

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

FOR THE FISCAL YEAR JULY 1, 2017 - JUNE 30, 2018



520 Fifth Avenue, Fairbanks Alaska 99701  
[www.k12northstar.org](http://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, 2018**

**Dr. Karen Gaborik  
Superintendent of Schools**

**Prepared by  
Accounting Services Department**

**Andreau Degraw  
Chief Operations Officer**

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

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## TABLE OF CONTENTS

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 .....	20
Statement of Activities.....	21
Fund Financial Statements	
Governmental Funds:	
Balance Sheet .....	24
Reconciliation of the Governmental Funds Balance Sheet to the	
Statement of Net Position .....	27
Statement of Revenues, Expenditures and Changes in Fund Balances .....	28
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures	
and Changes in Fund Balances to the Statement of Activities.....	31
Proprietary Funds:	
Statement of Net Position.....	32
Statement of Revenues, Expenses and Changes in Fund Net Position.....	33
Statement of Cash Flows .....	34
Fiduciary Fund:	
Statement of Fiduciary Assets and Liabilities.....	35
Notes to the Basic Financial Statements.....	37

#### Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund .....	72
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Federal Programs Special Revenue Fund .....	73
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Student Transportation Special Revenue Fund .....	74
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – State Programs Special Revenue Fund .....	75



## TABLE OF CONTENTS

### Required Supplementary Information (cont.)

Schedule of the School District's Proportionate Share of the Net Pension Liability – Public Employees' Retirement System.....	76
Schedule of the School District's Pension Contributions – Public Employees' Retirement System .....	77
Schedule of the School District's Proportionate Share of the Net Pension Liability – Teachers' Retirement System.....	78
Schedule of the School District's Pension Contributions – Teachers' Retirement System .....	79
Schedule of the School District's Proportionate Share of the Net OPEB Liability – Public Employees' Retirement System.....	80
Schedule of the School District's OPEB Contributions – Public Employees' Retirement System .....	81
Schedule of the School District's Proportionate Share of the Net OPEB Liability – Teachers' Retirement System.....	82
Schedule of the School District's OPEB Contributions – Teachers' Retirement System.....	83
Notes to the Required Supplementary Information .....	84

### Combining and Individual Fund Statements and Schedules

#### Major Governmental Funds:

##### General Fund:

Balance Sheet .....	88
Statement of Revenues, Expenditures, and Changes in Fund Balance – by Object.....	89
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – by Object.....	96

##### Federal Programs Special Revenue Fund:

Combining Balance Sheet.....	102
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – by Function.....	108
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – by Object.....	114
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – by Object – ESEA Consolidated Administration Pool.....	120
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – by Object.....	121

##### Student Transportation Special Revenue Fund:

Balance Sheet .....	122
Statement of Revenues, Expenditures and Changes in Fund Balance – by Object.....	123
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – by Object.....	124

##### State Programs Special Revenue Fund:

Combining Balance Sheet.....	126
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – by Function.....	128
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.....	135

#### Nonmajor Governmental Funds – by Fund Type:

Combining Balance Sheet – by Fund Type .....	138
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – by Fund Type.....	139

## TABLE OF CONTENTS

Nonmajor Special Revenue Funds:	
Combining Balance Sheet.....	142
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	143
Local Programs Special Revenue Fund:	
Combining Balance Sheet.....	144
Combining Schedule of Revenues, Expenditures and Changes in Fund	
Balances – by Function.....	148
Combining Schedule of Revenues, Expenditures and Changes in Fund	
Balances – by Object.....	152
Schedule of Revenues, Expenditures and Changes in Fund Balance –	
Budget (Non-GAAP Basis) and Actual – by Object.....	156
Food Service Special Revenue Fund:	
Balance Sheet.....	158
Statement of Revenues, Expenditures and Changes in Fund	
Balance – by Function.....	159
Statement of Revenues, Expenditures and Changes in Fund	
Balance – by Object.....	160
Schedule of Revenues, Expenditures and Changes in Fund Balance –	
Budget (Non-GAAP Basis) and Actual – by Object.....	161
School Activities Special Revenue Fund:	
Balance Sheet.....	162
Statement of Revenues, Expenditures and Changes in Fund	
Balance – by Function.....	163
Statement of Revenues, Expenditures and Changes in Fund	
Balance – by Object.....	164
Nonmajor Capital Projects Funds:	
Combining Balance Sheet.....	167
Combining Statement of Revenues, Expenditures and Changes in Fund	
Balances.....	168
Project Length Schedule of Revenues and Expenditures.....	170
Internal Service Funds:	
Combining Statement of Net Position.....	174
Statement of Revenues, Expenses and Changes in Fund Net Position.....	175
Statement of Cash Flows.....	176
Agency Fund:	
School District Agency Fund:	
Statement of Changes in Assets and Liabilities.....	179

## STATISTICAL SECTION

Net Position by Component – Last Ten Fiscal Years.....	182
Changes in Net Position – Last Ten Fiscal Years.....	184
Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	186
Governmental Funds Revenues – Last Ten Fiscal Years.....	188
Governmental Funds Expenditures and Debt Service Ratio – Last Ten Fiscal Years.....	190
Other Financing Sources and Uses and Net Change in Fund Balances of Governmental Funds -	
Last Ten Fiscal Years.....	192
Assessed and Estimated Actual Value of Taxable Property – Last Ten Calendar Years.....	194
Property Tax Rates and Tax Levies – This Borough and All Underlying Governments –	
Last Ten Calendar Years.....	196
Principal Taxable Properties – Current Year and Nine Years Ago.....	202
Property Tax Levies and Collections – Last Ten Fiscal Years.....	203

## TABLE OF CONTENTS

### STATISTICAL SECTION (CONT.)

Significant Own-Sourced Revenue – Last Ten Fiscal Years .....	204
Outstanding Debt by Type – Last Ten Fiscal Years.....	205
Demographic and Economic Statistics – Last Ten Calendar Years .....	206
Employment by Industry – Current Year and Nine Years Ago.....	207
Full-time Equivalent Operating Fund Employees by Department and Type – Last Ten Fiscal Years and Projected Next Year.....	208
Operating Statistics – Last Ten Fiscal Years .....	210
Teacher Salary Information – Last Ten School Years .....	212
Comparative Results from College Entrance and Advance Placement (AP) Exams – Last Ten School Years.....	213
Miscellaneous Statistical Data.....	214
Enrollment History by Grade Level – Last Fifteen Fiscal Years.....	215
Capital Assets by Type and Function – Last Ten Fiscal Years.....	216
School Building Information – Last Ten Fiscal Years.....	218

### 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 <i>Government Auditing Standards</i> .....	227
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance .....	229
Schedule of Expenditures of Federal Awards.....	231
Notes to Schedule of Expenditures of Federal Awards .....	234
Schedule of Findings and Questioned Costs.....	235

##### 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 <i>Government Auditing Standards</i> .....	239
Independent Auditor's Report on Compliance for Each Major State Program and Report On Internal Control Over Compliance Required by the <i>State of Alaska Audit Guide And Compliance Supplement for State Single Audits</i> .....	241
Schedule of State Financial Assistance.....	243
Notes to Schedule of State Financial Assistance .....	244
Schedule of Findings and Questioned Costs.....	245

### SUPPLEMENTAL REPORTS

#### Supplemental Reports:

Report of Independent Certified Public Accountants on Fund Balance Compliance Requirements.....	249
Statement of Compliance - AS 14.17.505.....	251
Report of Independent Certified Public Accountants on Certain State Compliance Requirements.....	253

#### Other Reports:

Report of Independent Certified Public Accountants on the Summary Report of Reimbursable Expenditures.....	257
Schedule of Payments Made for Principal and Interest on Bonds to Fund School Construction for the Fiscal Year Ending June 30, 2018 .....	259
Report of Independent Certified Public Accountants on the Tuition Rate Report.....	261
Tuition Rate Report .....	263

# **INTRODUCTORY SECTION**



# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

(907) 452-2000

520 Fifth Avenue

Fairbanks, AK 99701-4718

www.k12.northstar.org

December 4, 2018

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, 2018, 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, 2018 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, 2018 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 7,361 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 of 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 13,703 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 69 students to a 1,011 student high school.

Our diverse student body includes children from over 59 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 2018 district-wide average was 15.73 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 five 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) and Boreal Sun Charter School (grades K-7). All operate under ten year charters with terms expiring in 2019, 2021, 2024, 2026 and 2027, respectively.

### **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 economic downturn continue to be felt in the interior, they are still somewhat mild compared to what the nation has experienced. Over the last five years, all industry sectors have maintained fairly constant 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 2018 unemployment rate was 6.0 percent, a decrease of 0.4 percentage points from a year ago, compared to the national average of 4.0 percent which decreased 0.3 percentage points. Tourism, retail trade and construction industries still struggle somewhat to cope with national trends of reluctant consumer spending, 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 25.3 percent of operating fund revenues for the year ended June 30, 2018, and has

increased \$3.59 million or 7.5 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 87.0 percent of the School District's 2017-18 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 50 students leaving a reduction of 0.4% over the five year period ending in 2017-18. Student enrollment projections for 2018-19 have decreased by about 60 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 slightly over the last ten years, enrollments in the North Pole area are increasing, putting Midnight Sun, Ticasuk Brown and the three North Pole school facilities near capacity.

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 October of 2014, Borough residents approved a \$12 million bond proposition for major maintenance that included projects at three district schools. In addition to specific borough facility projects, the bond funded a new roof on the west section of Joy Elementary School, a new roof, exterior upgrades including windows and additional insulation at Ladd Elementary School and replacement of windows and skylights at North Pole High School in fiscal year 2017. This was the first time the Fairbanks North Star Borough and the School District proposed a joint bond initiative. Unlike other bond initiatives for school facilities, this bond does not qualify for State reimbursement through the Alaska Department of Education and Early Development. Due to State financial constraints, 2016 legislation placed the bond reimbursement program for educational facilities in abeyance until the year 2020.

By local ordinance the Borough now requires that 25 percent of any annual lapse of district funds be returned to the Borough in support of a school facilities major maintenance reserve fund (capped at \$1,000,000 annually). Previous to fiscal year 2017 the local ordinance required that 28.5 percent be returned with a cap at \$800,000 annually.



## **School District Initiatives**

The School Board establishes a list of primary performance goals and on-going commitments to improve student performance on an annual basis. The primary performance goals approved for 2017-2018 focus on four major areas:

- Diversity
- Student Achievement
- Instructional Innovation
- Increasing Connections between Parents, Community, Businesses, and Our Schools

## **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. Local ordinances require 25 percent of the district's annual lapse of funds be returned to the Borough in support of a school facilities major maintenance reserve fund (capped at \$1,000,000 annually) and limits unassigned fund balance to no more than seven percent of the local contribution to education amount.

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, 2017.

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, 2017.

This was the twenty seventh 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,

A stylized, horizontal signature consisting of several overlapping, slightly wavy lines.

Andreau Degraw, MBA  
Chief Operations Officer

A handwritten signature in cursive script that reads "Nicole Herbert".

Nicole "Nico" Herbert, CPA  
Director of Accounting Services

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FAIRBANKS NORTH STAR BOROUGH  
SCHOOL DISTRICT

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(As of July 1, 2018)

Fairbanks, Alaska

BOARD OF EDUCATION

Heidi Hass, President  
Allyson Lambert, Vice-President  
Tom Bartels, Treasurer  
Sean Rice, Clerk  
Wendy Dominique, Member  
Timothy Doran, Member  
Sharon McConnel, Member  
Colonel Chad BonDurant, Base Representative  
Colonel Sean Fisher, Post Representative  
Alden Jerome, Student Representative

ADMINISTRATION

Dr. Karen Gaborik  
Superintendent of Schools

Shaun Kraska  
Assistant Superintendent

Katherine LaPlaunt  
Assistant Superintendent

Lisa Pearce  
Chief Financial Officer



**2018-19**

**Superintendent**  
Dr. Karen Gaborik

Communications, Development,  
and Engagement

## INSTRUCTION

Assistant Superintendent  
Kate LaPlaunt

- Elementary Schools
- Music
- Special Education
  - 504 Plan Management
  - Assistive Technology
  - Extended Learning Program
- Teaching and Learning
  - Assessment & Intervention
  - Curriculum
  - eLearning
  - Elementary Art Center
  - Instructional Technology
  - Library Media Services
  - Professional Development

## SUPPORT

Assistant Superintendent  
Shaun Kraska

- Career & Technical Education
- Federal Programs
  - 21<sup>st</sup> Century Learning
  - AK Native Education
  - English Language Learners
  - Foster Care
  - McKinney-Vento
  - Migrant
  - Title I
- Safety
- Secondary Schools
- Student Support Services
  - Activities
  - BEST
  - Charter Schools (6)
  - Counselors
  - Golden Heart Academy
  - Nursing Services
  - Social Service Managers
    - Behavior & Prevention
  - SMART

## OPERATIONS

Chief Operations Officer  
Andy DeGraw

- Administrative Services
  - Accounting Services
  - Business Services
  - Purchasing
- Facilities Management
  - Building Rentals
  - Custodial
  - Maintenance
- Human Resources
  - EEO
  - Title IX
  - Hearing Officer - Student Discipline
  - Labor Relations
- Information & Technology
  - Business Information Systems
  - Network & Computer Services
  - Research & Accountability
  - Records Management
  - Student Information Systems
- Nutrition Services
- Transportation



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, 2017.**

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards.



Charles E. Peterson, Jr., SFO, RSBA, MBA  
President

John D. Musso, CAE  
Executive Director

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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, 2017**

*Christopher P. Morrell*

Executive Director/CEO

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# **FINANCIAL SECTION**



# **Cook & Haugeberg** LLC

## **CERTIFIED PUBLIC ACCOUNTANTS**

December 4, 2018

### 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, 2018, 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, 2018, 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, 2018, 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  
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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, 2018, 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, 2018, 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.

### ***Emphasis of Matter***

As described in the notes to the basic financial statements, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2018. Our opinion is not modified with respect to the implementation of this new accounting standard.

### ***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, 2018 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 audits of the basic financial statements for the year ended June 30, 2018, 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 for the year ended June 30, 2018.

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, 2017, (not presented herein), and have issued our report thereon dated December 12, 2017, 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, 2017 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, 2017 financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the June 30, 2017 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, 2017. The June 30, 2017 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, 2017 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 12, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, 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, 2017, from which such partial information was derived.



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 4, 2018 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, 2018**

### **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, 2018. 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 2018 include the following:

- In fiscal year 2018 the School District adopted the provisions of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB), which among other accounting and reporting criteria, requires the School District to recognize its proportional share of the Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) net OPEB liability (and related deferred inflow/outflow accounts), as of the beginning of the School District's fiscal year. This change had a significant impact on the School District's net position, which can be seen on the Statement of Activities as a restatement of fiscal year 2017 net position from (\$106.5 million) to (\$132.1 million).
- The general fund unreserved fund balance subject to Alaska Statue, AS 14.17.505, was \$14.4 million, which was 7.3 percent of current year general fund expenditures. This amount is in compliance with the statue, 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 established an Equipment Replacement Internal Service Fund to use for the financing of equipment and vehicles. The general fund provided a \$1.7 million transfer into the newly established 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, 2018**

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 20 and 21 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 Revenue, Expenditures and Changes in Fund Balances. The governmental funds financial statements can be found on pages 24 through 31 of this report.

#### **Proprietary Fund**

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 fund financial statements can be found on pages 32 through 34 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 35 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 37 through 69 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, 2018 (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 can be found on pages 72 through 86 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 88 through 171 of this report.

