff	69.65	70.65	66.65	66.85	64.05	68.05
Principals / Assistant Principals	43.00	43.00	43.00	43.00	44.00	43.00
Certified Staff	920.95	951.03	931.83	950.93	915.40	905.00
Support Staff	604.59	694.04	694.54	685.43	687.61	690.21
Total Personnel	<u>1,643.19</u>	<u>1,763.72</u>	<u>1,741.02</u>	<u>1,751.21</u>	<u>1,715.06</u>	<u>1,710.26</u>

Notes:

School-term employees of the district work between 190 and 200 days at seven to seven and a half hours per day. All other district employees are based on 260 days at seven and a half to eight hours per day.

^a Prior to fiscal year 2018-19 Alternative Learning was known as Personalized Learning.

^b Prior to fiscal year 2016-17 Teaching and Learning was known as Curriculum.

^c Prior to fiscal year 2016-17 Information and Technology was known as Research & Accountability, Instructional Technology Services, and Technology and Information Systems.

^d Non-Departmental consists of 0.5 FTE for the FEA President and 0.5 FTE for the ESSA President. Any additional FTEs are for reserve teaching positions. Prior to fiscal year 2010-11 these positions were budgeted in the Human Resources Department, and then in 2018-19 they were added back in.

^e Prior to fiscal year 2018-19 Federal Programs was dispersed among other programs.

^f During fiscal year 2017-18 Boreal Sun Charter School opened.

Source: Fairbanks North Star Borough School District Approved Budget for fiscal year 2019-20.

				Budgeted Positions
2015-16	2016-17	2017-18	2018-19	2019-20
5.00	5.00	10.00	11.00	10.00
33.00	31.00	24.00	23.10	22.47
17.50	18.50	17.50	22.75	19.00
171.80	173.80	161.80	142.40	163.80
27.05	27.05	40.05	35.50	35.70
20.85	24.35	18.95		
			11.23	15.36
42.50	33.00	14.00	20.00	17.00
380.20	377.20	376.20	367.73	380.90
30.00	36.00	35.00	35.00	36.00
1.00	1.00	1.00		
			32.69	33.27
471.19	478.19	499.19	510.43	499.03
136.20	136.00	125.50	113.40	117.00
37.70	40.00	34.00	28.20	27.90
235.60	233.00	215.70	212.20	210.90
63.79	63.79	76.79	76.74	98.20
<u>1,673.38</u>	<u>1,677.88</u>	<u>1,649.68</u>	<u>1,642.37</u>	<u>1,686.53</u>
4.00	4.00	6.00	6.00	6.00
69.65	70.15	73.15	83.55	75.20
41.00	41.00	42.00	41.00	44.00
890.95	895.95	874.15	721.92	862.40
667.78	666.78	654.38	789.90	698.93
<u>1,673.38</u>	<u>1,677.88</u>	<u>1,649.68</u>	<u>1,642.37</u>	<u>1,686.53</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Employer's Contribution to PERS / TRS	State of Alaska's Contribution to PERS/TRS on Behalf of the School District	Total Cost of Contribution to PERS/TRS Per Pupil	Percentage Change	Pupil - Teacher Ratio	Percentage of Students Eligible for Free or Reduced-Price Meals
2009-10	14,397	\$ 223,192,702	\$ 15,503	3.50%	\$ 15,782,536	\$ 18,365,830	\$ 2,372	-11.53%	15.63	31%
2010-11	14,218	232,406,642	16,346	5.44%	16,696,996	21,500,230	2,687	13.26%	14.95	33%
2011-12	14,260	242,167,968	16,982	3.89%	17,049,613	26,771,742	3,073	14.39%	15.30	34%
2012-13	14,256	254,465,878	17,850	5.11%	17,303,835	35,271,226	3,688	20.01%	14.99	35%
2013-14	14,041	254,410,673	18,119	1.51%	17,370,572	36,184,956	3,814	3.42%	15.34	36%
2014-15	13,762	433,607,722	31,508	73.89%	17,303,899	211,527,002	16,628	335.94%	15.21	35%
2015-16	13,851	230,951,510	16,674	-47.08%	17,295,092	14,606,907	2,303	-86.15%	15.55	37%
2016-17	13,753	238,769,250	17,361	4.12%	17,262,133	12,924,602	2,195	-4.70%	15.35	37%
2017-18	13,703	232,940,763	16,999	-2.09%	17,248,018	12,323,162	2,158	-1.68%	15.68	37%
2018-19	13,280	237,327,954	17,871	5.13%	15,003,782	14,682,320	2,235	3.59%	15.40	37%

Notes:

^a Operating expenditures are total expenditures in governmental funds.

Source: Enrollment: 2018-19 20 Day ADM Official Enrollment as reported to the State of Alaska
Percentage of Students Eligible for Free or Reduced-Price Meals: Nutrition Services Department

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Teacher Salary Information Last Ten School Years

School Year	Entry Level Salary ^a	Maximum Teacher Salary ^b	Average Teacher Salary ^c	Percent of Teachers at Maximum on Column(s) ^d
2009-10	\$ 42,961	\$ 83,571	\$ 66,398	44%
2010-11	44,679	86,914	68,992	45%
2011-12	45,349	88,218	70,188	44%
2012-13	46,244	89,864	71,977	46%
2013-14	46,891	91,122	73,258	49%
2014-15	47,478	92,261	74,143	49%
2015-16	48,308	93,876	75,637	52%
2016-17	48,308	96,116	77,478	47%
2017-18	48,791	97,077	78,838	43%
2018-19	49,279	98,048	79,810	44%

Notes:

- ^a Entry level salary represents a teacher with a bachelor's degree and no experience.
- ^b Maximum teacher salary represents teachers filling a position which requires a master's degree and a certification for a therapist or psychologist position, or teachers who hold a master's degree with National Board Certification.
- ^c Average teacher salary is based on a scattergram of contracted certificated salaries for that school year.
- ^d The teacher salary schedule has six columns:
 1. Bachelor's
 2. Bachelor's plus 18 credits
 3. Master's or Bachelor's plus 36 credits
 4. Master's plus 18 credits
 5. Master's plus 36 credits
 6. Master's plus specified certification

The percent of teachers at maximum represents teachers topped out at each of those columns.

Source: School District records.

FAIRBANKS NORTH BOROUGH SCHOOL DISTRICT

Comparative Results from College Entrance and Advance Placement (AP) Exams Last Ten School Years

School Year	American College Test (ACT)			Scholastic Assessment Test (SAT)			AP Exam results		
	Fairbanks	Alaska	Nation	Fairbanks	Alaska	Nation	Fairbanks	Alaska	Global
2008-09	22.3	21.0	21.1	1,548	1,528	1,509	3.03	3.01	2.89
2009-10	21.9	21.1	21.0	1,541	1,524	1,509	2.97	3.06	2.84
2010-11	21.9	21.2	21.1	1,507	1,513	1,500	3.02	3.05	2.86
2011-12	22.3	21.2	21.1	1,556	1,504	1,498	3.14	3.02	2.91
2012-13	21.9	21.1	20.9	1,494	1,495	1,498	3.18	2.96	2.89
2013-14	22.2	21.0	21.0	1,505	1,485	1,497	3.17	2.95	2.89
2014-15	22.5	21.1	21.0	1,521	1,494	1,490	2.91	2.87	2.82
2015-16	21.0	20.0	20.8	1,444	1,424	1,484	2.94	2.90	2.85
2016-17*	19.8	19.8	21.0		1,080	1,060	3.08	2.88	2.84
2017-18	22.4	20.8	20.8	1,123	1,106	1,068	3.16	2.88	2.87

Source:

Results of the American College Test (ACT), the Scholastic Assessment Test (SAT), and Advanced Placement (AP) Exams, prepared by the Information and Technology Department.

* Information for the SAT scores for Fairbanks is not available as of October 15, 2019

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Miscellaneous Statistical Data

June 30, 2019

Number of Personnel ^a

Districtwide administration	6.00
Professional staff	75.20
Principals and assistant principals	44.00
Certified staff	862.40
Support staff	698.93
Number of schools	36

Enrollment ^b

Elementary Schools - District	
Anne Wien	392
Barnette	433
Boreal Sun Charter School	191
Chinook Charter School	151
Denali	324
Hunter	369
Joy	404
Ladd	476
Midnight Sun Elementary	457
Nordale	315
North Pole Elementary	431
Pearl Creek	478
Salcha	82
Ticasuk Brown	461
Two Rivers	72
University Park	476
Watershed Charter School	198
Weller	459
Woodriver	467
Secondary Schools - District	
Effie Kokrine Charter School	151
Hutchison High	405
Lathrop Senior High	944
North Pole Middle	583
North Pole Senior High	642
Randy Smith Middle	291
Ryan Middle	370
Star of the North Charter	177
Tanana Middle	402
West Valley Senior High	981
Alternative Learning System	127
Elementary Schools - On-Base	
Anderson	196
Arctic Light	446
Crawford	289
Secondary Schools - On-Base	
Ben Eielson Junior/Senior High	328
B.E.S.T. (Correspondence)	294
Golden Heart Academy	18
Total	13,280

Sources:

^a Fairbanks North Star Borough School District Approved Budget for fiscal year 2019-20.

^b 2018-19 20 Day ADM Official Enrollment as reported to the State of Alaska.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Enrollment History by Grade Level Last Fifteen Fiscal Years

Year	PK	KG	1	2	3	4	5	6	Total Elem	7	8	Total JR	9	10	11	12	Total SR	Grand Total	Change	Percentage Change
15 Years Actual Enrollments																				
04-05	87	1,104	1,082	1,074	1,076	1,089	1,069	1,123	7,704	1,160	1,167	2,327	1,504	1,202	964	875	4,545	14,576	(17)	-0.1%
05-06	72	1,195	1,108	1,046	1,066	1,058	1,089	1,054	7,688	1,105	1,133	2,238	1,233	1,157	1,138	1,062	4,590	14,516	(60)	-0.4%
06-07	101	1,080	1,230	1,081	1,027	1,049	1,052	1,083	7,703	1,071	1,060	2,131	1,167	1,212	1,057	1,196	4,632	14,466	(50)	-0.3%
07-08	124	1,077	1,080	1,146	1,060	1,008	1,025	1,032	7,552	1,062	1,040	2,102	1,075	1,131	1,104	1,139	4,449	14,103	(363)	-2.5%
08-09	115	1,131	1,143	1,101	1,133	1,050	1,031	1,023	7,727	1,023	1,054	2,077	1,057	1,066	1,235	970	4,328	14,132	29	0.2%
09-10	142	1,121	1,242	1,144	1,147	1,160	1,086	1,046	8,088	1,044	1,045	2,089	1,073	1,018	1,199	930	4,220	14,397	265	1.9%
10-11	125	1,140	1,144	1,227	1,088	1,078	1,150	1,067	8,019	1,037	1,036	2,073	1,040	1,059	1,167	860	4,126	14,218	(179)	-1.2%
11-12	132	1,153	1,191	1,128	1,210	1,059	1,082	1,128	8,083	1,081	1,014	2,095	1,028	1,057	1,189	808	4,082	14,260	42	0.3%
12-13	132	1,162	1,182	1,151	1,142	1,194	1,053	1,062	8,078	1,110	1,083	2,193	1,010	945	1,184	846	3,985	14,256	(4)	0.0%
13-14	116	1,219	1,205	1,134	1,105	1,097	1,130	1,020	8,026	1,015	1,075	2,090	1,040	980	1,045	860	3,925	14,041	(215)	-1.5%
14-15	113	1,122	1,227	1,160	1,077	1,053	1,055	1,081	7,888	995	983	1,978	1,040	987	1,066	803	3,896	13,762	(279)	-2.0%
15-16	110	1,057	1,200	1,222	1,176	1,080	1,028	1,026	7,899	1,089	974	2,063	996	1,013	1,025	855	3,889	13,851	89	0.6%
16-17	136	1,088	1,129	1,174	1,195	1,157	1,064	983	7,926	1,023	1,028	2,051	949	951	1,075	801	3,776	13,753	(98)	-0.7%
17-18	141	1,086	1,117	1,129	1,134	1,193	1,133	1,032	7,965	978	984	1,962	999	916	1,051	810	3,776	13,703	(50)	-0.4%
18-19	162	1,077	1,027	1,067	1,067	1,068	1,145	1,105	7,718	1,002	925	1,927	955	935	938	807	3,635	13,280	(423)	-3.1%
2019-20 Projected Enrollment																				
19-20	145	1,021	1,128	1,044	1,087	1,084	1,058	1,088	7,655	989	982	1,971	932	910	1,013	713	3,568	13,194	(86)	-0.6%

Source:

Actual Enrollments: Historic 20 Day ADM Official Enrollment as reported to the State of Alaska.