Results of the state and federally mandated Single Audit 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 227 through 245 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 2018 was (\$5.5) million, an increase of \$47.5 million over last year. The School District's total liabilities and deferred inflows exceeded assets and deferred outflows by \$112.0 million. Of this amount (\$116.4) million was unrestricted, \$0.4 million was restricted for 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)

	<b>2018</b>	<b>2017</b>	<b>Increase (Decrease)</b>	<b>Percentage Change</b>
<b>Assets</b>				
Current and other assets	\$ 59,214	\$ 59,509	\$ (295)	-0.5%
Capital assets	4,016	4,299	(283)	-6.6%
Long-term net OPEB asset	928		928	
<b>Total assets</b>	<b>64,158</b>	<b>63,808</b>	<b>350</b>	<b>0.5%</b>
<b>Deferred outflows of resources</b>	<b>17,563</b>	<b>39,943</b>	<b>(22,380)</b>	<b>-56.0%</b>
<b>Liabilities</b>				
Long-term liabilities	158,708	196,894	(38,185)	-19.4%
Other liabilities	3,223	7,321	(4,098)	-56.0%
<b>Total liabilities</b>	<b>161,931</b>	<b>204,214</b>	<b>(42,283)</b>	<b>-20.7%</b>
<b>Deferred inflows of resources</b>	<b>31,797</b>	<b>6,079</b>	<b>25,719</b>	<b>423.1%</b>
<b>Net position</b>				
Net investment in capital assets	4,016	4,299	(283)	-6.6%
Restricted	406	803	(397)	-49.4%
Unrestricted	(116,430)	(111,645)	(4,786)	4.3%
<b>Total net position (deficit)</b>	<b>\$ (112,008)</b>	<b>\$ (106,542)</b>	<b>\$ (5,466)</b>	<b>5.1%</b>



# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Management's Discussion and Analysis June 30, 2018 (cont.)

The results of this year's operations for the School District as a whole are reported in the Statement of Activities on page 21 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>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ 1,550	\$ 1,573	\$ (23)	-1.4%
Operating grants and contributions	45,104	45,806	(702)	-1.5%
Capital grants and contributions	424	1,136	(711)	-62.6%
General revenues:				
Borough direct appropriation	51,145	54,169	(3,024)	-5.6%
Foundation program	117,791	116,215	1,577	1.4%
Other state revenue	1,985	1,984	1	0.1%
Federal impact aid	16,796	18,354	(1,558)	-8.5%
Other	1,931	2,867	(937)	-32.7%
<b>Total revenues</b>	<b><u>\$ 236,728</u></b>	<b><u>\$ 242,104</u></b>	<b><u>\$ (5,377)</u></b>	<b><u>-2.2%</u></b>
<b>Expenses:</b>				
Instruction	\$ 90,117	\$ 111,641	\$ (21,524)	-19.3%
Special education instruction	28,067	34,256	(6,189)	-18.1%
Special education support services - student:	8,882	11,056	(2,174)	-19.7%
Support services - students	11,373	14,253	(2,880)	-20.2%
Support services - instruction	8,533	15,580	(7,047)	-45.2%
School administration	7,524	8,933	(1,409)	-15.8%
School administration support services	4,863	6,806	(1,943)	-28.6%
District administration	2,482	2,373	110	4.6%
District administration support services	9,842	13,432	(3,590)	-26.7%
Operations and maintenance of plant	21,435	27,580	(6,145)	-22.3%
Student activities	4,413	5,043	(630)	-12.5%
Student transportation - to and from school	13,950	12,150	1,800	14.8%
Food services	5,150	6,400	(1,250)	-19.5%
Interest expense	10	10	10	100.0%
<b>Total expenses</b>	<b><u>\$ 216,641</u></b>	<b><u>\$ 269,503</u></b>	<b><u>\$ (52,862)</u></b>	<b><u>-19.6%</u></b>
<b>Increase (decrease) in net position</b>	<b><u>\$ 20,087</u></b>	<b><u>\$ (27,399)</u></b>	<b><u>\$ 47,486</u></b>	<b><u>-173.3%</u></b>
<b>Ending net position</b>	<b><u>\$ (112,008)</u></b>	<b><u>\$ (106,542)</u></b>	<b><u>\$ (5,466)</u></b>	<b><u>5.1%</u></b>

Governmental activities revenues were \$236.7 million, a decrease of \$5.4 million or 2.2 percent over the prior fiscal year. The following significant increases and decreases are worth noting:

- Decrease in operating grants and contributions of \$0.7 million due to a net decrease in pension on-behalf payments to PERS and TRS of \$4.3 and an increase in grant revenue related to federal grants and student transportation of \$1.6.

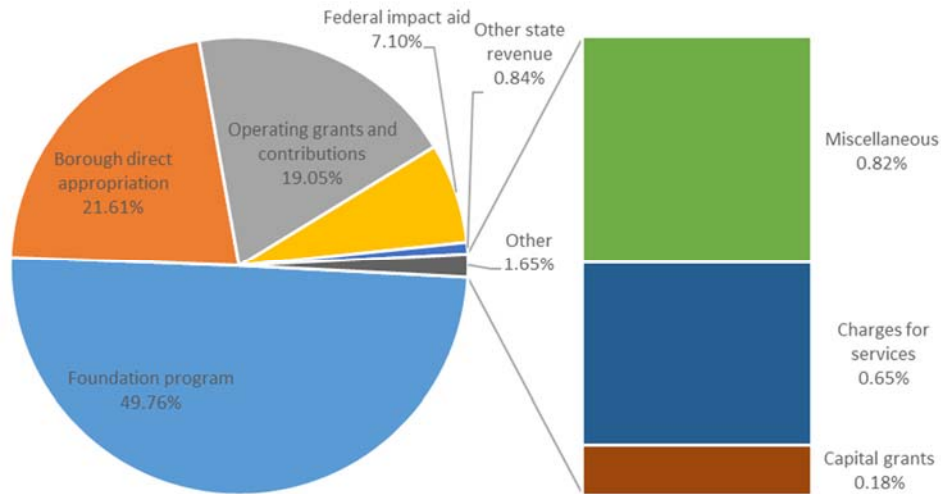
## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Management's Discussion and Analysis June 30, 2018 (cont.)

- Net decrease in general revenues of \$3.9 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**

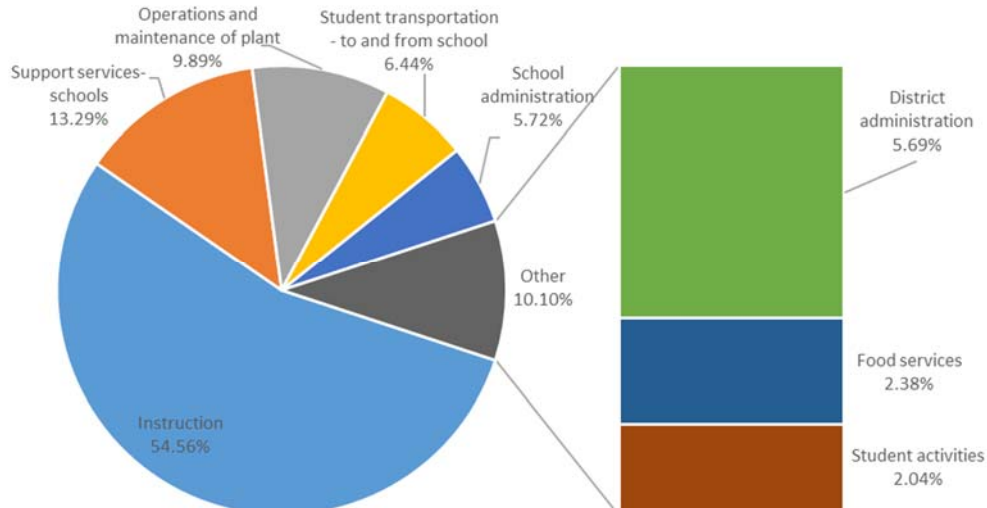


The cost of all governmental activities in the current year was \$216.6 million, a decrease of \$52.9 million and 19.6 percent over the prior year. The following significant increases and decreases are worth noting:

- Total pension and OPEB expense which is allocated to all functions decreased \$53.0 million.
- If you remove the effect of the pension expense, expenses increased \$1.1 million. This increase is predominately related to increasing costs related to student transportation to and from home.

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**



## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Management's Discussion and Analysis June 30, 2018 (cont.)

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)

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 118,185	\$ 99,328	\$ 145,897	\$ 125,888
Support services - schools	28,788	23,173	40,889	34,481
School administration	12,387	11,441	15,739	14,708
District administration	12,324	11,214	15,804	15,166
Operations and maintenance of plant	21,435	20,723	27,580	26,233
Student activities	4,413	1,915	5,043	2,339
Student transportation - to and from school	13,950	1,836	12,150	941
Food service	5,150	(77)	6,400	1,232
Interest expense	10	10		
Total	<u>\$ 216,641</u>	<u>\$ 169,562</u>	<u>\$ 269,503</u>	<u>\$ 220,988</u>

## 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 \$40.1 million, an increase of \$0.5 million or 1.2 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 42 and 43 of this report.

Approximately \$2.8 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). The remaining \$37.3 million is either assigned to specific purposes (\$29.3 million) or unassigned (\$7.9 million). Fund balance in the general fund is assigned 1) for the purpose of liquidating fiscal year 2018 contracts and purchase orders in fiscal year 2019 (\$4.0 million), 2) for the fiscal year 2019 annual federal impact aid payment received in advance in fiscal year 2018 (\$14.6 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 (\$6.4 million). Fund balance in the student transportation special revenue fund is assigned for student transportation funding

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Management's Discussion and Analysis June 30, 2018 (cont.)

shortfalls expected in subsequent years (\$4.0 million). Fund balance in the state programs special revenue fund is restricted for a student safety and security capital grant received from the State of Alaska (\$0.3 million).

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

- At the end of the current fiscal year, total fund balance of the general fund was \$33.5 million, down \$0.2 million or 0.6 percent from last fiscal year. Revenues in the general fund decreased \$5.8 million or 2.8 percent and expenditures decreased \$6.6 million or 3.2 percent. 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 increased \$1.0 million or 33.4 percent from the prior year due to the transfers in from general fund to help offset the current fiscal year and future anticipated deficits.

Table 4 presents a summary of general fund revenues.

**Table 4**  
General Fund Revenues  
(in thousands of dollars)

	<b>2018</b>	<b>2017</b>	<b>Increase (Decrease)</b>	<b>Percentage Change</b>
Local sources	\$ 52,379	\$ 55,921	\$ (3,542)	-6.3%
State sources	132,100	131,124	976	0.7%
Federal sources	17,508	19,453	(1,945)	-10.0%
Other financing sources	6	1,342	(1,335)	-99.5%
<b>Total</b>	<b>201,993</b>	<b>207,840</b>	<b>(5,846)</b>	<b>-2.8%</b>

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 \$51.1 million in fiscal year 2018, a \$3.0 million decrease from last year. The net increase in revenues from state sources was due to an increase in foundation funding (\$1.6 million). The decrease in revenues from federal sources was due to a decrease of \$1.6 million in impact aid passed through the State of Alaska.

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Management's Discussion and Analysis June 30, 2018 (cont.)

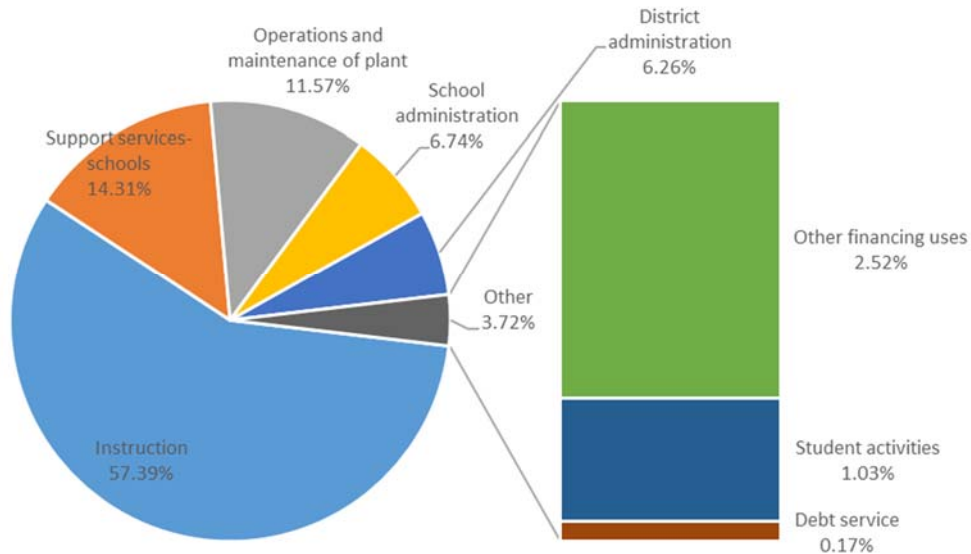
Table 5 presents a summary of general fund expenditures.

**Table 5**  
General Fund Expenditures  
(in thousands of dollars)

	2018	2017	Increase (Decrease)	Percentage Change
Instruction	\$ 116,038	\$ 118,748	\$ (2,709)	-2.3%
Support services - schools	28,943	33,218	(4,275)	-12.9%
School administration	13,622	13,553	68	0.5%
District administration	12,661	12,853	(192)	-1.5%
Operations and maintenance of plant	23,396	24,231	(835)	-3.4%
Student activities	2,092	2,189	(97)	-4.4%
Debt service	340	340		0.0%
Other financing uses	5,092	3,659	1,434	39.2%
<b>Total</b>	<b>\$ 202,185</b>	<b>\$ 208,791</b>	<b>\$ (6,606)</b>	<b>-3.2%</b>

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**



As Table 5 shows, all functional areas, except school administration, incurred decreases in expenditures. Over half of the general fund decrease is related to employee benefit expenses either from the decrease in nonemployer on-behalf payments to the PERS and TRS defined benefit pension plan (\$0.6) or the 1.0 percent decrease in the health insurance rate (\$3.1). Instruction, support services – schools and school administration saw the largest decreases because these functional areas have the highest number of TRS members. If you remove the effect of the on-behalf payments and reduced health insurance rate, expenditures decreased in fiscal year 2018 by \$2.9 million or 1.4 percent. The largest decreases occurred in (1) instruction due to the number of higher paid teachers retiring resulting in newly hired teachers with little to no teaching experience being hired in their place (2) support services – schools was inflated last fiscal year due to the purchase of software to develop and manage the District's personalized learning strategy, design and support plan and (3) other financing uses due to a one time transfer into the newly established equipment replacement internal service fund.

## **FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

### **Management's Discussion and Analysis June 30, 2018 (cont.)**

#### **Proprietary Fund**

The risk management internal service fund had a positive net position at June 30, 2018, of \$8.8 million, which was considered when reducing the health insurance and workers compensation benefit rates for fiscal year 2019 by 2.84 and 0.25 percent, respectively. The newly established equipment replacement internal service fund received a single transfer from the general fund in the amount of \$1.7 million in order to jump start the cyclical replacement of devices.

#### **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 than the average. The final budget is adjusted for these differences.

Actual revenues on the budgetary basis (excluding other financing sources) for fiscal year 2018 were \$4.7 million more than the final budget. Actual expenditures on the budgetary basis (excluding other financing uses) for fiscal year 2018 were \$2.5 million less than the final budget.

Significant budget to actual variances of note were:

- Revenue – state sources – were \$3.2 million over budget due to higher than anticipated foundation payments for fiscal year 2018 (\$2.6 million). Federal sources – were \$1.2 million over budget due to higher than anticipated impact aid payments for fiscal year 2018 (\$1.2 million).
- Total expenditures – were under budget by \$2.5 million. The major component of the positive budget variance was in employee benefits (\$2.2 million). The positive employee benefits variance occurred because the benefit rate was adjusted after the approved budget in order to provide relief to employee benefits expense which would reasonably be able to be absorbed by the Risk Management Internal Service Fund.

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

##### **Capital Assets**

The School District's investment in capital assets for its governmental activities was \$4.0 million as of June 30, 2018 (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.

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Management's Discussion and Analysis June 30, 2018 (cont.)

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

	<b>2018</b>	<b>2017</b>	<b>Increase (Decrease)</b>	<b>Percentage Change</b>
Machinery and equipment	\$ 3,622,277	\$ 3,736,047	\$ (113,770)	-3.0%
Intangibles (software)	393,647	563,290	(169,643)	-30.1%
<b>Total</b>	<b>\$ 4,015,924</b>	<b>\$ 4,299,337</b>	<b>\$ (283,413)</b>	<b>-6.6%</b>

Additional information on the School District's capital assets can be found in Note 6 on page 48 of this report.

#### Debt Administration

The School District's long-term obligations include \$4.5 million for compensated absences, an increase of \$0.4 million or 11.0 percent from the prior year due to the decrease in certified employees request for personal leave payout. Long-term obligations also include \$5.4 million for insurance claims and reserves, an increase of \$0.7 million or 16.1 percent from prior year. Claims and reserves include such items as claims payable and accrued self-insurance reserves. The increase in claims and reserves, reported in the risk management internal service fund, is due to the addition of health reimbursement accounts. Additional information about these two long-term obligations can be found in Note 9 on page 49 and Note 12 on pages 51 through 52, respectively, and in the risk management internal service fund financial statements on pages 32 through 34. Finally, the PERS and TRS net pension liability decreased \$55.4 million or 29.6 percent, more information is included in Note 14 on pages 52 through 68.

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 50 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 revenue and expenditure increases over the next few years. It is expected that the Board will deliberately and structurally reduce the level of fund balance over the next three to four years. This reduction in fund balance will be reflected in the District's balance sheet in subsequent years.
- The District established an Equipment Replacement Internal Service Fund in the FY18 year. This fund will act as a depreciation fund and will provide a stable and predictable revenue source for instructional equipment for both students and staff. In future years, it's anticipated that the scope of this fund will expand to include technology infrastructure, capital equipment, and other large scale capital related purchases by the District. It is anticipated that the fund balance associated with this fund will fluctuate over time and should provide budgetary relief to the District by leveling off the annual costs of equipment replacement.
- The restructure of the District's health insurance plan design continues to provide financial relief through more efficient utilization of health services by District employees. Cost reductions due to the plan design changes allowed the District to reduce its benefit rate by 2.84% in FY19 and will

## **FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

### **Management's Discussion and Analysis June 30, 2018 (cont.)**

certainly allow for flexibility in determining the benefit rate for FY20. The School District will continue to analyze the plan performance to quantify the financial benefit of the design changes.

- The announcement of the arrival of two squadrons of F-35's to Eielson Air Force Base by 2022 was made in FY17. Initial estimates of population growth came in around 3,000 to the Fairbanks area. The District anticipates an increase of approximately 500 students within the next two to three budget years. There will also likely be an increase in taxable valuation to the local borough, which will have an effect on the borough's ability to provide additional funding to the School District. These factors are all anxiously being tracked by the District and we will continue to analyze and share information in order to prepare for and maximize the benefits of Eielson growth for the School District.

### **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](mailto:andy.degraw@k12northstar.org)



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# **BASIC FINANCIAL STATEMENTS**

# **BASIC FINANCIAL STATEMENTS**

**Government-wide Financial Statements**

**Fund Financial Statements**

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# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Statement of Net Position**

**Statement of Activities**

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

## Statement of Net Position

June 30, 2018

	<b>Governmental Activities 2018</b>
<b><u>ASSETS</u></b>	
Equity in central treasury cash	\$ 51,045,373
Accounts receivable	7,356,819
Due from Fairbanks North Star Borough	4,894
Inventories	743,377
Prepaid items	63,626
Machinery and equipment	11,745,132
Less accumulated depreciation	(8,122,855)
Intangible assets, net of amortization	393,647
Long-term net OPEB asset	927,696
Total assets	<u>64,157,709</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Deferred outflows related to pensions	13,812,759
Deferred outflows related to OPEB	3,750,022
Total deferred outflows of resources	<u>17,562,781</u>
<b><u>LIABILITIES</u></b>	
Accounts payable	1,658,549
Accrued payroll and liabilities	1,165,384
Unearned revenue	399,123
Long-term liabilities (See Note 9):	
Due within one year	9,407,645
Due in more than one year	149,300,696
Total liabilities	<u>161,931,397</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Deferred inflows related to pensions	20,746,180
Deferred inflows related to OPEB	11,051,251
Total deferred inflows of resources	<u>31,797,431</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	4,015,924
Restricted for:	
Grant-funded programs	273,018
Student allotments	133,205
Unrestricted deficit	(116,430,485)
Total net position	<u>\$ (112,008,338)</u>

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Statement of Activities  
For the Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>2018</u>
Governmental activities:					
Instruction	\$ 90,117,357	\$ 21,156	\$ 12,222,391	\$ 239,387	\$ (77,634,423)
Special education instruction	28,067,312		6,373,582		(21,693,730)
Special education support services - students	8,882,198		599,583		(8,282,615)
Support services - students	11,372,845	169,021	3,281,025		(7,922,799)
Support services - instruction	8,532,961		1,565,693		(6,967,268)
School administration	7,524,309		742,667		(6,781,642)
School administration support services	4,862,734		203,117		(4,659,617)
District administration	2,482,325		122,601		(2,359,724)
District administration support services	9,841,603		987,721		(8,853,882)
Operations and maintenance of plant	21,434,921		527,024	185,048	(20,722,849)
Student activities	4,412,922		2,497,580		(1,915,342)
Student transportation - to and from school	13,949,612		12,114,032		(1,835,580)
Food services	5,149,815	1,360,303	3,866,649		77,137
Interest expense	9,713				(9,713)
Total governmental activities	<u>\$ 216,640,627</u>	<u>\$ 1,550,480</u>	<u>\$ 45,103,665</u>	<u>\$ 424,435</u>	<u>\$ (169,562,047)</u>
<b>General revenues:</b>					
Grants and contributions not restricted to specific programs:					
Borough direct appropriation					51,145,400
Foundation program					117,791,496
Other state revenue					1,985,419
Federal impact aid					16,796,045
Other					706,812
Miscellaneous					<u>1,223,927</u>
Total general revenues					<u>189,649,099</u>
Change in net position					20,087,052
Net position - beginning					(106,542,167)
Restatement - GASB 75 implementation (see note 15)					<u>(25,553,223)</u>
Net position - beginning, as restated					<u>(132,095,390)</u>
Net position - ending					<u>\$ (112,008,338)</u>

See accompanying notes to the basic financial statements

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# **FUND FINANCIAL STATEMENTS**

## **Governmental Funds:**

- Balance Sheet**
- Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net  
Position**
- Statement of Revenues, Expenditures and  
Changes in Fund Balances**
- Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures  
and Changes in Fund Balances to the  
Statement of Activities**

## **Proprietary Fund:**

- Statement of Net Position**
- Statement of Revenues, Expenses and  
Changes in Fund Net Position**
- Statement of Cash Flows**

## **Fiduciary Fund:**

- Statement of Fiduciary Assets and  
Liabilities**

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Balance Sheet  
Governmental Funds  
June 30, 2018

(With comparative totals for 2017)

	<u>General</u>	<u>Federal Programs Special Revenue</u>	<u>Student Transportation Special Revenue</u>	<u>State Programs Special Revenue</u>
<b><u>ASSETS</u></b>				
Equity in central treasury cash	\$ 31,200,886	\$ 1,656	\$ 4,254,547	\$ 677,287
Accounts receivable:				
Local	295,536			
State		3,545,376		103,605
Federal		397,884		
Due from other funds	3,961,621			
Due from Fairbanks North Star Borough	4,894			
Inventories	338,755			
Prepaid items	63,626			
Total assets	<u>\$ 35,865,318</u>	<u>\$ 3,944,916</u>	<u>\$ 4,254,547</u>	<u>\$ 780,892</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 1,230,386	\$ 88,341	\$ 210,535	\$ 5,005
Accrued payroll and liabilities	1,165,384			
Unearned revenue				397,823
Due to other funds		3,855,930		105,691
Due to external groups and agencies				
Total liabilities	<u>2,395,770</u>	<u>3,944,271</u>	<u>210,535</u>	<u>508,519</u>
Fund balances:				
Nonspendable	402,381			
Restricted	133,205	645		272,373
Committed				
Assigned	25,003,495		4,044,012	
Unassigned	7,930,467			
Total fund balances	<u>33,469,548</u>	<u>645</u>	<u>4,044,012</u>	<u>272,373</u>
Total liabilities and fund balances	<u>\$ 35,865,318</u>	<u>\$ 3,944,916</u>	<u>\$ 4,254,547</u>	<u>\$ 780,892</u>

See accompanying notes to the basic financial statements

Nonmajor Governmental	Total Governmental Funds	
	2018	2017
\$ 1,857,774	\$ 37,992,150	\$ 40,851,504
2,547	298,083	530,099
20,512	3,669,493	3,769,054
	397,884	523,583
	3,961,621	4,243,185
	4,894	186,720
404,622	743,377	828,410
	63,626	42,840
<u>\$ 2,285,455</u>	<u>\$ 47,131,128</u>	<u>\$ 50,975,395</u>

\$ 12,993	\$ 1,547,260	\$ 5,519,049
	1,165,384	1,188,062
1,300	399,123	404,794
	3,961,621	4,243,185
		24,256
<u>14,293</u>	<u>7,073,388</u>	<u>11,379,346</u>

404,622	807,003	871,250
	406,223	803,111
1,583,939	1,583,939	1,563,189
282,601	29,330,108	23,594,945
	7,930,467	12,760,554
<u>2,271,162</u>	<u>40,057,740</u>	<u>39,593,049</u>
<u>\$ 2,285,455</u>	<u>\$ 47,131,128</u>	<u>\$ 50,972,395</u>

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**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2018

Total fund balances for governmental funds \$ 40,057,740

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	\$ 11,745,132	
Accumulated depreciation to date	(8,122,855)	
Intangible assets, net of accumulated amortization	<u>393,647</u>	
		4,015,924

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

Net pension asset		927,696
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An internal service fund is used by management to charge the costs of self-insurance and risk management 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		10,487,631
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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, 2018 are:

Compensated absences	(4,497,338)	
Capital lease	(670,769)	
Net pension liability	(131,727,567)	
Net OPEB liability	<u>(16,367,005)</u>	
		(153,262,679)

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		13,812,759
OPEB		3,750,022

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		(20,746,180)
OPEB		<u>(11,051,251)</u>

Total net position of governmental activities		<u><u>\$ (112,008,338)</u></u>
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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, 2018  
(With comparative totals for 2017)

	<b>General</b>	<b>Federal Programs Special Revenue</b>	<b>Student Transportation Special Revenue</b>	<b>State Programs Special Revenue</b>
Revenues:				
Local sources	\$ 52,378,810	\$ 13,427	\$	\$
State sources	132,100,077		12,101,611	283,184
Federal sources	17,508,317	12,568,735		
Total revenues	201,987,204	12,582,162	12,101,611	283,184
Expenditures - current:				
Instruction	91,118,164	3,672,332		96,807
Special education instruction	24,920,249	5,670,651		
Special education support services - students	9,472,016			
Support services - students	11,547,424	778,796		253,695
Support services - instruction	7,923,216	1,322,157		
School administration	7,896,957			
School administration support services	5,724,821			27,638
District administration	2,751,071			
District administration support services	9,910,010	1,075,250		
Operations and maintenance of plant	23,395,641			
Student activities	2,092,336			
Student transportation - to and from school			13,989,161	
Food services		64,212		
Total current	196,751,905	12,583,398	13,989,161	378,140
Debt service:				
Interest	9,713			
Principal	330,559			
Total debt service	340,272			
Capital outlay				
Total expenditures	197,092,177	12,583,398	13,989,161	378,140
Other financing sources (uses):				
Proceeds from sale of capital assets	6,213			
Issuance of capital lease				
Transfers in			2,898,967	
Transfers out	(5,092,465)			
Total other financing sources (uses)	(5,086,252)		2,898,967	
Net change in fund balances	(191,225)	(1,236)	1,011,417	(94,956)
Fund balances - beginning	33,660,773	1,881	3,032,595	367,329
Fund balances - ending	\$ 33,469,548	\$ 645	\$ 4,044,012	\$ 272,373

See accompanying notes to the basic financial statements

Nonmajor Governmental	Total Governmental Funds	
	2018	2017
\$ 4,416,296	\$ 56,808,533	\$ 60,841,784
	144,484,872	142,561,135
3,728,784	33,805,836	35,310,251
8,145,080	235,099,241	238,713,170
13,783	94,901,086	97,473,533
	30,590,900	29,915,351
	9,472,016	9,814,352
186,119	12,766,034	12,144,630
15,067	9,260,440	13,922,427
	7,896,957	7,786,833
	5,752,459	5,766,492
	2,751,071	2,060,746
	10,985,260	11,709,938
	23,395,641	24,231,980
2,442,081	4,534,417	4,789,190
	13,989,161	12,141,538
5,545,531	5,609,743	5,652,711
8,202,581	231,905,185	237,409,721
	9,713	
	330,559	340,272
	340,272	340,272
695,306	695,306	1,019,257
8,897,887	232,940,763	238,769,250
	6,213	
		1,341,600
493,498	3,392,465	3,659,851
	(5,092,465)	(3,659,851)
493,498	(1,693,787)	1,341,600
(259,309)	464,691	1,285,520
2,530,471	39,593,049	38,307,529
\$ 2,271,162	\$ 40,057,740	\$ 39,593,049

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**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, 2018

Net change in fund balances - total governmental funds		\$ 464,691
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	\$ 598,465	
Less current year depreciation/amortization	<u>(875,722)</u>	(277,257)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals and donations) is to increase net position.		(6,156)
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>330,559</u>	330,559
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.		(446,493)
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, 2017 measurement date. Contributions made in the fiscal year ending June 30, 2017 are reflected as expenses in the statement of activities in the current year. These consist of:		
Contributions subsequent to the measurement date		12,162,705
Employer contribution expense		(12,697,147)
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		13,995,472
OPEB expense		3,979,421
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.		<u>2,581,257</u>
Change in net position of governmental activities		<u>\$ 20,087,052</u>

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

## Statement of Net Position

## Proprietary Fund

For the Year Ended June 30, 2018

(With comparative totals for 2017)

	<b>Governmental Activities - Internal Service Fund Totals</b>	
	<b>2018</b>	<b>2017</b>
<b><u>ASSETS</u></b>		
Current assets:		
Equity in central treasury cash	\$ 13,053,223	\$ 9,400,585
Accounts receivable - local	2,991,359	3,376,060
Total assets	<u>\$ 16,044,582</u>	<u>\$ 12,776,645</u>
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Accounts payable	\$ 111,289	\$ 181,527
Current portion of long-term liabilities:		
Claims payable	4,801,015	4,276,569
Total current liabilities	<u>4,912,304</u>	<u>4,458,096</u>
Noncurrent liabilities:		
Noncurrent portion of long-term liabilities:		
Claims payable	45,915	41,257
Accrued self-insurance reserves	598,732	370,918
Total noncurrent liabilities	<u>644,647</u>	<u>412,175</u>
Total liabilities	<u>5,556,951</u>	<u>4,870,271</u>
<b><u>NET POSITION</u></b>		
Unrestricted	<u>10,487,631</u>	<u>7,906,374</u>
Total net position	<u>\$ 10,487,631</u>	<u>\$ 7,906,374</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 Fund  
For the Year Ended June 30, 2018  
(With comparative totals for 2017)

	<b>Governmental Activities - Internal Service Fund Totals</b>	
	<b>2018</b>	<b>2017</b>
Operating revenues:		
Revenue from local sources:		
Charges for services	\$ 35,102,171	\$ 39,866,715
Operating expenses:		
Health and life insurance	32,160,164	31,064,455
Workers' compensation insurance	932,323	729,144
Property and other insurance	417,596	423,513
Auto and general liability insurance	710,831	466,177
Total operating expenses	34,220,914	32,683,289
Operating income	881,257	7,183,426
Transfers in	1,700,000	
Change in net assets	2,581,257	7,183,426
Total net position - beginning	7,906,374	722,948
Total net position - ending	\$ 10,487,631	\$ 7,906,374