Projected Enrollment: 2019-20 Approved Budget

This Page Intentionally Left Blank.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Capital Assets by Type and Function
Last Ten Fiscal Years

	Fiscal Year			
	2009-10	2010-11	2011-12	2012-13
Capital Assets by Type				
Machinery and equipment	\$ 9,256,859	\$ 8,947,432	\$ 9,415,625	\$ 9,455,391
Intangible assets (software)	1,121,733	1,236,923	1,313,593	1,322,438
Total by type	<u>\$ 10,378,592</u>	<u>\$ 10,184,355</u>	<u>\$ 10,729,218</u>	<u>\$ 10,777,829</u>
Capital Assets by Function				
Instruction	\$ 1,915,692	\$ 1,901,665	\$ 1,969,249	\$ 1,822,714
Special education instruction	585,295	584,895	579,708	612,072
Special education support services-students	25,795	25,795	25,795	11,316
Support services-students	12,721	12,721	12,722	12,722
Support services-instruction	1,810,679	1,579,500	1,783,764	1,811,941
School administration	5,615			
School administration support services	56,625	56,625	69,334	12,709
District administration	40,229	28,130	28,130	22,000
District administration support services	1,969,133	2,041,017	2,211,557	2,229,457
Operations and maintenance of plant	3,361,248	3,334,777	3,377,305	3,516,293
Student activities	22,006	45,676	64,324	69,419
Student transportation - to and from school				
Food services	573,554	573,554	607,330	657,186
Total by function	<u>\$ 10,378,592</u>	<u>\$ 10,184,355</u>	<u>\$ 10,729,218</u>	<u>\$ 10,777,829</u>

Source:

Capital Assets by Function is derived from the District's capital assets software subsystem.

Fiscal Year					
2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
\$ 9,563,787	\$ 10,080,596	\$ 11,022,535	\$ 11,421,951	\$ 11,745,130	\$ 12,105,908
1,400,107	1,477,993	1,567,337	1,642,842	1,642,842	1,642,841
<u>\$ 10,963,894</u>	<u>\$ 11,558,589</u>	<u>\$ 12,589,872</u>	<u>\$ 13,064,793</u>	<u>\$ 13,387,972</u>	<u>\$ 13,748,750</u>
\$ 1,833,217	\$ 1,928,436	\$ 2,093,184	\$ 2,090,161	\$ 2,062,720	\$ 2,078,322
612,072	606,877	647,556	647,556	608,195	616,690
17,742	17,742	17,742	17,742	11,347	11,347
97,143	171,852	220,854	220,854	228,700	228,700
1,965,755	2,101,124	2,252,772	2,322,371	2,347,900	2,244,706
12,709	21,385	21,385	21,385	21,385	21,385
				32,986	42,030
2,116,549	2,448,399	2,783,673	2,922,787	2,837,785	2,776,001
3,556,733	3,650,730	3,932,294	4,143,140	4,563,253	5,034,715
82,917	82,917	82,917	82,917	77,822	90,272
			58,385	58,385	58,385
669,057	529,127	537,495	537,495	537,495	546,196
<u>\$ 10,963,894</u>	<u>\$ 11,558,589</u>	<u>\$ 12,589,872</u>	<u>\$ 13,064,793</u>	<u>\$ 13,387,972</u>	<u>\$ 13,748,750</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

School Building Information
Last Ten Fiscal Years

	Fiscal Year			
	2009-10	2010-11	2011-12	2012-13
School				
Elementary				
Anderson Elementary				
Square Feet	43,996	43,996	43,996	43,996
Capacity	372	372	372	372
Enrollment	328	328	283	269
Anne Wien Elementary				
Square Feet	63,532	63,532	63,532	63,532
Capacity	553	553	553	553
Enrollment	398	372	385	401
Arctic Light Elementary				
Square Feet	68,272	68,272	68,272	68,272
Capacity	596	596	596	596
Enrollment	524	475	570	569
Midnight Sun Elementary				
Square Feet	61,686	61,686	61,686	61,686
Capacity	537	537	537	537
Enrollment	550	593	514	505
Barnette Elementary ^a				
Square Feet	54,895	54,895	54,895	54,895
Capacity	417	417	417	417
Enrollment	403	408	404	412
Crawford Elementary				
Square Feet	63,532	63,532	63,532	63,532
Capacity	553	553	553	553
Enrollment	306	292	297	301
Denali Elementary				
Square Feet	49,210	49,210	49,210	49,210
Capacity	422	422	422	422
Enrollment	370	375	365	397
Hunter Elementary				
Square Feet	57,047	57,047	57,047	57,047
Capacity	494	494	494	494
Enrollment	350	387	392	353
Joy Elementary				
Square Feet	60,642	60,642	60,642	60,642
Capacity	527	527	527	527
Enrollment	384	379	423	443
Ladd Elementary				
Square Feet	63,455	63,455	63,455	63,455
Capacity	553	553	553	553
Enrollment	542	499	496	497
Nordale Elementary				
Square Feet	49,210	49,210	49,210	49,210
Capacity	422	422	422	422
Enrollment	333	342	344	359
North Pole Elementary				
Square Feet	57,154	57,154	57,154	57,154
Capacity	495	495	495	495
Enrollment	532	482	413	453

2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
43,996	43,996	43,996	43,996	43,996	43,996
372	372	372	372	372	372
252	235	240	244	214	196
63,532	63,532	63,532	63,532	63,532	63,532
553	553	553	553	553	553
412	411	385	385	375	392
68,272	68,272	68,272	68,272	68,272	68,272
596	596	596	596	596	596
530	525	536	535	532	446
61,686	61,686	61,686	61,686	61,686	61,686
537	537	537	537	537	537
496	474	501	476	476	457
54,895	54,895	54,895	54,895	54,895	54,895
417	417	417	417	417	417
413	409	412	420	432	433
63,532	63,532	63,532	63,532	63,532	63,532
553	553	553	553	553	553
297	266	291	298	296	289
49,210	49,210	49,210	49,210	49,210	49,210
422	422	422	422	422	422
402	393	383	370	341	324
57,047	57,047	57,047	57,047	57,047	57,047
494	494	494	494	494	494
352	324	327	358	372	369
60,642	60,642	60,642	60,642	60,642	60,642
527	527	527	527	527	527
464	443	386	389	418	404
63,455	63,455	63,455	63,455	63,455	63,455
553	553	553	553	553	553
539	508	508	496	492	476
49,210	49,210	49,210	49,210	49,210	49,210
422	422	422	422	422	422
316	312	337	353	356	315
57,154	57,154	57,154	57,154	57,154	57,154
495	495	495	495	495	495
459	515	502	489	479	431