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2018  
(With comparative totals for 2017)

	<b>Governmental Activities - Internal Service Fund Total</b>	
	<b>2018</b>	<b>2017</b>
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 35,065,317	\$ 39,828,231
Receipts from employees	2,985,908	3,961,862
Payments to suppliers	(768,002)	(683,213)
Payments to employees	(565,552)	(391,136)
Payments to Fairbanks North Star Borough	<u>(34,765,033)</u>	<u>(34,397,838)</u>
Net cash provided by operating activities	1,952,638	8,317,906
Cash flows from noncapital financing activities:		
Transfers to other funds	<u>1,700,000</u>	
Net increase in equity in central treasury cash	3,652,638	8,317,906
Equity in central treasury cash - beginning	<u>9,400,585</u>	<u>1,082,679</u>
Equity in central treasury cash - ending	<u><u>\$ 13,053,223</u></u>	<u><u>\$ 9,400,585</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<u>\$ 881,257</u>	<u>\$ 7,183,426</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Decrease in accounts receivable - local	384,701	698,634
Increase (decrease) in accounts payable	(70,238)	105,049
Increase in claims payable, current portion	524,446	410,980
Increase (decrease) in claims payable, non-current portion	4,658	(6,258)
Increase (decrease) in accrued self-insurance reserves	<u>227,814</u>	<u>(73,925)</u>
Total adjustments	<u>1,071,381</u>	<u>1,134,480</u>
Net cash provided by operating activities	<u><u>\$ 1,952,638</u></u>	<u><u>\$ 8,317,906</u></u>

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, 2018  
(With comparative totals for 2017)

	<b>Totals</b>	
	<b>2018</b>	<b>2017</b>
<b><u>ASSETS</u></b>		
Equity in central treasury cash	\$ 35,207	\$ 29,928
<b><u>LIABILITIES</u></b>		
Due to external groups	\$ 35,207	\$ 29,928

See accompanying notes to the basic financial statements

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# **NOTES TO THE BASIC FINANCIAL STATEMENTS**

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements  
June 30, 2018

### 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.

Borough Ordinance 7.04.120E requires the first 25 percent of the School District's annual general fund lapse (defined as the net change in unassigned general fund balance as calculated on a fund-level GAAP basis) be returned to the Borough. The amount of the annual lapse is capped at \$1,000,000. The School District nets any amounts returned to the Borough against the current year local appropriation. In addition to the lapse provision of 7.04.120E, the School District may not carry over from one year to the next unassigned local appropriation fund balance exceeding seven percent of the local contribution to education for that fiscal year. Any amount in excess of seven percent shall be returned to the Borough except for any portion formally assigned by the School Board to be used for expenditures in the immediately subsequent fiscal year.

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.



## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2018 (cont.)

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.

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.

State Programs Special Revenue Fund – the state programs special revenue fund accounts for grants received directly from the State of Alaska.

In addition, the School District has nine nonmajor governmental funds. The nonmajor special revenue funds are local programs, food service and school activities. The nonmajor capital project funds are Title VIII construction, Districtwide School Projects, Ryan middle school art, Ryan middle school replacement art, Ryan middle school replacement, and Two Rivers Interior Renovation.

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2018 (cont.)

#### 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.

#### 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.

## **FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

### **Notes to the Basic Financial Statements June 30, 2018 (cont.)**

#### **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.

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, services provided to the Borough by the School District EEO officer and charges for equipment and supplies reimbursable from proceeds of Borough bonds issued for School District facilities or miscellaneous pass-through grants. Payables to the Fairbanks North Star Borough are for the return of a portion of the Borough direct appropriation pursuant to Borough Ordinance 7.04.120E.

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.

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2018 (cont.)

#### 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.

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, 2017.

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.

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2018 (cont.)

#### **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 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.

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2018 (cont.)

*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.

#### 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 2018.

#### **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, 2017 and revenue equal to the nonemployer pension expense.

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Basic Financial Statements June 30, 2018 (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, 2017, 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.” The details of this \$6,156 increase are as follows:

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>\$ 6,156</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>\$ 6,156</u>

### NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Fund Balance Compliance

The Borough code of ordinances allows the School District to carry over from one year to the next local appropriation fund balance not exceeding seven percent of the local contribution to education for that fiscal year. Any amount in excess of seven percent shall be returned to the Borough except for any portion formally assigned by the School Board to be used for expenditures in the immediately subsequent fiscal year. At June 30, 2018 local appropriation fund balance was \$8,022,821 under the seven percent limit.

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, 2018 (cont.)

**Fund Balance Detail**

	General Fund	Federal Programs Special Revenue Fund	Student Transportation Special Revenue Fund	State Programs Special Revenue Fund	Nonmajor Governmental Funds	Totals
Non-spendable:						
Inventory	\$ 338,755	\$	\$	\$	\$ 404,622	\$ 743,377
Prepaid items	63,626					63,626
Total non-spendable	402,381				404,622	807,003
Restricted:						
Student allotments	133,205					133,205
Federal programs		645				645
State programs				272,373		272,373
Total restricted	133,205	645		272,373		406,223
Committed:						
Instruments Equipment					110,000	110,000
Options Child Care					17,326	17,326
Barnette Magnet After School Program					57,089	57,089
University Park After School Program					(904)	(904)
Community Grant - Walmart SPED					337	337
Curriculum Staff Development					11,552	11,552
Community Donations					66,653	66,653
School activities					1,321,886	1,321,886
Total committed					1,583,939	1,583,939
Assigned:						
Encumbrances	3,966,998					3,966,998
Impact aid advance	14,585,772					14,585,772
Subsequent year's expenditures	6,450,725					6,450,725
Student transportation			4,044,012			4,044,012
Food service					199,511	199,511
Construction					83,090	83,090
Total assigned	25,003,495		4,044,012		282,601	29,330,108
Unassigned	7,930,467					7,930,467
Total fund balance	\$33,469,548	\$ 645	\$ 4,044,012	\$272,373	\$ 2,271,162	\$40,057,740

**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, 2018 (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 December 2017, 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, 2018, 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, 2018 is as follows:

	Carrying Value of Equity in Central Treasury	Due To/From Other Funds	Reported Equity in Central Treasury
General fund	\$ 35,162,507	\$ (3,961,621)	\$ 31,200,886
Federal programs special revenue fund	(3,854,274)	3,855,930	1,656
Student transportation special revenue fund	4,254,547		4,254,547
State programs special revenue fund	571,596	105,691	677,287
Nonmajor governmental funds	1,857,774		1,857,774
Total governmental funds	37,992,150		37,992,150
Risk management internal service fund	11,353,223		11,353,223
Equipment replacement internal service fund	1,700,000		1,700,000
Total governmental activities	\$ 51,045,373	\$	\$ 51,045,373
School District agency fund	\$ 35,207		\$ 35,207

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
June 30, 2018 (cont.)

**NOTE 5: RECEIVABLES**

Detail of accounts receivable reported in the statement of net position at June 30, 2018 were as follows:

Governmental activities:	Local	State	Federal	Total
General fund	\$ 295,536	\$	\$	\$ 295,536
Federal programs special revenue fund		3,545,376	397,884	3,943,260
State programs special revenue fund		103,605		103,605
Nonmajor governmental funds	2,547	20,512		23,059
Risk management internal service fund	2,991,359			2,991,359
Total receivables	<u>\$ 3,289,442</u>	<u>\$ 3,669,493</u>	<u>\$ 397,884</u>	<u>\$ 7,356,819</u>

**NOTE 6: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2018 was as follows:

Due To/From Other Funds

	Interfund receivable	Interfund payable
General fund	\$ 3,961,621	\$
Federal programs special revenue fund		3,855,930
State programs special revenue fund		105,691
Total interfund receivable/payable	<u>\$ 3,961,621</u>	<u>\$ 3,961,621</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	\$	\$ 5,092,465
Student transportation special revenue fund	2,898,967	
Nonmajor governmental funds	493,498	
Equipment replacement internal service fund	1,700,000	
Total transfers in/out	<u>\$ 5,092,465</u>	<u>\$ 5,092,465</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 \$4,894 is comprised of office rental space in the School District's Administrative Center and services provided to the Borough by the School District EEO officer.

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Basic Financial Statements June 30, 2018 (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, 2018, were as follows:

	June 30, 2017			June 30, 2018
	Balance	Additions	Deductions	Balance
Governmental activities:				
Machinery and equipment	\$ 11,421,951	\$ 598,465	\$ (275,284)	\$ 11,745,132
Less accumulated depreciation	(7,685,904)	(706,079)	269,128	(8,122,855)
Total, net of accumulated depreciation	<u>3,736,047</u>	<u>(107,614)</u>	<u>(6,156)</u>	<u>3,622,277</u>
Intangible assets (software)	1,642,842			1,642,842
Less accumulated amortization	(1,079,552)	(169,643)		(1,249,195)
Total, net of accumulated amortization	<u>563,290</u>	<u>(169,643)</u>		<u>393,647</u>
Governmental activities capital assets, net	<u>\$ 4,299,337</u>	<u>\$ (277,257)</u>	<u>\$ (6,156)</u>	<u>\$ 4,015,924</u>

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

Instruction	\$ 146,937
Special education instruction	60,888
Special education support services - students	1,135
Support services - students	27,064
Support services - instruction	165,443
School administration support services	2,683
District administration	4,121
District administration support services	220,173
Operations and maintenance of plant	209,260
Student activities	8,068
Student transportation - to and from school	5,839
Food services	24,111
Total depreciation/amortization expense	<u>\$ 875,722</u>

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Basic Financial Statements June 30, 2018 (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 2018 was \$307,027.

#### Capital Lease

The School District has 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 has not been capitalized as it does not meet the School District's asset capitalization threshold.

The future minimum lease obligations as of June 30, 2018 were as follows:

<u>Year Ending June 30</u>	
2019	\$ 340,272
2020	340,272
Total	<u>\$680,544</u>

### NOTE 9: GENERAL LONG-TERM LIABILITIES

Long-term liabilities for governmental activities for the year ended June 30, 2018 were as follows:

	<u>July 1, 2017</u>			<u>June 30, 2018</u>	<u>Due Within</u>
Governmental activities:	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Compensated absences	\$ 4,050,845	\$ 4,755,870	\$ (4,309,377)	\$ 4,497,338	\$4,272,864
Capital lease	1,001,328		(330,559)	670,769	333,766
Claims on reserves	4,688,744	34,356,664	(33,599,746)	5,445,662	4,801,015
Net pension liability	187,152,639		(55,425,072)	131,727,567	
Net OPEB liability		31,163,097	(14,796,092)	16,367,005	
Total long term liabilities	<u>\$ 196,893,556</u>	<u>\$ 70,275,631</u>	<u>\$ (108,460,846)</u>	<u>\$ 158,708,341</u>	<u>\$9,407,645</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, 2018 (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:

	July 1, 2017 Balance	Additions	Reductions	June 30, 2018 Balance	Due Within One Year
2006, Series I	\$ 5,505,000	\$	\$ (505,000)	\$ 5,000,000	\$ 525,000
2007, Series J	7,305,000		(600,000)	6,705,000	625,000
2009, Series L	7,350,000		(525,000)	6,825,000	550,000
2010, Series M	8,680,000		(530,000)	8,150,000	545,000
2010, Series N	2,363,121		(2,363,121)	-	
2011, Series O	3,435,000		(1,675,000)	1,760,000	1,760,000
2012, Series P	2,450,000		(580,000)	1,870,000	600,000
2013, Series Q	12,230,000		(1,995,000)	10,235,000	2,100,000
2014, Series R	9,030,000		(510,000)	8,520,000	515,000
2015, Series S	11,390,000		(1,390,000)	10,000,000	1,415,000
2016, Series T	55,770,000		(1,875,000)	53,895,000	1,970,000
	<u>\$ 125,508,121</u>	<u>\$</u>	<u>\$ (12,548,121)</u>	<u>\$ 112,960,000</u>	<u>\$ 10,605,000</u>

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

Governmental activities:

Year Ending June 30	Principal	Interest
2019	\$ 10,605,000	\$ 4,505,150
2020	9,215,000	4,047,998
2021	9,620,000	3,646,507
2022	8,710,000	3,238,284
2023	9,105,000	2,837,710
2024-2028	32,325,000	9,213,211
2029-2033	21,585,000	3,682,212
2033-2036	11,795,000	537,825
Total	<u>\$ 112,960,000</u>	<u>\$ 31,708,897</u>

During the year, the Borough paid total principal and interest of \$17,547,933 for school-related debt service.

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2018 (cont.)

#### NOTE 11: COMMITMENTS

As of June 30, 2018 the School District has encumbered amounts that they intend to honor in the subsequent year for the following governmental funds:

Major Governmental funds:	
General fund	\$ 3,966,998
Federal programs special revenue fund	18,903
Student transportation special revenue fund	1,538
	<u>\$ 3,987,439</u>
Nonmajor governmental funds:	
Special revenue funds	\$ 62,087
Capital project funds	74,873
	<u>\$ 136,960</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 DISTRICT

## Notes to the Basic Financial Statements June 30, 2018 (cont.)

Changes in the risk management internal service fund liability amounts in fiscal years 2018 and 2017 were:

	Claims Liability 2017-18	Claims Liability 2016-17
July 1	\$ 4,688,744	\$ 4,357,947
Current year claims	33,531,094	34,143,072
Changes in estimates	825,572	(478,002)
Claims payments	(33,599,748)	(33,334,273)
June 30	<u>\$ 5,445,662</u>	<u>\$ 4,688,744</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, 2018 and 2017 was \$2,991,359 and \$3,376,060, 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 2017-18	Allocated Services 2016-17
Risk management overhead	\$ 583,427	\$ 628,723
Auto/general liability, property and other insurance premiums	844,301	863,407
Workers' compensation insurance premiums	239,454	235,505
Health and workers' compensation claims paid	33,747,587	33,394,825
General/auto liabilities, errors & omissions claims paid	90,818	84,177
Audit	61,047	64,208
	<u>\$ 35,566,634</u>	<u>\$ 35,270,845</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, 2018 (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](mailto:doa.drb.accountingsection@alaska.gov). The financial statements are also available on the web at [doa.alaska.gov/drb/resources/publications.html](http://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, 2018 are described in detail later in this note:

	PERS	TRS	Total
Net OPEB asset	\$ 239,662	\$ 688,034	\$ 927,696
Deferred outflows related to pensions	6,013,527	7,799,232	13,812,759
Deferred outflows related to OPEB	1,483,220	2,266,802	3,750,022
Net pension liability	59,766,961	71,960,606	131,727,567
Net OPEB liability	9,856,203	6,510,802	16,367,005
Deferred inflows related to pensions	8,988,037	11,758,143	20,746,180
Deferred inflows related to OPEB	5,677,049	5,374,202	11,051,251
Pension (revenue) expense	(8,645,940)	5,990,795	(2,655,145)
OPEB (revenue) expense	(272,188)	(633,734)	(905,922)

### 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>.

#### 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-



## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2018 (cont.)

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.

##### *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.

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2018 (cont.)

#### 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):*

	Plan Type	Benefits
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

##### *Defined Contribution Hybrid Plan Tier IV (DCH Plan):*

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 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/dr/pers/employee/resources/actuarialValuationReports.html>.

##### 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.

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2018 (cont.)

#### 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.

#### **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.

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2018 (cont.)

#### 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 are:

	<u>PERS</u>	<u>TRS</u>
DB Plan:		
Pension	17.12%	8.40%
OPEB	4.88%	4.16%
	<u>22.00%</u>	<u>12.56%</u>
DCH Plan:		
Retirement Trust	5.00%	7.00%
OPEB - Retiree Medical Plan	1.03%	0.91%
OPEB - Occupational Death and Disability Plan	0.16%	0.00%
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 2018 was \$80.16 per pay period for full-time employees. For PERS part-time employees the flat dollar amount was \$1.34 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 2018, 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.

#### 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.

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Basic Financial Statements June 30, 2018 (cont.)

The rates for fiscal year 2018 were:

	Actuarially Determined Rate		
	Normal Cost Rate	Past Service Rate	Total Rate
<b>PERS</b>			
Pension	3.06%	16.44%	19.50%
Other postemployment healthcare	2.70%	3.94%	6.64%
Total PERS contribution rate	5.76%	20.38%	26.14%
	Actuarially Determined Rate		
	Normal Cost Rate	Past Service Rate	Total Rate
<b>TRS</b>			
Pension	2.44%	19.12%	21.56%
Other postemployment healthcare	2.19%	4.27%	6.46%
Total TRS contribution rate	4.63%	23.39%	28.02%

### 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 2018, applied exclusively to pension, were 3.01 and 14.22 percent, respectively. The PERS and TRS on-behalf nonemployer contribution rates for fiscal year 2017, applied exclusively to pension, were 4.14 percent and 15.46 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, 2017 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, 2018 (cont.)

### Contributions

Contributions into each plan for fiscal years ended June 30, 2018 and 2017 were as follows:

	PERS		TRS	
	Fiscal Year		Fiscal Year	
	2018	2017	2018	2017
DB Plan Pension:				
Employer	\$ 4,410,368	\$ 3,967,085	\$ 4,004,840	\$ 3,815,829
Employer DBUL pension	1,625,735	1,270,476	346,419	319,919
Nonemployer (on-behalf)	1,167,030	1,612,416	11,156,132	11,312,186
DB Plan OPEB:				
Healthcare (ARHCT) employer	1,247,629	1,867,140	1,983,461	2,506,963
Employer DBUL healthcare	463,357	597,907	171,551	210,096
DCH Plan Pension:				
Employer	977,003	878,861	2,179,544	2,018,758
Employee	1,563,187	1,406,154	2,490,902	2,307,153
DCH Plan OPEB:				
HRA employer	995,588	892,829	933,178	774,538
Retiree medical plan employer	201,745	207,419	283,341	302,829
ODD plan employer	31,321	29,885		

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

At June 30, 2018 and 2017, 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	
	2018	2017	2018	2017
School District's proportionate share of NPL	\$ 59,766,961	\$ 81,965,649	\$ 71,960,606	\$ 105,186,990
State of Alaska's proportionate share of NPL associated with the School District	22,267,660	10,328,585	125,588,693	125,002,680
Total net pension liability	<u>\$ 82,034,621</u>	<u>\$ 92,294,234</u>	<u>\$ 197,549,299</u>	<u>\$ 230,189,670</u>

The net pension liability for fiscal year 2018 was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 which was rolled forward to June 30, 2017. The School District's proportion of the net pension liability for fiscal year 2018 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 2019 to 2039 to the plan.

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Basic Financial Statements June 30, 2018 (cont.)

At the measurement date of June 30, 2017 the School District's proportionate share of PERS was 1.15616 percent, which was a decrease of 21.2 percent from its proportion of 1.46640 percent measured as of June 30, 2016. For TRS 2017 the School District's proportion was 3.55078 percent, which was a decrease of 22.9 percent from its proportion of 4.60671 percent measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized a reduction of pension expense of \$8,645,940 for PERS and a pension expense of \$5,990,795 for TRS. In addition, the School District recognized revenue equal to the nonemployer portion of total pension expense of \$1,767,417 and \$10,205,205 for PERS and TRS, respectively.

At June 30, 2018 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$	\$ 2,274,700
Changes in actuarial assumptions		
Net difference between projected and actual earnings on pension plan investments	4,893,195	
Changes in proportion and differences between School District contributions and proportionate share of contributions	504,356	18,471,480
School District contributions subsequent to the measurement date	8,415,208	
	<u>\$ 13,812,759</u>	<u>\$ 20,746,180</u>

The School District reported \$8,415,208 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 ending June 30:	
2019	\$ (19,537,418)
2020	4,638,682
2021	2,178,809
2022	(2,628,703)
	<u>\$ (15,348,630)</u>

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2018 (cont.)

#### Actuarial Assumptions

The total net pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, prepared by Conduent Human Resource Services Retirement Services which was rolled forward to June 30, 2017. The actuarial assumptions used in the June 30, 2016 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	Pre-termination - Based on the 2010-2013 actual mortality experiences  Teachers in TRS post-termination - based on the 2010-2013 actual 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.

#### 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, 2014 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	8.83%
Global ex. U.S. equity	7.79%
Intermediate treasuries	1.29%
Opportunistic	4.76%
Real Assets	4.94%
Absolute return	4.76%
Private equity	12.02%
Cash equivalents	0.63%



## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2018 (cont.)

#### 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 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 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.

#### 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, 2017, 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%	\$ 6,790,539,000	\$ 5,169,442,000	\$ 3,800,488,000
School District's proportionate share of the PERS NPL	1.15616%	\$ 78,509,418	\$ 59,766,961	\$ 43,939,679
	Proportionate Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
TRS net pension liability	100.0%	\$ 2,856,759,000	\$ 2,026,612,000	\$ 1,329,198,000
School District's proportionate share of the TRS NPL	3.55078%	\$ 101,437,329	\$ 71,960,606	\$ 47,196,955

#### 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.

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Basic Financial Statements June 30, 2018 (cont.)

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

At June 30, 2018, 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	\$ 9,768,118	\$ 6,510,802
DCH Plan:		
Retiree Medical Plan net OPEB (asset) liability	88,085	(407,253)
Occupational Death and Disability Plan net OPEB asset	(239,662)	(280,781)
State of Alaska's proportionate share of the net OPEB liability associated with the School District	3,641,238	11,418,299
Total	<u>\$ 13,257,779</u>	<u>\$ 17,241,067</u>

The net OPEB asset and liability for fiscal year 2018 was measured as of June 30, 2017 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, 2016 which was rolled forward to June 30, 2017. 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 2019 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, 2017. 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, 2017 the School District's proportional share and changes to proportional share of PERS and TRS OPEB were:

	June 30, 2017	June 30, 2016	Increase (Decrease)
PERS DB Plan:			
Alaska Retiree Healthcare Trust	1.15632%	1.46703%	(0.31071%)
PERS DCH Plan:			
Retiree Medical Plan	1.68907%	1.65830%	0.03077%
Occupational Death and Disability Plan	1.68907%	1.65830%	0.03077%
TRS DB Plan:			
Alaska Retiree Healthcare Trust	3.53977%	4.58885%	(1.04908%)
TRS DCH Plan:			
Retiree Medical Plan	8.59184%	8.39153%	0.20031%
Occupational Death and Disability Plan	8.59184%	8.39153%	0.20031%

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Basic Financial Statements June 30, 2018 (cont.)

For the year ended June 30, 2018, the School District recognized a reduction of OPEB expense of \$272,188 for PERS and \$633,734 for TRS. In addition, the School District recognized revenue equal to the nonemployer portion of total OPEB expense of \$572,136 and \$1,334,627 for PERS and TRS, respectively.

At June 30, 2018 the School District reported deferred outflows of resources and 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$	\$ 1,379,800
Net difference between projected and actual earnings on OPEB plan investments		6,708,585
Changes in proportion and differences between School District contributions and proportionate share of contributions	2,525	2,962,866
School District contributions subsequent to the measurement date	3,747,497	
	<u>\$ 3,750,022</u>	<u>\$ 11,051,251</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>.

The School District reported \$3,747,497 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ending June 30:	
2019	\$ (4,357,565)
2020	(3,316,187)
2021	(1,680,239)
2022	(1,680,239)
2023	(3,092)
Thereafter	(11,404)
	<u>\$ (11,048,726)</u>

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2018 (cont.)

#### Actuarial Assumptions

The total net OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, prepared by Conduent Human Resource Services Retirement Services, which was rolled forward to June 30, 2017. The actuarial assumptions used in the June 30, 2016 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 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 <sup>1</sup>	Pre-65 medical: 8.8% grading down to 4.4% Post-65 medical: 5.8% grading down to 4.0% Prescription drugs: 5.4% grading down to 4.0%
Healthcare participation <sup>2</sup>	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	PERS Pre-termination - Based on the 2010-2013 actual mortality experiences  PERS Post-terminations - 96% of all rates of the RP-2000 table, 2000 Base Year projections to 2018 with Projections Scale BB  TRS Pre-termination - 68% of the male and 60% of the female post-termination mortality rates  TRS Post-terminations - 94% of the male rates and 97% of the female rates of the RP-2000 table, 2000 Base Year projections to 2018 with Projections Scale BB, with a 3-year setback for males and a 4-year setback for females

<sup>1</sup> Applicable to retiree medical and death and disability only

<sup>2</sup> Applicable to death and disability only

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Basic Financial Statements June 30, 2018 (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, 2017 and 2016:

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, 2017 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	8.83%
Global ex. U.S. equity	7.79%
Intermediate treasuries	1.29%
Opportunistic	4.76%
Real Assets	4.94%
Absolute return	4.76%
Private equity	12.02%
Cash equivalents	0.63%

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Basic Financial Statements June 30, 2018 (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, 2017, 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%	\$ 24,431,000	\$ 5,215,000	\$ (9,790,000)
Occupational death and disability plan	100.00%	(12,809,000)	(14,189,000)	(15,317,000)
Alaska retiree healthcare trust	100.00%	1,807,869,000	844,757,000	34,648,000
School District's proportionate share of the PERS (asset) liability				
Retiree medical plan	1.68907%	\$ 412,657	\$ 88,085	\$ (165,360)
Occupational death and disability plan	1.68907%	(216,353)	(239,662)	(258,715)
Alaska retiree healthcare trust	1.15632%	20,904,802	9,768,118	400,643
TRS (asset) liability				
Retiree medical plan	100.00%	\$ 2,032,000	\$ (4,740,000)	\$ (9,885,000)
Occupational death and disability plan	100.00%	(3,284,000)	(3,268,000)	(3,260,000)
Alaska retiree healthcare trust	100.00%	560,494,000	183,933,000	(128,506,000)
School District's proportionate share of the TRS (asset) liability				
Retiree medical plan	8.59184%	\$ 174,586	\$ (407,253)	\$ (849,303)
Occupational death and disability plan	8.59184%	(282,156)	(280,781)	(280,094)
Alaska retiree healthcare trust	3.53977%	19,840,189	6,510,802	(4,548,815)

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Basic Financial Statements June 30, 2018 (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, 2017, 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>\$ (12,909,000)</u>	<u>\$ 5,215,000</u>	<u>\$ 29,498,000</u>
Alaska retiree healthcare trust	(93,707,000)	844,757,000	1,973,016,000
School District's proportionate share of the PERS (asset) liability			
Retiree medical plan	\$ (218,042)	\$ 88,085	\$ 498,242
Alaska retiree healthcare trust	(1,083,555)	9,768,118	22,814,434
TRS (asset) liability			
Retiree medical plan	<u>\$ (10,911,000)</u>	<u>\$ (4,740,000)</u>	<u>\$ 3,796,000</u>
Alaska retiree healthcare trust	(171,461,000)	183,933,000	616,144,000
School District's proportionate share of the TRS (asset) liability			
Retiree medical plan	\$ (937,455)	\$ (407,253)	\$ 326,146
Alaska retiree healthcare trust	(6,069,322)	6,510,802	21,810,070

### 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: CHANGE IN ACCOUNTING PRINCIPLE**

As discussed in Note 14 to the financial statements, the School District participates in the Alaska Public Employees' Retirement System (PERS) and the Alaska Teachers' Retirement System (TRS). In fiscal year 2018 the School District adopted provisions of Governmental Accounting Standards Board (GASB) Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB). GASB 75, among other accounting and reporting criteria, requires the School District to recognize its proportional share of the PERS and TRS Net OPEB Liability (and related deferred inflow/outflow accounts), as of the beginning of the School District's fiscal year. As a result of the implementation of this statement, the School District has recorded an opening balance adjustment to increase deferred outflows and liabilities and decrease opening net position as follows:

	Governmental Activities
Beginning net position , as previously reported at July 1, 2017	\$ (106,542,167)
Deferred outflows of resources - District contributions made July 1, 2016 through June 30, 2017	4,914,233
Net pension liability at June 30, 2016 (measurement date)	<u>(30,467,456)</u>
Opening net position, as restated	<u><u>\$ (132,095,390)</u></u>

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2018 (cont.)

#### **NOTE 16: 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.

#### **NOTE 17: SUBSEQUENT EVENTS**

##### Proposed Fund Balance Ordinance

On October 2, 2018, the School District was presented by the Fairbanks North Star Borough Assembly with draft ordinance number 2018-41 to amend Borough Code Title 7 regarding the School District budget and the permitted accumulation of School District fund balances. As amended on October 25, 2018, the impact of this ordinance would limit the amount of unrestricted fund balance that the School District is allowed to accumulate. Anything in excess of the proposed calculation, up to a \$7,000,000 cap, would be required to be transferred back to the Borough. Since this proposed ordinance would be effective retroactive to June 30, 2018, the amount the School District may be required to deposit back to the Borough for the fiscal year 2018 is estimated not to exceed \$7,000,000.

##### Defined Contribution Plan Forfeiture Balances

On June 18, 2018 the State of Alaska Department of Administration, Division of Retirement and Benefits (DRB), provided notification to participating employers of the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) regarding accumulated employer forfeiture balances of the defined contribution retirement (DCR) plans. DCR forfeitures are created when a non-vested or partially-vested employee terminates employment from the PERS or TRS and refunds a portion or all of their DCR amount. The forfeited amount is determined by the number of years of employee service with all system participating employers in either PERS or TRS (Alaska Statutes 39.75.790 and 14.25.390).

The accumulated forfeiture balances of the School District, which were generated in 2018 and previous years, totaled \$661,558 for PERS and \$677,929 for TRS, respectively. The DRB began offsetting the forfeitures against biweekly DCR employer match contributions effective July 1, 2018. As of November 29, 2018 the offset applied to the School District's employer match contributions was \$282,075 for PERS, and \$677,929 for TRS.

On October 8, 2018 the State of Alaska Department of Education and Early Development (DEED) contacted Alaska school districts regarding recommended accounting treatment of DCR employer forfeitures in fiscal years 2018 and 2019. In order to maintain consistency in reporting across all school districts, the DEED indicated the DCR forfeitures should be treated as a change in estimate in fiscal year 2019, when the forfeitures can be used to offset contributions. Forfeiture amounts applied in fiscal year 2019 should be recorded across all functions of the operating fund, utilizing the same allocation methodology for distributing PERS and TRS on-behalf payments.