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

School Building Information
Last Ten Fiscal Years

	Fiscal Year			
	2009-10	2010-11	2011-12	2012-13
School				
Elementary (cont.)				
Pearl Creek Elementary				
Square Feet	62,982	62,982	62,982	62,982
Capacity	548	548	548	548
Enrollment	443	479	484	470
Salcha Elementary				
Square Feet	13,608	13,608	13,608	13,608
Capacity	76	76	76	76
Enrollment	101	88	83	84
Ticasuk Brown Elementary				
Square Feet	63,761	63,761	63,761	63,761
Capacity	556	556	556	556
Enrollment	554	548	510	545
Two Rivers Elementary ^a				
Square Feet	22,200	22,200	22,200	22,200
Capacity	98	98	98	98
Enrollment	93	93	88	88
University Park Elementary				
Square Feet	64,699	64,699	64,699	64,699
Capacity	564	564	564	564
Enrollment	460	474	525	528
Weller Elementary				
Square Feet	65,259	65,259	65,259	65,259
Capacity	569	569	569	569
Enrollment	520	542	540	485
Woodriver Elementary				
Square Feet	64,408	64,408	64,408	64,408
Capacity	561	561	561	561
Enrollment	414	446	436	444
Secondary				
Ben Eielson Jr. Sr. High				
Square Feet	103,200	103,200	103,200	103,200
Capacity	616	616	616	616
Enrollment	474	472	436	403
Howard Luke ^b				
Square Feet	30,856	30,856	30,856	30,856
Capacity	-	-	-	-
Enrollment	-	-	-	-
Hutchison High ^c				
Square Feet	87,190	87,190	87,190	87,190
Capacity	510	510	510	510
Enrollment	358	363	363	372
Lathrop High				
Square Feet	234,412	234,412	234,412	234,412
Capacity	1,421	1,421	1,421	1,421
Enrollment	1,199	1,125	1,184	1,101

2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
62,982	62,982	62,982	62,982	62,982	62,982
548	548	548	548	548	548
479	482	493	506	491	478
13,608	13,608	13,608	13,608	13,608	13,608
76	76	76	76	76	76
76	68	78	73	69	82
63,761	63,761	63,761	63,761	63,761	63,761
556	556	556	556	556	556
514	504	491	496	496	461
22,200	22,200	22,200	22,200	22,200	22,200
98	98	98	98	98	98
97	87	99	95	86	72
64,699	64,699	64,699	64,699	64,699	64,699
564	564	564	564	564	564
502	503	494	503	472	476
65,259	65,259	65,259	65,259	65,259	65,259
569	569	569	569	569	569
477	464	466	452	465	459
64,408	64,408	64,408	64,408	64,408	64,408
561	561	561	561	561	561
438	450	473	465	435	467
103,200	103,200	103,200	103,200	103,200	103,200
616	616	616	616	616	616
399	353	344	335	350	328
30,856	30,856	30,856	30,856	30,856	30,856
-	-	-	-	-	-
-	-	-	-	-	-
87,190	87,190	87,190	87,190	87,190	87,190
510	510	510	510	510	510
362	386	400	410	408	405
234,412	234,412	234,412	234,412	234,412	234,412
1,421	1,421	1,421	1,421	1,421	1,421
1,074	1,037	1,032	945	1,011	944

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

School Building Information
Last Ten Fiscal Years

	Fiscal Year			
	2009-10	2010-11	2011-12	2012-13
<u>School</u>				
Secondary (cont.)				
North Pole Middle				
Square Feet	113,306	113,306	113,306	113,306
Capacity	680	680	680	680
Enrollment	633	585	652	679
North Pole High				
Square Feet	156,362	156,362	156,362	156,362
Capacity	946	946	946	946
Enrollment	814	781	721	729
Randy Smith Middle				
Square Feet	74,589	74,589	74,589	74,589
Capacity	422	422	422	422
Enrollment	335	293	313	326
Ryan Middle				
Square Feet	99,880	99,880	99,880	99,880
Capacity	594	594	594	594
Enrollment	375	390	396	394
Tanana Middle				
Square Feet	101,069	101,069	101,069	101,069
Capacity	602	602	602	602
Enrollment	523	514	501	513
West Valley High				
Square Feet	216,884	216,884	216,884	216,884
Capacity	1,314	1,314	1,314	1,314
Enrollment	1,080	1,070	1,035	1,019

Notes:

- ^a Barnette and Two Rivers are K-8 schools. Capacities will vary from year to year depending on the mix of elementary and secondary (grades 7 & 8) students.
- ^b During fiscal year 2005-06, Howard Luke became home to Effie Kokrine Charter School. The School District leases the Howard Luke building to the Charter School; therefore, square footage information is included after this date, but capacity and enrollment data are not.
- ^c Hutchison is a joint-use facility with University of Alaska Fairbanks, Community and Technical College. Total building size is 137,524 square feet. Hutchison High comprises 63.4% of the building, or 87,190 square feet.

Source:

School District Facilities & Maintenance Department.

2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
113,306	113,306	113,306	113,306	113,306	113,306
680	680	680	680	680	680
655	664	655	656	593	583
156,362	156,362	156,362	156,362	156,362	156,362
946	946	946	946	946	946
752	758	721	736	704	642
74,589	74,589	74,589	74,589	74,589	74,589
422	422	422	422	422	422
338	326	328	336	294	291
99,880	99,880	99,880	99,880	99,880	99,880
594	594	594	594	594	594
386	350	366	390	370	370
101,069	101,069	101,069	101,069	101,069	101,069
602	602	602	602	602	602
472	462	471	432	388	402
216,884	216,884	216,884	216,884	216,884	216,884
1,314	1,314	1,314	1,314	1,314	1,314
967	989	1,023	971	968	981

This Page Intentionally Left Blank.

SINGLE AUDIT

Federal Single Audit:

Reports on Federal Single Audit Requirements

Schedule of Expenditures of Federal Awards

Notes to Schedule of Expenditures of Federal Awards

Schedule of Findings and Questioned Costs

State Single Audit:

Reports on State Single Audit Requirements

Schedule of State Financial Assistance

Notes to Schedule of State Financial Assistance

Schedule of Findings and Questioned Costs



Cook & Haugeberg LLC

CERTIFIED PUBLIC ACCOUNTANTS

October 23, 2019

REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

Members of the Board of Education
Fairbanks North Star Borough School District

We have audited, in accordance with the 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, the financial statements and schedules of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairbanks North Star Borough School District (School District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We also have audited the financial statements and schedules of each of the School District's nonmajor governmental funds, the internal service fund type, and the fiduciary fund type as of and for the year ended June 30, 2019, as displayed in the School District's basic financial statements. In addition, we also have audited the financial statements and schedules of the School District's nonmajor governmental funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2019, and have issued our report thereon dated October 23, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

119 North Cushman Street, Suite 300 • Fairbanks, Alaska 99701 • 907-456-7762
Fax 907-452-6184 • www.ch-cpa.com • email: Contact@ch-cpa.com

Partners: Gerald D. Haugeberg
Senior Consultants:

Kara Moore
James F. Dieringer, Jr.

Kathleen A.R. Thompson
Michael T. Cook

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cook + Haugeberg LLC

Fairbanks, Alaska
October 23, 2019



Cook & Haugeberg LLC

CERTIFIED PUBLIC ACCOUNTANTS

October 23, 2019

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

Members of the Board of Education
Fairbanks North Star Borough School District

Report on Compliance for Each Major Federal Program

We have audited Fairbanks North Star Borough School District's (School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2019. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

119 North Cushman Street, Suite 300 • Fairbanks, Alaska 99701 • 907-456-7762
Fax 907-452-6184 • www.ch-cpa.com • email: Contact@ch-cpa.com

Partners: Gerald D. Haugeberg
Senior Consultants:

Kara Moore
James F. Dieringer, Jr.

Kathleen A.R. Thompson
Michael T. Cook

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cook + Haugeberg LLC

Fairbanks, Alaska
October 23, 2019

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/ CFDA Program or Cluster Title/ Pass-through Grantor/ Award Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<u>U. S. Department of Agriculture</u>				
<u>Child Nutrition Cluster</u>				
<u>School Breakfast Program</u>				
Passed through the State of Alaska Department of Education and Early Development:				
School Breakfast	10.553	N/A	\$	\$ 908,523
<u>National School Lunch Program</u>				
Passed through the State of Alaska Department of Education and Early Development:				
School Lunch	10.555	N/A		2,807,829
USDA Foods Entitlement (noncash)	10.555	N/A		239,847
Subtotal 10.555				3,047,676
<u>Summer Food Service Program for Children</u>				
Passed through the State of Alaska Department of Education and Early Development:				
Summer Food Service	10.559	MA19FNSD01		17,619
Total Child Nutrition Cluster				3,973,818
<u>State Administrative Expenses for Child Nutrition</u>				
Passed through the State of Alaska Department of Education and Early Development:				
State Administrative Expenses for Child Nutrition	10.560	FD19FNSD01		20,987
<u>Fresh Fruit & Vegetable Program</u>				
Passed through the State of Alaska Department of Education and Early Development:				
Fresh Fruit & Vegetable	10.582	FF19FNSD01		10,440
Fresh Fruit & Vegetable	10.582	FF19FNSD02		60,625
Subtotal 10.582				71,065
Total U.S. Department of Agriculture			\$	\$ 4,065,870
<u>U. S. Department of Defense</u>				
<u>Student Achievement at Military-Connected Schools</u>				
Direct Program:				
DoDEA Student Achievement Grant Program	12.556		\$	\$ 169,280
DoDEA Student Achievement Grant Program	12.556			315,261
DoDEA Student Achievement Grant Program	12.556			98,790
DoDEA Student Achievement Grant Program	12.556			64,580
Subtotal 12.556				647,911
Total U. S. Department of Defense			\$	\$ 647,911
<u>U. S. Department of Education</u>				
<u>Title I Grants to Local Educational Agencies</u>				
Passed through the State of Alaska Department of Education and Early Development:				
Title I-A Consolidated Administration	84.010	IP19FNSD01	\$	\$ 325,515
Title I-A Basic Grant	84.010	IP18FNSD01		10,090
Title I-A Basic Grant	84.010	IP19FNSD01		2,532,309
Title I-A Neglected & Delinquent	84.010	IP19FNSD01		108,082
Title I-A Parent Involvement	84.010	ND19FNSD01		29,626
School Improvement: Planning	84.010	SI19FNSD01		13,349
School Improvement: Implementation	84.010	SI19FNSD02		759
Subtotal 84.010				3,019,730

See accompanying notes to the schedule of expenditures of federal awards

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/ CFDA Program or Cluster Title/ Pass-through Grantor/ Award Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<i>Migrant Education State Grant Program</i>				
Passed through the State of Alaska Department of Education and Early Development:				
Title I-C Consolidated Administration	84.011	IP19FNSD01		24,497
Title I-C Migrant Education	84.011	IP19FNSD01		669,011
Title I-C Migrant Summer	84.011	IP19FNSD01		36,425
Migrant Ed Book Program	84.011	MB19FNSD01		19,567
Migrant Competitive	84.011	MC18FNSD01		107,968
Migrant Education (PAC)	84.011	MP19FNSD02		225
Subtotal 84.011				857,693
<i>Title I Program for Neglected and Delinquent Children</i>				
Passed through the State of Alaska Department of Education and Early Development:				
Title I-D Youth Facility	84.013	IP19FNSD01		29,645
<i>Special Education Cluster (IDEA)</i>				
<i>Special Education Grants to States</i>				
Passed through the State of Alaska Department of Education and Early Development:				
Title VI-B	84.027	SE18FNSD01		9,230
Title VI-B	84.027	SE19FNSD01		4,085,530
619 Program Audit	84.027	SA19FNSD01		42,909
Subtotal 84.027				4,137,669
<i>Special Education Preschool Grants</i>				
Passed through the State of Alaska Department of Education and Early Development:				
Preschool Disabled Section 619	84.173	SE19FNSD01		53,082
Total Special Education Cluster (IDEA)				4,190,751
<i>Impact Aid</i>				
Direct Program:				
Title VIII Impact Aid	84.041		\$	\$ 235,900
Passed through the State of Alaska Department of Education and Early Development:				
Title VIII Impact Aid	84.041	N/A		20,500,837
Title VIII Impact Aid for Construction	84.041	N/A		242,513
Subtotal 84.041				20,979,250
<i>Vocational Education Basic Grants to States</i>				
Passed through the State of Alaska Department of Education and Early Development:				
Carl Perkins Secondary	84.048	EK19FNSD01		317,268
Secondary Partnership/CTE	84.048	EB19FNSD01		25,292
Subtotal 84.048				342,560
<i>Indian Education Grants to Local Educational Agencies</i>				
Direct Program:				
Indian Education	84.060			826,756
<i>Education for Homeless Children and Youth</i>				
Passed through the State of Alaska Department of Education and Early Development:				
McKinney-Vento Homeless Education	84.196	FR19FNSD01		35,105