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# **REQUIRED SUPPLEMENTARY INFORMATION**

# **REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget (Non-GAAP Basis) and Actual:**

**General Fund**

**Federal Programs Special Revenue Fund**

**Student Transportation Special Revenue Fund**

**State Programs Special Revenue Fund**

**Food Service Special Revenue Fund**

**Schedule of the School District's Proportionate  
Share of the Net Pension Liability – Public  
Employees' Retirement System**

**Schedule of the School District's Pension  
Contributions – Public Employees' Retirement  
System**

**Schedule of the School District's Proportionate  
Share of the Net Pension Liability – Teachers'  
Retirement System**

**Schedule of the School District's Pension  
Contributions – Teachers' Retirement System**

**Schedule of the School District's Proportionate  
Share of the Net OPEB Liability – Public  
Employees' Retirement System**

**Schedule of the School District's OPEB  
Contributions – Public Employees' Retirement  
System**

**Schedule of the School District's Proportionate  
Share of the Net OPEB Liability – Teachers'  
Retirement System**

**Schedule of the School District's OPEB  
Contributions – Teachers' Retirement System**

**Notes to the 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, 2018

	<b>Budgeted Amounts</b>			<b>Actual on</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Budgetary</b>	<b>Variance with</b>
				<b>Basis</b>	<b>Final Budget</b>
Revenues:					
Local sources	\$ 52,159,000	\$ 52,159,000	\$ 52,378,810	\$ 52,378,810	\$ 219,810
State sources	128,852,418	128,852,418	132,100,077	132,100,077	3,247,659
Federal sources	16,282,513	16,282,513	17,508,317	17,508,317	1,225,804
Total revenues	197,293,931	197,293,931	201,987,204	201,987,204	4,693,273
Expenditures - current:					
Instruction	92,646,316	92,292,725	91,118,164	91,014,310	1,278,415
Special education instruction	24,869,247	24,919,572	24,920,249	26,800,665	(1,881,093)
Special education support services - students	9,469,729	9,539,730	9,472,016	9,487,680	52,050
Support services - students	12,154,285	12,188,698	11,547,424	11,565,486	623,212
Support services - instruction	8,746,055	8,815,588	7,923,216	7,984,815	830,773
School administration	7,779,798	7,899,798	7,896,957	7,896,362	3,436
School administration support services	5,996,094	5,869,575	5,724,821	5,723,947	145,628
District administration	1,730,905	2,833,547	2,751,071	2,765,425	68,122
District administration support services	11,979,397	10,880,244	9,910,010	10,040,659	839,585
Operations and maintenance of plant	23,989,457	24,111,239	23,395,641	23,647,716	463,523
Student activities	2,115,183	2,116,541	2,092,336	2,087,596	28,945
Total current	201,476,466	201,467,257	196,751,905	199,014,661	2,452,596
Debt service:					
Interest			9,713	9,713	(9,713)
Principal		340,272	330,559	330,559	9,713
Total debt service		340,272	340,272	340,272	
Total expenditures	201,476,466	201,807,529	197,092,177	199,354,933	2,452,596
Other financing sources (uses):					
Proceeds from sale of capital assets			6,213	6,213	6,213
Transfers out	(3,392,465)	(3,392,465)	(5,092,465)	(5,092,465)	(1,700,000)
Total other financing sources (uses)	(3,392,465)	(3,392,465)	(5,086,252)	(5,086,252)	(1,693,787)
Net change in fund balance	\$ (7,575,000)	\$ (7,906,063)	(191,225)	\$ (2,453,981)	\$ 5,452,082
Fund balance - beginning			33,660,773		
Fund balance - ending			\$ 33,469,548		

**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, 2018

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>			
Revenues:					
Local sources	\$	\$	\$ 13,427	\$ 13,427	\$ 13,427
Federal sources	16,911,517	17,870,064	12,568,735	12,562,638	(5,307,426)
Total revenues	16,911,517	17,870,064	12,582,162	12,576,065	(5,293,999)
Expenditures - current:					
Instruction	3,932,756	4,282,359	3,672,332	3,681,943	600,416
Special education instruction	5,796,978	5,801,343	5,670,651	4,285,068	1,516,275
Support services - students	4,832,210	4,915,075	778,796	2,148,671	2,766,404
Support services - instruction	1,158,247	1,601,796	1,322,157	1,407,748	194,048
District administration support services	1,127,963	1,206,128	1,075,250	989,659	216,469
Food services	64,483	64,483	64,212	64,212	271
Total expenditures	16,912,637	17,871,184	12,583,398	12,577,301	5,293,883
Net change in fund balance	\$ (1,120)	\$ (1,120)	(1,236)	\$ (1,236)	\$ (116)
Fund balance - beginning			1,881		
Fund balance - ending			\$ 645		

**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, 2018

	<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:					
State sources	<u>\$ 12,160,764</u>	<u>\$ 12,100,386</u>	<u>\$ 12,101,611</u>	<u>\$ 11,974,919</u>	<u>\$ (125,467)</u>
Expenditures - current:					
Student transportation - to and from school	<u>15,059,731</u>	<u>14,999,353</u>	<u>13,989,161</u>	<u>13,862,469</u>	<u>1,136,884</u>
Other financing sources - transfers in	<u>2,898,967</u>	<u>2,898,967</u>	<u>2,898,967</u>	<u>2,898,967</u>	
Net change in fund balance	<u>\$</u>	<u>\$</u>	<u>1,011,417</u>	<u>\$ 1,011,417</u>	<u>\$ 1,011,417</u>
Fund balance - beginning			<u>3,032,595</u>		
Fund balance - ending			<u>\$ 4,044,012</u>		

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
State Programs Special Revenue  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended June 30, 2018

	<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:					
State sources	<u>\$ 708,490</u>	<u>\$ 713,743</u>	<u>\$ 283,184</u>	<u>\$ 283,184</u>	<u>\$ (430,559)</u>
Expenditures - current:					
Instruction	118,365	123,324	96,807	120,983	2,341
Support services - students	547,975	547,976	253,695	244,888	303,088
School administration support services			27,638		
District administration support services	14,290	14,583		12,269	2,314
Food services	<u>395,189</u>	<u>395,189</u>			<u>395,189</u>
Total expenditures	<u>1,075,819</u>	<u>1,081,072</u>	<u>378,140</u>	<u>378,140</u>	<u>702,932</u>
Net change in fund balance	<u>\$ (367,329)</u>	<u>\$ (367,329)</u>	<u>(94,956)</u>	<u>\$ (94,956)</u>	<u>\$ 272,373</u>
Fund balance - beginning			<u>367,329</u>		
Fund balance - ending			<u><u>\$ 272,373</u></u>		

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Schedule of the School District's Proportionate Share of the Net Pension Liability Public Employees' Retirement System Defined Benefit Pension Plan Last Ten Fiscal Years <sup>a</sup>

	Fiscal Year <sup>b</sup>			
	2014-15	2015-16	2016-17	2017-18
School District's proportion of the net pension liability	0.83535%	1.59763%	1.46640%	1.15616%
School District's proportionate share of the net pension liability	\$ 38,961,973	\$ 77,485,110	\$ 81,965,649	\$ 59,766,961
State of Alaska's proportionate share of the net pension liability associated with the School District	34,637,437	20,753,489	10,328,585	22,267,660
Total	<u>\$ 73,599,410</u>	<u>\$ 98,238,599</u>	<u>\$ 92,294,234</u>	<u>\$ 82,034,621</u>
School District's covered payroll <sup>c</sup>	\$ 22,799,065	\$ 21,055,300	\$ 19,703,788	\$ 18,026,510
School District's proportionate share of the net pension liability as a percentage of its covered payroll	170.89%	368.01%	415.99%	331.55%
Plan fiduciary net position as a percentage of the total pension liability	62.37%	63.96%	59.55%	63.37%

### Notes:

- <sup>a</sup> Data for the prior six years was not available to report.  
See Note 14 in the *notes to the basic financial statements* for additional information.
- <sup>b</sup> The amount presented for each fiscal year was determined as of the PERS pension plan measurement date that occurred one year prior.
- <sup>c</sup> Covered payroll is defined as the payroll on which contributions to a pension plan are based.



**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Schedule of the School District's Pension Contributions  
Public Employees' Retirement System  
Defined Benefit Pension Plan  
Last Ten Fiscal Years <sup>a</sup>

	Fiscal Year			
	2014-15	2015-16	2016-17	2017-18
Contractually required contribution	\$ 3,512,945	\$ 3,576,532	\$ 3,967,085	\$ 4,376,828
Contributions in relation to the contractually required contribution	(3,512,945)	(3,576,532)	(3,967,085)	(4,410,368)
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (33,540)</u>
School District's covered payroll	\$ 21,055,300	\$ 19,703,788	\$ 18,026,510	\$ 16,068,624
Contributions as a percentage of covered-employee payroll	16.68%	18.15%	22.01%	27.45%

**Note:**

<sup>a</sup> Data for the prior six years was not available to report.

See Note 14 in the *notes to the basic financial statements* for additional information.

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Schedule of the School District's Proportionate Share of the Net Pension Liability  
Teachers' Retirement System  
Defined Benefit Pension Plan  
Last Ten Fiscal Years <sup>a</sup>

	Fiscal Year <sup>b</sup>			
	2014-15	2015-16	2016-17	2017-18
School District's proportion of the net pension liability	1.58672024%	3.90080580%	4.60671000%	3.55078000%
School District's proportionate share of the net pension liability	\$ 47,586,729	\$ 72,572,580	\$ 105,186,990	\$ 71,960,606
State of Alaska's proportionate share of the net pension liability associated with the School District	249,903,789	115,994,452	125,022,680	125,588,693
Total	<u>\$ 297,490,518</u>	<u>\$ 188,567,032</u>	<u>\$ 230,209,670</u>	<u>\$ 197,549,299</u>
School District's covered payroll <sup>c</sup>	\$ 54,739,191	\$ 52,103,588	\$ 49,079,783	\$ 46,120,887
School District's proportionate share of the net pension liability as a percentage of its covered payroll	86.93%	139.29%	214.32%	156.03%
Plan fiduciary net position as a percentage of the total pension liability	55.70%	73.82%	68.40%	72.39%

**Notes:**

<sup>a</sup> Data for the prior six years was not available to report.

See Note 14 in the *notes to the basic financial statements* for additional information.

<sup>b</sup> The amount presented for each fiscal year was determined as of the TRS pension plan measurement date that occurred one year prior.

<sup>c</sup> Covered payroll is defined as the payroll on which contributions to a pension plan are based.

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Schedule of the School District's Pension Contributions  
Teachers' Retirement System  
Defined Benefit Pension Plan  
Last Ten Fiscal Years <sup>a</sup>

	Fiscal Year			
	2014-15	2015-16	2016-17	2017-18
Contractually required contribution	\$ 3,882,614	\$ 3,589,818	\$ 3,815,829	\$ 4,004,840
Contributions in relation to the contractually required contribution	(3,882,614)	(3,589,818)	(3,815,829)	(4,004,840)
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
School District's covered payroll	\$ 52,103,588	\$ 49,079,783	\$ 46,120,887	\$ 43,588,853
Contributions as a percentage of covered employee payroll	7.45%	7.31%	8.27%	9.19%

**Note:**

<sup>a</sup> Data for the prior six years was not available to report.

See Note 14 in the *notes to the basic financial statements* for additional information.

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Schedule of the School District's Proportionate Share of the Net OPEB Liability Public Employees' Retirement System Defined Benefit OPEB Plan Last Ten Fiscal Years <sup>a</sup>

	<b>Fiscal Year <sup>b</sup></b>
	<b><u>2017-18</u></b>
School District's proportion of the net OPEB (asset) liability	
DB - Alaska Retiree Healthcare Trust	1.15632%
DCH - Retiree Medical Plan	1.68907%
DCH - Occupational Death and Disability Plan	1.68907%
School District's proportionate share of the net OPEB (asset) liability	
DB - Alaska Retiree Healthcare Trust	\$ 9,768,118
DCH - Retiree Medical Plan	88,085
DCH - Occupational Death and Disability Plan	(239,662)
State of Alaska's proportionate share of the net pension liability associated with the School District	
DB - Alaska Retiree Healthcare Trust	3,641,238
DCH - Retiree Medical Plan	
DCH - Occupational Death and Disability Plan	
<b>Total</b>	<b><u>\$ 13,257,779</u></b>
School District's covered payroll <sup>c</sup>	
DB - Alaska Retiree Healthcare Trust	\$ 18,026,510
DCH - Retiree Medical Plan	17,551,339
DCH - Occupational Death and Disability Plan	17,551,339
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	
DB - Alaska Retiree Healthcare Trust	54.19%
DCH - Retiree Medical Plan	0.50%
DCH - Occupational Death and Disability Plan	-1.37%
Plan fiduciary net position as a percentage of the total OPEB liability	
DB - Alaska Retiree Healthcare Trust	89.68%
DCH - Retiree Medical Plan	93.98%
DCH - Occupational Death and Disability Plan	212.97%

### Notes:

<sup>a</sup> This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available. See Note 14 in the *notes to the basic financial statements* for additional information.

<sup>b</sup> The amount presented for each fiscal year was determined as of the PERS OPEB plan measurement date that occurred one year prior.

<sup>c</sup> Covered payroll is defined as the payroll on which contributions to a OPEB plan are based.

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Schedule of the School District's Pension Contributions  
Public Employees' Retirement System  
Defined Benefit OPEB Plan  
Last Ten Fiscal Years <sup>a</sup>

	<u><b>Fiscal Year</b></u> <u><b>2017-18</b></u>
Contractually required contribution	
DB - Alaska Retiree Healthcare Trust	\$ 1,247,629
DCH - Retiree Medical Plan	201,745
DCH - Occupational Death and Disability Plan	31,321
Contributions in relation to the contractually required contribution	
DB - Alaska Retiree Healthcare Trust	(1,247,629)
DCH - Retiree Medical Plan	(201,745)
DCH - Occupational Death and Disability Plan	(31,321)
Contribution deficiency (excess)	<u>\$</u>
School District's covered payroll	\$ 16,068,624
Contributions as a percentage of covered-employee payroll	9.21%

**Note:**

<sup>a</sup> This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available. See Note 14 in the *notes to the basic financial statements* for additional information.

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Schedule of the School District's Proportionate Share of the Net OPEB Liability Teachers' Retirement System Defined Benefit OPEB Plan Last Ten Fiscal Years <sup>a</sup>

	<b>Fiscal Year <sup>b</sup></b>
	<b>2017-18</b>
School District's proportion of the net OPEB (asset) liability	
DB - Alaska Retiree Healthcare Trust	3.53977%
DCH - Retiree Medical Plan	8.59184%
DCH - Occupational Death and Disability Plan	8.59184%
School District's proportionate share of the net OPEB (asset) liability	
DB - Alaska Retiree Healthcare Trust	\$ 6,510,802
DCH - Retiree Medical Plan	(407,253)
DCH - Occupational Death and Disability Plan	(280,781)
State of Alaska's proportionate share of the net pension liability associated with the School District	
DB - Alaska Retiree Healthcare Trust	11,418,299
DCH - Retiree Medical Plan	
DCH - Occupational Death and Disability Plan	
<b>Total</b>	<b><u>\$ 17,241,067</u></b>
School District's covered payroll <sup>c</sup>	
DB - Alaska Retiree Healthcare Trust	\$ 46,120,887
DCH - Retiree Medical Plan	28,837,859
DCH - Occupational Death and Disability Plan	28,837,859
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	
DB - Alaska Retiree Healthcare Trust	14.12%
DCH - Retiree Medical Plan	-1.41%
DCH - Occupational Death and Disability Plan	-0.97%
Plan fiduciary net position as a percentage of the total OPEB liability	
DB - Alaska Retiree Healthcare Trust	93.75%
DCH - Retiree Medical Plan	118.16%
DCH - Occupational Death and Disability Plan	1342.59%

### Notes:

<sup>a</sup> This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available. See Note 14 in the *notes to the basic financial statements* for additional information.

<sup>b</sup> The amount presented for each fiscal year was determined as of the TRS OPEB plan measurement date that occurred one year prior.

<sup>c</sup> Covered payroll is defined as the payroll on which contributions to a OPEB plan are based.

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Schedule of the School District's Pension Contributions  
Teachers' Retirement System  
Defined Benefit OPEB Plan  
Last Ten Fiscal Years <sup>a</sup>

	<u><b>Fiscal Year</b></u> <u><b>2017-18</b></u>
Contractually required contribution	
DB - Alaska Retiree Healthcare Trust	\$ 1,983,461
DCH - Retiree Medical Plan	283,341
Contributions in relation to the contractually required contribution	
DB - Alaska Retiree Healthcare Trust	(1,983,461)
DCH - Retiree Medical Plan	(283,341)
Contribution deficiency (excess)	<u><u>\$</u></u>
School District's covered payroll	\$ 43,588,853
Contributions as a percentage of covered-employee payroll	5.20%

**Note:**

<sup>a</sup> This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available. See Note 14 in the *notes to the basic financial statements* for additional information.

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Required Supplementary Information June 30, 2018

#### 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, 2018, 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, (2014 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.

##### 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



# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Required Supplementary Information June 30, 2018 (cont.)