See accompanying notes to the schedule of expenditures of federal awards

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/ CFDA Program or Cluster Title/ Pass-through Grantor/ Award Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<i>Twenty-First Century Community Learning Centers</i>				
Passed through the State of Alaska Department of Education and Early Development:				
AK Community Learning Centers Program	84.287	AC19FNSD01		1,242,115
<i>English Language Acquisition Grants</i>				
Passed through the State of Alaska Department of Education and Early Development:				
Title III-A Consolidated Administration	84.365	IP19FNSD01		529
Title III-A English Language Acquisition	84.365	IP19FNSD01		26,389
<i>Subtotal 84.365</i>				<u>26,918</u>
<i>Improving Teacher Quality State Grants</i>				
Passed through the State of Alaska Department of Education and Early Development:				
Title II-A Teacher & Principal Training	84.367	IP19FNSD01		813,322
<i>Student Support and Academic Enrichment Program</i>				
Passed through the State of Alaska Department of Education and Early Development:				
Title IV-A Consolidated Administration	84.424	IP19FNSD01	\$	\$ 2,436
Title IV-A Student Support and Academic Enrichment Program	84.424	IP19FNSD01		326,341
<i>Subtotal 84.424</i>				<u>328,777</u>
Total U. S. Department of Education			<u>\$</u>	<u>\$ 32,692,622</u>
<u>U. S. Department of Health and Human Services</u>				
<i>Substance Abuse and Mental Health Services</i>				
Passed through Fairbanks Wellness Coalition:				
Teen Opioid Prevention Team	93.243	19-FW-8	\$	\$ 12,931
<u>Total U. S. Department of Health and Human Services</u>			<u>\$</u>	<u>\$ 12,931</u>
Grand Total - Expenditures of Federal Awards			<u>\$</u>	<u>\$ 37,419,334</u>

See accompanying notes to the schedule of expenditures of federal awards

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2019

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Fairbanks North Star Borough School District (School District) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grantor identifying numbers are presented where available.

NOTE 3: INDIRECT COST RATE

The Alaska Department of Education & Early Development (DEED) has been delegated the authority, by the U.S. Department Education, to approve *Restricted Federal Indirect Cost Rate Proposals* pursuant to delegation agreement number 2014-180, effective until June 30, 2019. The School District received a restricted Federal indirect cost rate from DEED for fiscal year 2019. As a result, the School District elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

NOTE 4: U.S. DEPARTMENT OF AGRICULTURE (USDA) FOODS ENTITLEMENT

The USDA provides States with a USDA Foods entitlement, at a nominal cost, and a fresh fruit and vegetable entitlement, at no cost, for use in preparing school lunches. The USDA utilizes the U.S. Department of Defense as a procurement agent for the fresh fruit and vegetable entitlement program. Because governmental funds are uniquely concerned with flows of *financial* resources, USDA food entitlements are recorded at cost rather than fair market value in governmental funds. Food entitlements are considered expended when consumed in the school lunch program. However, the noncash value of food entitlements received in fiscal year 2019 is listed as an expenditure on the schedule of expenditures of federal awards.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes ☐ ☒ No

Significant deficiency(ies) identified?

Yes ☐ ☒ None reported

Noncompliance material to financial statements noted?

Yes ☐ ☒ No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

Yes ☐ ☒ No

Significant deficiency(ies) identified?

Yes ☐ ☒ None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes ☐ ☒ No

Identification of major federal programs:

CFDA Numbers

Name of Federal Program or Cluster

84.010

Title I Grants to Local Educational Agencies

84.027 & 84.173

Special Education Cluster

84.048

Vocational Education Basic Grants to States

Dollar threshold used to distinguish between type A and type B programs:

\$1,122,580

Auditee qualified as low-risk auditee?

Yes ☒ ☐ No

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

This Page Intentionally Left Blank.



Cook & Haugeberg LLC

CERTIFIED PUBLIC ACCOUNTANTS

October 23, 2019

REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

Members of the Board of Education
Fairbanks North Star Borough School District

We have audited, in accordance with the 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, the financial statements and schedules of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairbanks North Star Borough School District (School District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We also have audited the financial statements and schedules of each of the School District's nonmajor governmental funds, the internal service fund type, and the fiduciary fund type of the School District as of and for the year ended June 30, 2019, as displayed in the School District's basic financial statements. In addition, we also have audited the financial statements and schedules of the School District's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2019, and have issued our report thereon dated October 23, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

119 North Cushman Street, Suite 300 • Fairbanks, Alaska 99701 • 907-456-7762
Fax 907-452-6184 • www.ch-cpa.com • email: Contact@ch-cpa.com

Partners: Gerald D. Haugeberg
Senior Consultants:

Kara Moore
James F. Dieringer, Jr.

Kathleen A.R. Thompson
Michael T. Cook

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurances about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cook + Haugeberg LLC

Fairbanks, Alaska
October 23, 2019



Cook & Haugeberg LLC

CERTIFIED PUBLIC ACCOUNTANTS

October 23, 2019

REPORT ON COMPLIANCE FOR EACH MAJOR STATE
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE STATE
OF ALASKA AUDIT GUIDE AND COMPLIANCE SUPPLEMENT FOR STATE SINGLE AUDITS

Independent Auditor's Report

Members of the Board of Education
Fairbanks North Star Borough School District

Report on Compliance for Each Major State Program

We have audited Fairbanks North Star Borough School District's (School District) compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of the School District's major state programs for the year ended June 30, 2019. The School District's major state programs are identified in the accompanying schedule of state financial assistance.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the School District's compliance.

119 North Cushman Street, Suite 300 • Fairbanks, Alaska 99701 • 907-456-7762
Fax 907-452-6184 • www.ch-cpa.com • email: Contact@ch-cpa.com

Partners: Gerald D. Haugeberg
Senior Consultants:

Kara Moore
James F. Dieringer, Jr.

Kathleen A.R. Thompson
Michael T. Cook

Opinion on Each Major State Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

Cook & Haugeberg LLC

Fairbanks, Alaska
October 23, 2019

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Schedule of State Financial Assistance
For the Year Ended June 30, 2019

State Agency / Program Title	Award Number	Total Award Amount	Passed Through To Subrecipients	State Expenditures
<u>State of Alaska Department of Education and Early Development</u>				
Direct Program:				
Public School Foundation Funding Program *	N/A	\$ 112,064,702	\$	\$ 112,064,702
On-Base Schools *	N/A	1,450,000		1,450,000
Quality Schools	N/A	404,502		404,502
Pupil Transportation *	N/A	11,724,882		11,724,882
Youth in Detention	EY19FNDS01	120,356		120,356
Youth Risk Behavior Survey	YR19FNDS01	16,500		10,182
Student Safety & Security	NA	2,243,796		46,811
Suicide Awareness, Prevention and Postvention	SP19FNDS01	27,250		23,978
Alaska Pre-Elementary Development	PK19FNDS01	250,000		201,363
Safe Children's Act	SC18FNDS01	5,632		2,100
Bree's Law	BR19FNDS01	8,500		5,094
Total State of Alaska Department of Education and Early Development		\$ 128,316,120	\$	\$ 126,053,970
<u>State of Alaska Department of Administration</u>				
Direct Program:				
Alaska Teachers' Retirement System On-Behalf Funding *	N/A	\$ 12,476,150	\$	\$ 12,476,150
Alaska Public Employees' Retirement System On-Behalf Funding *	N/A	2,206,170		2,206,170
Total State of Alaska Department of Administration		\$ 14,682,320	\$	\$ 14,682,320
<u>State of Alaska Department of Commerce, Community and Economic Development- Division of Community Advocacy</u>				
Direct Program:				
Nutritional Alaskan Foods in Schools (FY13 Carryover)	13-NAFS-016	\$ 194,755	\$	\$ 2,696
Nutritional Alaskan Foods in Schools (FY14 Carryover)	14-NAFS-016	150,955		12,994
Total State of Alaska Department of Commerce, Community, and Economic Development		\$ 345,710	\$	\$ 15,690
Grand Total - State Financial Assistance		\$ 143,344,150	\$	\$ 140,751,980

* State Major Program-FY19

See accompanying notes to the schedule of state financial assistance

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Schedule of State Financial Assistance For the Year Ended June 30, 2019

NOTE 1: MAJOR PROGRAM NOTATION

* denotes a major program

NOTE 2: BASIS OF PRESENTATION

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of the Fairbanks North Star Borough School District under programs of the State of Alaska for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of Fairbanks North Star Borough School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Fairbanks North Star Borough School District.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Grantor's identifying numbers are presented where available.

NOTE 4: AWARD TO SUBRECIPIENTS

Fairbanks North Star Borough School District did not have any subrecipients for the year ended June 30, 2019.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Significant deficiency(ies) identified? Yes ☐ ☒ No

Material weakness(es) identified? Yes ☐ ☒ No

Noncompliance material to financial statements? Yes ☐ ☒ No

State Financial Assistance

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:

Significant deficiency(ies) identified? Yes ☐ ☒ No

Material weakness(es) identified? Yes ☐ ☒ No

Dollar threshold used to distinguish a state major program: \$ 500,000

SECTION II - FINANCIAL STATEMENT FINDINGS

The Fairbanks North Star Borough School District did not have any findings that relate to the financial statements.

SECTION III - STATE AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reported.

This Page Intentionally Left Blank.

SUPPLEMENTAL REPORTS

Statements of Compliance – AS 14.17.505

Schedule of Payments Made for Principal and Interest on
Bonds to Fund School Construction

Tuition Rate Report



Cook & Haugeberg LLC

CERTIFIED PUBLIC ACCOUNTANTS

October 23, 2019

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON FUND BALANCE COMPLIANCE REQUIREMENTS

Members of the Board of Education
Fairbanks North Star Borough School District

We have audited the financial statements and schedules of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairbanks North Star Borough School District (School District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents. We also have audited the financial statements and schedules of the aggregate nonmajor governmental funds, internal service fund type, and the fiduciary fund type of the School District as of and for the year ended June 30, 2019, as displayed in the School District's basic financial statements. In addition, we also have audited the financial statements and schedules of the School District's nonmajor governmental funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2019. Our audit was made 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 and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, as presented in the Statement of Compliance - AS 14.17.505, nothing came to our attention which caused us to believe that the School District had failed to comply with the accumulated fund balance restriction in AS 14.17.505 as interpreted by the State of Alaska, Department of Education and Early Development. However, it should be noted that our audit was not directed primarily toward obtaining knowledge of noncompliance with such requirements.

This report is intended solely for the information and use of the members of the Board of Education, audit committee and management of the Fairbanks North Star Borough School District and the State of Alaska, Department of Education and Early Development and is not intended to be, and should not be, used by anyone other than these specified parties.

Cook & Haugeberg LLC

119 North Cushman Street, Suite 300 • Fairbanks, Alaska 99701 • 907-456-7762
Fax 907-452-6184 • www.ch-cpa.com • email: Contact@ch-cpa.com

Partners: Gerald D. Haugeberg
Senior Consultants:

Kara Moore
James F. Dieringer, Jr.

Kathleen A.R. Thompson
Michael T. Cook

This Page Intentionally Left Blank.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Statement of Compliance - AS 14.17.505

Year Ended June 30, 2019

Total General Fund Balance (All Classifications): \$ 23,665,897

Items Deducted in 4 AAC 09.160:

Encumbrances	\$ 1,227,458	
Inventory	282,719	
Prepaid Expenses	44,681	
Impact Aid	11,181,964	
Student Allotments	135,240	
		12,872,062

Remaining General Fund Balance Subject to 10% Limit:

\$ 10,793,835

(AS 14.17.505 - "unreserved")

General fund balance as a percentage of current year expenditures:

General fund balance subject to 10%	=	\$ 10,793,835	=	5.35%
Current year general fund expenditures		\$ 201,799,913		

This Page Intentionally Left Blank.



Cook & Haugeberg LLC

CERTIFIED PUBLIC ACCOUNTANTS

October 23, 2019

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON CERTAIN STATE COMPLIANCE REQUIREMENTS

Members of the Board of Education
Fairbanks North Star Borough School District

We have audited the financial statements and schedules of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairbanks North Star Borough School District (School District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents. We also have audited the financial statements and schedules of the aggregate nonmajor governmental funds, internal service fund type, and the fiduciary fund type of the School District as of and for the year ended June 30, 2019, as displayed in the School District's basic financial statements. In addition, we also have audited the financial statements and schedules of the School District's nonmajor governmental funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2019 and have issued our report thereon dated October 23, 2019. Our audit was made 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 and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In the course of our audit, nothing came to our attention that caused us to believe that:

- a) The statements of revenues and expenditures of the Special Revenue Funds do not present fairly the allowable funds expended within the limits of program budgets.
- b) The Fairbanks North Star Borough School District has not complied with the State of Alaska, Department of Education and Early Development State Chart of Accounts.
- c) The Fairbanks North Star Borough School District has not complied with the bonding requirements of AS 14.14.020.

However, it should be noted that our audit was not directed primarily toward obtaining knowledge of noncompliance with the foregoing requirements.

This report is intended solely for the information and use of the members of the Board of Education, audit committee and management of the Fairbanks North Star Borough School District and the State of Alaska, Department of Education and Early Development and is not intended to be, and should not be, used by anyone other than these specified parties.

Cook & Haugeberg LLC

119 North Cushman Street, Suite 300 • Fairbanks, Alaska 99701 • 907-456-7762
Fax 907-452-6184 • www.ch-cpa.com • email: Contact@ch-cpa.com

Partners: Gerald D. Haugeberg
Senior Consultants:

Kara Moore
James F. Dieringer, Jr.

Kathleen A.R. Thompson
Michael T. Cook

This Page Intentionally Left Blank.