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:

	General Fund	Federal Programs Special Revenue Fund	Student Transportation Special Revenue Fund	State Programs Special Revenue Fund
Revenues reported on the basis of budgeting	\$ 201,987,204	\$ 12,576,065	\$ 14,873,886	\$ 283,184
Basis difference		6,097	126,692	
Revenues reported on the basis of GAAP	<u>\$ 201,987,204</u>	<u>\$ 12,582,162</u>	<u>\$ 15,000,578</u>	<u>\$ 283,184</u>
Expenditures reported on the basis of budgeting	\$ 204,447,398	\$ 12,577,301	\$ 13,862,469	\$ 378,140
Add expenditures on prior year encumbrances	1,706,528	25,000	67,852	
Deduct current year encumbrances	(3,969,284)	(18,903)	58,840	
Expenditures reported on the basis of GAAP	<u>\$ 202,184,642</u>	<u>\$ 12,583,398</u>	<u>\$ 13,989,161</u>	<u>\$ 378,140</u>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Notes to the Required Supplementary Information  
June 30, 2018 (cont.)

Expenditures in Excess of Appropriations

For the year ended June 30, 2018, expenditures exceeded budget, in annually approved budgets, for the following major fund:

**General Fund:**

Special education instruction	\$	1,881,093
Debt service - interest		9,713

Expenditures exceeded budget in the special education instruction functional area due to the encumbrance of the residential treatment center services contract.

Expenditures exceeded budget in the debt service - interest functional area due to the budget for the interest payment being located in the debt services – principal functional area.

# **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

# **MAJOR GOVERNMENTAL FUNDS**

# MAJOR GOVERNMENTAL FUNDS

**General Fund** – accounts for resources traditionally associated with school districts which are not required to be accounted for in another fund.

**Federal Programs Special Revenue Fund** – accounts for programs that are funded by federal sources received directly from the federal government or passed through the State of Alaska.

**Student Transportation Special Revenue Fund** – this program provides transportation for regular and special education students that are bused to school.

**State Programs Special Revenue Fund** – accounts for programs that are funded by nonfederal State of Alaska sources.

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund

General Fund

Balance Sheet

June 30, 2018

(With comparative totals for 2017)

<b><u>ASSETS</u></b>	<b>Totals</b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>
Equity in central treasury cash	\$ 31,200,886	\$ 30,595,083
Accounts receivable:		
Local	295,536	401,591
Federal		8,013
Due from other funds	3,961,621	4,243,185
Due from Fairbanks North Star Borough	4,894	7,690
Inventories	338,755	414,262
Prepaid items	63,626	42,840
Total assets	<b><u>\$ 35,865,318</u></b>	<b><u>\$ 35,712,664</u></b>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts payable	\$ 1,230,386	\$ 853,400
Accrued payroll and liabilities	1,165,384	1,188,062
Due to external groups and agencies		10,429
Total liabilities	<b><u>2,395,770</u></b>	<b><u>2,051,891</u></b>
Fund balance:		
Nonspendable:		
Inventories	338,755	414,262
Prepaid items	63,626	42,840
Restricted:		
Student allotments	133,205	102,147
Assigned to:		
Encumbrances	3,966,998	1,881,451
Impact aid advance	14,585,772	10,884,519
Subsequent year's expenditures	6,450,725	7,575,000
Unassigned	7,930,467	12,760,554
Total fund balance	<b><u>33,469,548</u></b>	<b><u>33,660,773</u></b>
Total liabilities and fund balance	<b><u>\$ 35,865,318</u></b>	<b><u>\$ 35,712,664</u></b>

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, 2018  
(With comparative totals for 2017)

	<b>Totals</b>	
	<b>2018</b>	<b>2017</b>
Revenues:		
Revenue from local sources:		
Borough direct appropriation	\$ 51,145,400	\$ 54,169,000
E-rate revenue	462,507	1,043,416
Other local revenue	749,747	699,138
Tuition from students	21,156	9,686
Total local sources	<u>52,378,810</u>	<u>55,921,240</u>
Revenue from state sources:		
Foundation program	117,791,496	116,214,852
QSI grant	415,063	414,026
TRS on-behalf	11,156,132	11,312,186
PERS on-behalf	1,167,030	1,612,416
On-base schools	1,450,000	1,450,000
Other state revenue	120,356	120,356
Total state sources	<u>132,100,077</u>	<u>131,123,836</u>
Revenue from federal sources:		
Direct	394,359	392,087
Medicaid revenue	467,967	817,479
Through the State of Alaska - Impact Aid	16,645,991	18,243,611
Total federal sources	<u>17,508,317</u>	<u>19,453,177</u>
Total revenues	<u>201,987,204</u>	<u>206,498,253</u>
Expenditures - current:		
Instruction:		
Salaries and fringe benefits:		
Certificated salaries	51,387,466	53,050,331
Non-certificated salaries	3,933,226	3,673,196
Employee benefits	31,451,390	33,119,577
Total salaries and fringe benefits	<u>86,772,082</u>	<u>89,843,104</u>
Materials, supplies, services and other:		
Professional and technical services	555,847	515,349
Staff travel	17,843	22,673
Student travel	164,671	160,374
Utility services	27,794	18,993
Other purchased services	330,569	246,021
Supplies, materials and media	3,226,414	2,813,396
Other expenses	15,284	6,303
Total materials, supplies, services and other	<u>4,338,422</u>	<u>3,783,109</u>
Capital outlay - equipment	<u>7,660</u>	<u>32,442</u>
Total instruction	<u>91,118,164</u>	<u>93,658,655</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, 2018  
(With comparative totals for 2017)

	<b>Totals</b>	
	<b>2018</b>	<b>2017</b>
Special education instruction:		
Salaries and fringe benefits:		
Certificated salaries	\$ 8,268,412	\$ 8,158,354
Non-certificated salaries	5,871,074	5,669,671
Employee benefits	8,343,059	8,472,359
Total salaries and fringe benefits	<u>22,482,545</u>	<u>22,300,384</u>
Materials, supplies, services and other:		
Professional and technical services	1,813,950	1,869,611
Staff travel	29	1,213
Student travel	2,753	1,924
Utility services	5,481	5,235
Other purchased services	314,930	413,812
Supplies, materials and media	191,251	441,487
Tuition and stipends	109,310	55,290
Total materials, supplies, services and other	<u>2,437,704</u>	<u>2,788,572</u>
Total special education instruction	<u>24,920,249</u>	<u>25,088,956</u>
Special education support services - students:		
Salaries and fringe benefits:		
Certificated salaries	3,502,296	3,608,679
Non-certificated salaries	1,341,603	1,547,459
Employee benefits	2,754,065	2,979,524
Total salaries and fringe benefits	<u>7,597,964</u>	<u>8,135,662</u>
Materials, supplies, services and other:		
Professional and technical services	1,761,540	1,489,459
Staff travel	39,911	48,313
Student travel	4,575	10,736
Other purchased services	2,700	3,688
Supplies, materials and media	63,351	124,559
Other expenses	1,975	1,935
Total materials, supplies, services and other	<u>1,874,052</u>	<u>1,678,690</u>
Total special education support services - students	<u>9,472,016</u>	<u>9,814,352</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, 2018  
(With comparative totals for 2017)

	<b>Totals</b>	
	<b>2018</b>	<b>2017</b>
Support services - students:		
Salaries and fringe benefits:		
Certificated salaries	\$ 3,443,250	\$ 3,344,197
Non-certificated salaries	3,402,288	3,275,563
Employee benefits	4,160,522	4,201,212
Total salaries and fringe benefits	11,006,060	10,820,972
Materials, supplies, services and other:		
Professional and technical services	296,344	216,069
Staff travel	15,973	9,754
Student travel	4,278	13,247
Utility services	1,314	
Other purchased services	10,806	7,838
Supplies, materials and media	209,136	100,997
Other expenses	3,513	2,318
Total materials, supplies, services and other	541,364	350,223
Total support services - students	11,547,424	11,171,195
Support services - instruction:		
Salaries and fringe benefits:		
Certificated salaries	1,384,154	1,506,858
Non-certificated salaries	2,293,766	2,853,684
Employee benefits	2,264,599	2,778,505
Total salaries and fringe benefits	5,942,519	7,139,047
Materials, supplies, services and other:		
Professional and technical services	844,236	2,422,308
Staff travel	201,417	139,565
Utility services	148,755	185,130
Other purchased services	11,307	9,082
Supplies, materials and media	761,570	2,266,281
Other expenses	1,236	721
Total materials, supplies, services and other	1,968,521	5,023,087
Capital outlay:		
Equipment	12,176	53,050
Other capital outlay		17,120
Total capital outlay	12,176	70,170
Total support services - instruction	7,923,216	12,232,304

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, 2018

(With comparative totals for 2017)

	<b>Totals</b>	
	<b>2018</b>	<b>2017</b>
School administration:		
Salaries and fringe benefits:		
Certificated salaries	\$ 4,890,323	\$ 4,778,132
Non-certificated salaries	82,484	62,909
Employee benefits	2,869,779	2,895,548
Total salaries and fringe benefits	<u>7,842,586</u>	<u>7,736,589</u>
Materials, supplies, services and other:		
Professional and technical services	2,260	2,380
Staff travel	30,319	23,930
Supplies, materials and media	132	1,724
Other expenses	21,660	22,210
Total materials, supplies, services and other	<u>54,371</u>	<u>50,244</u>
Total school administration	<u>7,896,957</u>	<u>7,786,833</u>
School administration support services:		
Salaries and fringe benefits:		
Non-certificated salaries	3,119,759	3,100,917
Employee benefits	1,923,407	1,995,836
Total salaries and fringe benefits	<u>5,043,166</u>	<u>5,096,753</u>
Materials, supplies, services and other:		
Professional and technical services	4,794	
Staff travel	1,329	6,759
Student travel	701	417
Utility services	529,839	560,762
Other purchased services	12,107	14,058
Supplies, materials and media	124,680	82,288
Other expenses	8,205	5,455
Total materials, supplies, services and other	<u>681,655</u>	<u>669,739</u>
Total school administration support services	<u>5,724,821</u>	<u>5,766,492</u>
District administration:		
Salaries and fringe benefits:		
Certificated salaries	485,795	495,052
Non-certificated salaries	847,192	513,870
Employee benefits	771,519	605,851
Total salaries and fringe benefits	<u>2,104,506</u>	<u>1,614,773</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, 2018

(With comparative totals for 2017)

	<b>Totals</b>	
	<b>2018</b>	<b>2017</b>
District administration (continued):		
Materials, supplies, services and other:		
Professional and technical services	\$ 282,046	\$ 284,355
Staff travel	61,220	21,493
Utility services	2,919	4,894
Other purchased services	73,622	45,276
Supplies, materials and media	159,145	62,745
Other expenses	34,627	27,210
Total materials, supplies, services and other	<u>613,579</u>	<u>445,973</u>
Capital outlay - equipment	<u>32,986</u>	
Total district administration	<u>2,751,071</u>	<u>2,060,746</u>
District administration support services:		
Salaries and fringe benefits:		
Certificated salaries	48,352	49,378
Non-certificated salaries	4,315,578	4,952,784
Employee benefits	2,837,863	3,273,747
Total salaries and fringe benefits	<u>7,201,793</u>	<u>8,275,909</u>
Materials, supplies, services and other:		
Professional and technical services	1,114,903	956,436
Staff travel	44,337	72,584
Utility services	177,719	121,349
Other purchased services	176,095	190,493
Insurance and bond premiums	1,047,784	1,144,266
Supplies, materials and media	710,744	413,222
Other expenses	102,398	93,339
Indirect costs	(738,908)	(636,385)
Total materials, supplies, services and other	<u>2,635,072</u>	<u>2,355,304</u>
Capital outlay - equipment	<u>73,145</u>	<u>161,018</u>
Total district administration support services	<u>9,910,010</u>	<u>10,792,231</u>
Operations and maintenance of plant:		
Salaries and fringe benefits:		
Non-certificated salaries	8,191,557	8,963,609
Employee benefits	5,074,115	5,773,169
Total salaries and fringe benefits	<u>13,265,672</u>	<u>14,736,778</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, 2018  
(With comparative totals for 2017)

	<b>Totals</b>	
	<b>2018</b>	<b>2017</b>
Operations and maintenance of plant (continued):		
Materials, supplies, services and other:		
Professional and technical services	\$ 40,489	\$ 45,369
Staff travel	5,566	3,200
Utility services	860,816	829,206
Energy	5,495,675	5,417,309
Other purchased services	1,723,394	1,349,928
Insurance and bond premiums	375,358	370,045
Supplies, materials and media	1,448,726	1,428,063
Other expenses	2,301	4,805
Total materials, supplies, services and other	<u>9,952,325</u>	<u>9,447,925</u>
Capital outlay - equipment	177,644	46,408
Total operations and maintenance of plant	<u>23,395,641</u>	<u>24,231,111</u>
Student activities:		
Salaries and fringe benefits:		
Certificated salaries	567,803	644,645
Non-certificated salaries	599,634	606,705
Employee benefits	354,647	390,139
Total salaries and fringe benefits	<u>1,522,084</u>	<u>1,641,489</u>
Materials, supplies, services and other:		
Professional and technical services	172,726	171,314
Staff travel	12,996	5,959
Student travel	150,745	164,557
Other purchased services	105,560	86,256
Supplies, materials and media	66,043	57,127
Other expenses	62,182	62,678
Total materials, supplies, services and other	<u>570,252</u>	<u>547,891</u>
Total student activities	<u>2,092,336</u>	<u>2,189,380</u>
Total current	<u>196,751,905</u>	<u>204,792,255</u>
Debt service:		
Interest	9,713	
Principal	330,559	340,272
Total debt service	<u>340,272</u>	<u>340,272</u>
Total expenditures	<u>197,092,177</u>	<u>205,132,527</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, 2018

(With comparative totals for 2017)

	<b>Totals</b>	
	<b>2018</b>	<b>2017</b>
Other financing sources (uses):		
Proceeds from sale of capital assets	\$ 6,213	\$ 1,341,600
Issuance of capital lease		
Transfers out	(5,092,465)	(3,658,508)
Total other financing sources (uses)	(5,086,252)	(2,316,908)
Net change in fund balance	(191,225)	(951,182)
Fund balance - beginning	33,660,773	34,611,955
Fund balance - ending	<u>\$ 33,469,548</u>	<u>\$ 33,660,773</u>

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, 2018

	<b>Budgeted Amounts</b>			<b>Actual on</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Budgetary</b>	<b>Variance with</b>
				<b>Basis</b>	<b>Final Budget</b>
Revenues:					
Revenue from local sources:					
Borough direct appropriation	\$ 51,145,400	\$ 51,145,400	\$ 51,145,400	\$ 51,145,400	\$
E-rate revenue	500,000	500,000	462,507	462,507	(37,493)
Other local revenue	488,600	488,600	749,747	749,747	261,147
Tuition from students	25,000	25,000	21,156	21,156	(3,844)
Total local sources	52,159,000	52,159,000	52,378,810	52,378,810	219,810
Revenue from state sources:					
Foundation program	115,209,800	115,209,800	117,791,496	117,791,496	2,581,696
QSI grant	414,480	414,480	415,063	415,063	583
TRS on-behalf	10,699,014	10,699,014	11,156,132	11,156,132	457,118
PERS on-behalf	944,124	944,124	1,167,030	1,167,030	222,906
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	128,852,418	128,852,418	132,100,077	132,100,077	3,247,659
Revenue from federal sources:					
Direct	304,560	304,560	394,359	394,359	89,799
Medicaid revenue	550,000	550,000	467,967	467,967	(82,033)
Through the State of Alaska	15,427,953	15,427,953	16,645,991	16,645,991	1,218,038
Total federal sources	16,282,513	16,282,513	17,508,317	17,508,317	1,225,804
Total revenues	197,293,931	197,293,931	201,987,204	201,987,204	4,693,273
Expenditures - current:					
Instruction:					
Salaries and fringe benefits:					
Certificated salaries	51,423,978	51,387,992	51,387,466	51,387,466	526
Non-certificated salaries	4,005,812	3,944,776	3,933,226	3,933,226	11,550
Employee benefits	32,745,882	32,542,826	31,451,390	31,451,390	1,091,436
Total salaries and fringe benefits	88,175,672	87,875,594	86,772,082	86,772,082	1,103,512
Materials, supplies, services and other:					
Professional and technical services	450,588	534,991	555,847	501,736	33,255
Staff travel	19,849	40,284	17,843	17,843	22,441
Student travel	158,761	164,750	164,671	164,671	79
Utility services	12,000	28,175	27,794	27,794	381
Other purchased services	681,218	416,226	330,569	323,564	92,662
Supplies, materials and media	3,108,228	3,191,354	3,226,414	3,191,336	18
Other expenses		25,728	15,284	15,284	10,444
Total materials, supplies, services and other	4,430,644	4,401,508	4,338,422	4,242,228	159,280
Capital outlay - equipment	40,000	15,623	7,660		15,623
Total instruction	92,646,316	92,292,725	91,118,164	91,014,310	1,278,415