Cook & Haugeberg LLC

CERTIFIED PUBLIC ACCOUNTANTS

October 23, 2019

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON
THE SUMMARY REPORT OF REIMBURSABLE EXPENDITURES

Members of the Board of Education
Fairbanks North Star Borough School District

We have audited the accompanying Summary Report of Reimbursable Expenditures of the Fairbanks North Star Borough School District (School District) as of and for the year ended June 30, 2019. This report is the responsibility of the School District's management. Our responsibility is to express an opinion on this report 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 Summary Report of Reimbursable Expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Summary Report of Reimbursable Expenditures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Summary Report of Reimbursable Expenditures presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the report referred to above presents fairly, in all material respects, the reimbursable expenditures of the Fairbanks North Star Borough School District for the year ended June 30, 2019.

This report is intended solely for the information and use of the members of the Board of Education, audit committee and management of the Fairbanks North Star Borough School District and the State of Alaska, Department of Education and Early Development and is not intended to be, and should not be, used by anyone other than these specified parties.

Cook & Haugeberg LLC

119 North Cushman Street, Suite 300 • Fairbanks, Alaska 99701 • 907-456-7762
Fax 907-452-6184 • www.ch-cpa.com • email: Contact@ch-cpa.com

Partners: Gerald D. Haugeberg
Senior Consultants:

Kara Moore
James F. Dieringer, Jr.

Kathleen A.R. Thompson
Michael T. Cook

This Page Intentionally Left Blank.

**SCHEDULE OF PAYMENTS MADE FOR PRINCIPAL AND INTEREST ON BONDS
TO FUND SCHOOL CONSTRUCTION FOR THE FISCAL YEAR ENDING JUNE 30, 2019
For the Fairbanks North Star Borough School District**

1. Payments made for retirement of principal and interest on outstanding bonds incurred before July 1, 1977, to pay costs of school construction:

Bond Issue	Payor	Principal	Interest	Total

2. Payments made for retirement of principal and interest on outstanding bonds incurred after June 30, 1977, and before January 1, 1982, to pay costs of school construction:

Bond Issue	Payor	Principal	Interest	Total

3. Cash payments to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved by the department by July 1, 1990, under AS 14.07.020 (a) (11):

DOE Project #	Amount Authorized	Prior Year Expenditures	Current Exp. Claim for Reimb.	Total

4. Payments made for retirement of principal and interest on outstanding bonds incurred after December 31, 1981, and authorized by the qualified voters before July 1, 1983, to pay costs of school construction:

Bond Issue	Payor	Principal	Interest	Total

5. Payments made for retirement of principal and interest on outstanding bonds authorized by the qualified voters after June 30, 1983, and before March 31, 1990, to pay costs of school construction:

Bond Issue	Payor	Principal	Interest	Total

6. Payments made for the retirement of principal and interest on outstanding bonds authorized by the qualified voters after March 31, 1990 and before June 30, 1996 to pay costs of school construction:

Bond Issue	Payor	Principal	Interest	Total

7. Payments made for the retirement of principal and interest on outstanding bonds authorized by the qualified voters after July 1, 1995, to pay costs of school construction:

Project Name/Number	Bond Issue	Payor	Principal	Interest	Total
DR-05-101	2006 I	US Bank NA	285,000	108,869	393,869
DR-07-103 to 105	2007 J	US Bank NA	625,000	281,494	906,494
DR-07-103 to 105	2008 L	US Bank NA	550,000	271,125	821,125
DR-10-103 to 106	2010 M	US Bank NA	545,000	406,180	951,180
05-96-102 to 110,114	O Refunding	Bank of New York Mellon Trust	1,695,637	84,782	1,780,419
05-99-141 to 144, 146, 147, 150	P Refunding	Bank of New York Mellon Trust	600,000	47,100	647,100
05-96-102 to 110,114	Q Refunding	Bank of New York Mellon Trust	2,100,000	459,250	2,559,250
DR-12-102 to 106	2012 R	US Bank NA	515,000	257,040	772,040
05-03-102 to 104; DR-05-101	S Refunding	US Bank NA	1,415,000	353,500	1,768,500
DR-14-102 to DR-14-108	2016 T	Bank of New York Mellon Trust	1,970,000	2,139,400	4,109,400

This Page Intentionally Left Blank.



Cook & Haugeberg LLC

CERTIFIED PUBLIC ACCOUNTANTS

October 23, 2019

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON
THE TUITION RATE REPORT

Members of the Board of Education
Fairbanks North Star Borough School District

We have audited the accompanying Tuition Rate Report of the Fairbanks North Star Borough School District (School District) as of and for the year ended June 30, 2019. This report is the responsibility of the School District's management. Our responsibility is to express an opinion on this report 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 Tuition Rate Report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Tuition Rate Report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Tuition Rate Report presentation. We believe that our audit provides a reasonable basis for our opinion.

Since our audit did not include tests of the average daily membership, we do not express an opinion thereon or upon the resulting tuition rate (2018-2019 fiscal year). However, in our opinion, except for the average daily membership described in the preceding sentence and the resulting tuition rate (2018-2019 fiscal year), the accompanying report presents fairly, in all material respects, the information required in the related instructions from the State of Alaska, Department of Education and Early Development.

This report is intended solely for the information and use of the members of the Board of Education, audit committee and management of the Fairbanks North Star Borough School District and the State of Alaska, Department of Education and Early Development and is not intended to be, and should not be, used by anyone other than these specified parties.

Cook & Haugeberg LLC

119 North Cushman Street, Suite 300 • Fairbanks, Alaska 99701 • 907-456-7762
Fax 907-452-6184 • www.ch-cpa.com • email: Contact@ch-cpa.com

Partners: Gerald D. Haugeberg
Senior Consultants:

Kara Moore
James F. Dieringer, Jr.

Kathleen A.R. Thompson
Michael T. Cook

This Page Intentionally Left Blank.

STATE OF ALASKA
Department of Education and Early Development (DEED)
Tuition Rate Report
2018-19 Fiscal Year

Fairbanks North Star Borough School District

Local Revenues for Support of Schools:	
Borough contribution to school district general fund	\$ 50,045,400
Direct Expenditures by Borough for School Purposes:	
From: <i>Summary Report of Reimbursable Expenditures</i>	
Bond redemption	14,709,376
Less: State aid for school construction	<u>(10,174,675)</u>
Total expenditures from local sources	<u>54,580,101</u>
Plus:	
Title VIII Impact Aid	20,061,212
On-base tuition	<u>1,450,000</u>
	<u>21,511,212</u>
Total local cost for tuition purposes	<u><u>\$ 76,091,313</u></u>
 Average daily membership as approved by the DEED for foundation support in FY2018-19.	 13,280.00
 Tuition Rate	 <u><u>\$ 5,729.77</u></u>

Auditor's Certification
See Report of Independent Certified Public Accountant

This Page Intentionally Left Blank.