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, 2018

	<b>Budgeted Amounts</b>			<b>Actual on</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Budgetary</b>	<b>Variance with</b>
				<b>Basis</b>	<b>Final Budget</b>
Special education instruction:					
Salaries and fringe benefits:					
Certificated salaries	\$ 8,449,402	\$ 8,270,799	\$ 8,268,412	\$ 8,268,412	\$ 2,387
Non-certificated salaries	5,713,529	5,871,093	5,871,074	5,871,074	19
Employee benefits	8,687,980	8,447,417	8,343,059	8,343,059	104,358
Total salaries and fringe benefits	<u>22,850,911</u>	<u>22,589,309</u>	<u>22,482,545</u>	<u>22,482,545</u>	<u>106,764</u>
Materials, supplies, services and other:					
Professional and technical services	1,428,200	1,816,650	1,813,950	3,708,950	(1,892,300)
Staff travel		3,029	29	29	3,000
Student travel	1,620	3,918	2,753	2,753	1,165
Utility services	6,825	6,825	5,481	5,481	1,344
Other purchased services	307,611	308,111	314,930	307,764	347
Supplies, materials and media	274,080	191,730	191,251	183,833	7,897
Tuition and stipends			109,310	109,310	(109,310)
Total materials, supplies, services and other	<u>2,018,336</u>	<u>2,330,263</u>	<u>2,437,704</u>	<u>4,318,120</u>	<u>(1,987,857)</u>
Total special education instruction	<u>24,869,247</u>	<u>24,919,572</u>	<u>24,920,249</u>	<u>26,800,665</u>	<u>(1,881,093)</u>
Special education support services - students:					
Salaries and fringe benefits:					
Certificated salaries	4,350,334	3,503,153	3,502,296	3,502,296	857
Non-certificated salaries	1,277,736	1,341,904	1,341,603	1,341,603	301
Employee benefits	3,473,828	2,790,633	2,754,065	2,754,065	36,568
Total salaries and fringe benefits	<u>9,101,898</u>	<u>7,635,690</u>	<u>7,597,964</u>	<u>7,597,964</u>	<u>37,726</u>
Materials, supplies, services and other:					
Professional and technical services	146,284	1,773,945	1,761,540	1,761,540	12,405
Staff travel	43,283	40,085	39,911	39,911	174
Student travel	5,400	5,400	4,575	5,237	163
Other purchased services	16,600	7,096	2,700	7,096	
Supplies, materials and media	148,164	75,539	63,351	73,957	1,582
Other expenses	8,100	1,975	1,975	1,975	
Total materials, supplies, services and other	<u>367,831</u>	<u>1,904,040</u>	<u>1,874,052</u>	<u>1,889,716</u>	<u>14,324</u>
Total special education support services - students	<u>9,469,729</u>	<u>9,539,730</u>	<u>9,472,016</u>	<u>9,487,680</u>	<u>52,050</u>
Support services - students:					
Salaries and fringe benefits:					
Certificated salaries	3,161,712	3,443,340	3,443,250	3,443,250	90
Non-certificated salaries	3,914,683	3,676,808	3,402,288	3,402,288	274,520
Employee benefits	4,312,509	4,324,089	4,160,522	4,160,522	163,567
Total salaries and fringe benefits	<u>11,388,904</u>	<u>11,444,237</u>	<u>11,006,060</u>	<u>11,006,060</u>	<u>438,177</u>

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, 2018

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>			
Support services - students (continued):					
Materials, supplies, services and other:					
Professional and technical services	\$ 510,018	\$ 475,878	\$ 296,344	\$ 302,093	\$ 173,785
Staff travel	4,743	16,394	15,973	15,973	421
Student travel	17,556	11,556	4,278	4,278	7,278
Utility services		1,400	1,314	1,314	86
Other purchased services	10,750	13,650	10,806	13,611	39
Supplies, materials and media	217,705	220,830	209,136	218,644	2,186
Other expenses	4,609	4,753	3,513	3,513	1,240
Total materials, supplies, services and other	765,381	744,461	541,364	559,426	185,035
Total support services - students	12,154,285	12,188,698	11,547,424	11,565,486	623,212
Support services - instruction:					
Salaries and fringe benefits:					
Certificated salaries	1,499,300	1,384,508	1,384,154	1,384,154	354
Non-certificated salaries	2,327,789	2,293,320	2,293,766	2,293,766	(446)
Employee benefits	2,361,812	2,359,363	2,264,599	2,264,599	94,764
Total salaries and fringe benefits	6,188,901	6,037,191	5,942,519	5,942,519	94,672
Materials, supplies, services and other:					
Professional and technical services	1,362,299	1,209,577	844,236	895,115	314,462
Staff travel	75,403	203,450	201,417	203,354	96
Utility services	173,900	173,900	148,755	148,755	25,145
Other purchased services	18,780	22,189	11,307	11,307	10,882
Supplies, materials and media	926,172	1,119,618	761,570	770,353	349,265
Other expenses	600	1,237	1,236	1,236	1
Total materials, supplies, services and other	2,557,154	2,729,971	1,968,521	2,030,120	699,851
Capital outlay - equipment		48,426	12,176	12,176	36,250
Total support services - instruction	8,746,055	8,815,588	7,923,216	7,984,815	830,773
School administration:					
Salaries and fringe benefits:					
Certificated salaries	4,795,840	4,890,840	4,890,323	4,890,323	517
Non-certificated salaries		84,000	82,484	82,484	1,516
Employee benefits	2,929,296	2,870,296	2,869,779	2,869,779	517
Total salaries and fringe benefits	7,725,136	7,845,136	7,842,586	7,842,586	2,550
Materials, supplies, services and other:					
Professional and technical services		1,700	2,260	1,665	35
Staff travel	27,280	30,680	30,319	30,319	361
Supplies, materials and media		200	132	132	68
Other expenses	27,382	22,082	21,660	21,660	422
Total materials, supplies, services and other	54,662	54,662	54,371	53,776	886
Total school administration	7,779,798	7,899,798	7,896,957	7,896,362	3,436

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, 2018

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>			
School administration support services:					
Salaries and fringe benefits:					
Non-certificated salaries	\$ 3,244,018	\$ 3,136,869	\$ 3,119,759	\$ 3,119,759	\$ 17,110
Employee benefits	2,066,937	2,041,509	1,923,407	1,923,407	118,102
Total salaries and fringe benefits	<u>5,310,955</u>	<u>5,178,378</u>	<u>5,043,166</u>	<u>5,043,166</u>	<u>135,212</u>
Materials, supplies, services and other:					
Professional and technical services	6,180	7,305	4,794	4,794	2,511
Staff travel	3,999	1,699	1,329	1,329	370
Student travel		856	701	701	155
Utility services	538,956	536,656	529,839	529,839	6,817
Other purchased services	10,350	12,325	12,107	12,107	218
Supplies, materials and media	123,854	124,000	124,680	123,806	194
Other expenses	1,800	8,356	8,205	8,205	151
Total materials, supplies, services and other	<u>685,139</u>	<u>691,197</u>	<u>681,655</u>	<u>680,781</u>	<u>10,416</u>
Total school administration support services	<u>5,996,094</u>	<u>5,869,575</u>	<u>5,724,821</u>	<u>5,723,947</u>	<u>145,628</u>
District administration:					
Salaries and fringe benefits:					
Certificated salaries	467,959	486,159	485,795	485,795	364
Non-certificated salaries	342,625	847,637	847,192	847,192	445
Employee benefits	503,932	807,860	771,519	771,519	36,341
Total salaries and fringe benefits	<u>1,314,516</u>	<u>2,141,656</u>	<u>2,104,506</u>	<u>2,104,506</u>	<u>37,150</u>
Materials, supplies, services, and other:					
Professional and technical services	128,220	359,170	282,046	339,313	19,857
Staff travel	18,891	61,361	61,220	61,220	141
Utility services	5,400	5,400	2,919	2,919	2,481
Other purchased services	24,700	82,226	73,622	79,800	2,426
Supplies, materials and media	209,418	133,676	159,145	128,496	5,180
Other expenses	29,760	35,163	34,627	34,627	536
Total materials, supplies, services, and other	<u>416,389</u>	<u>676,996</u>	<u>613,579</u>	<u>646,375</u>	<u>30,621</u>
Capital outlay - equipment		14,895	32,986	14,544	351
Total district administration	<u>1,730,905</u>	<u>2,833,547</u>	<u>2,751,071</u>	<u>2,765,425</u>	<u>68,122</u>
District administration support services:					
Salaries and fringe benefits:					
Certificated salaries	38,675	48,675	48,352	48,352	323
Non-certificated salaries	5,242,601	4,435,213	4,315,578	4,315,578	119,635
Employee benefits	3,379,156	3,007,787	2,837,863	2,837,863	169,924
Total salaries and fringe benefits	<u>8,660,432</u>	<u>7,491,675</u>	<u>7,201,793</u>	<u>7,201,793</u>	<u>289,882</u>

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, 2018

	<b>Budgeted Amounts</b>			<b>Actual on</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Budgetary</b>	<b>Variance with</b>
				<b>Basis</b>	<b>Final Budget</b>
District administration support services (continued):					
Materials, supplies, services and other:					
Professional and technical services	\$ 1,300,835	\$ 1,170,711	\$ 1,114,903	\$ 1,129,881	\$ 40,830
Staff travel	41,539	45,185	44,337	44,337	848
Utility services	393,201	405,225	177,719	177,719	227,506
Other purchased services	282,073	174,342	176,095	176,095	(1,753)
Insurance and bond premiums	1,194,702	1,194,702	1,047,784	1,047,784	146,918
Supplies, materials and media	338,135	731,137	710,744	718,486	12,651
Other expenses	24,356	132,336	102,398	116,373	15,963
Indirect costs	(663,533)	(663,533)	(738,908)	(738,908)	75,375
Total materials, supplies, services and other	2,911,308	3,190,105	2,635,072	2,671,767	518,338
Capital outlay - equipment	407,657	198,464	73,145	167,099	31,365
Total district administration support services	11,979,397	10,880,244	9,910,010	10,040,659	839,585
Operations and maintenance of plant:					
Salaries and fringe benefits:					
Non-certificated salaries	8,456,259	8,191,743	8,191,557	8,191,557	186
Employee benefits	5,443,702	5,443,702	5,074,115	5,074,115	369,587
Total salaries and fringe benefits	13,899,961	13,635,445	13,265,672	13,265,672	369,773
Materials, supplies, services and other:					
Professional and technical services	37,300	42,745	40,489	37,134	5,611
Staff travel	5,290	5,590	5,566	5,566	24
Utility services	870,655	860,955	860,816	860,816	139
Energy	5,954,838	5,717,638	5,495,675	5,495,675	221,963
Other purchased services	1,527,395	1,532,357	1,723,394	1,686,906	(154,549)
Insurance and bond premiums	451,957	397,957	375,358	375,358	22,599
Supplies, materials and media	1,221,656	1,488,498	1,448,726	1,488,434	64
Other expenses	405	2,305	2,301	2,301	4
Total materials, supplies, services and other	10,069,496	10,048,045	9,952,325	9,952,190	95,855
Capital outlay - equipment	20,000	427,749	177,644	429,854	(2,105)
Total operations and maintenance of plant	23,989,457	24,111,239	23,395,641	23,647,716	463,523
Student activities:					
Salaries and fringe benefits:					
Certificated salaries	1,051,988	570,065	567,803	567,803	2,262
Non-certificated salaries	149,943	598,929	599,634	599,634	(705)
Employee benefits	431,598	364,829	354,647	354,647	10,182
Total salaries and fringe benefits	1,633,529	1,533,823	1,522,084	1,522,084	11,739

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, 2018

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>			
Student activities (continued):					
Materials, supplies, services and other:					
Professional and technical services	\$ 97,002	\$ 173,519	\$ 172,726	\$ 172,726	\$ 793
Staff travel	3,290	13,091	12,996	12,996	95
Student travel	180,756	151,983	150,745	150,745	1,238
Other purchased services	54,223	107,870	105,560	105,560	2,310
Supplies, materials and media	87,983	71,088	66,043	60,703	10,385
Other expenses	58,400	65,167	62,182	62,782	2,385
Total materials, supplies, services and other	481,654	582,718	570,252	565,512	17,206
Total student activities	2,115,183	2,116,541	2,092,336	2,087,596	28,945
Total current	201,476,466	201,467,257	196,751,905	199,014,661	2,452,596
Debt service:					
Interest			9,713	9,713	(9,713)
Principal		340,272	330,559	330,559	9,713
Total debt service		340,272	340,272	340,272	
Total expenditures	201,476,466	201,807,529	197,092,177	199,354,933	2,452,596
Other financing sources (uses):					
Proceeds from sale of capital assets			6,213	6,213	6,213
Transfers out	(3,392,465)	(3,392,465)	(5,092,465)	(5,092,465)	(1,700,000)
Total other financing sources (uses)	(3,392,465)	(3,392,465)	(5,086,252)	(5,086,252)	(1,693,787)
Net change in fund balance	\$ (7,575,000)	\$ (7,906,063)	(191,225)	\$ (2,453,981)	\$ 5,452,082
Fund balance - beginning			33,660,773		
Fund balance - ending			\$ 33,469,548		

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund  
Federal Programs Special Revenue  
Combining Balance Sheet  
For the Year Ended June 30, 2018  
(With comparative totals for 2017)

	<b>Alaska Native Education</b>	<b>Title I-A Basic Grant</b>	<b>Title I-C Migrant Regular</b>	<b>Title III-A English Language Acquisition</b>
<b><u>ASSETS</u></b>				
Equity in central treasury cash	\$	\$	\$	\$
Accounts receivable:				
Local				
State		558,986	175,335	8,017
Federal	240,003			
Total assets	<u>\$ 240,003</u>	<u>\$ 558,986</u>	<u>\$ 175,335</u>	<u>\$ 8,017</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$	\$ 440	\$ 6,759	\$
Due to other funds	240,003	558,546	168,576	8,017
Due to external groups and agencies				
Total liabilities	<u>240,003</u>	<u>558,986</u>	<u>175,335</u>	<u>8,017</u>
Fund balances:				
Restricted				
Total fund balances				
Total liabilities and fund balances	<u>\$ 240,003</u>	<u>\$ 558,986</u>	<u>\$ 175,335</u>	<u>\$ 8,017</u>

See accompanying notes to the basic financial statements

<b>Title I-D Golden Heart Academy</b>	<b>Title I-A Neglected &amp; Delinquent</b>	<b>Carl Perkins Secondary</b>	<b>Air Force ROTC- Ben Eielson Jr/Sr</b>	<b>Air Force ROTC - North Pole HS</b>	<b>Title VI-B</b>
\$	\$	\$	\$	\$	\$
7,497	14,259	163,043	1,190		1,549,660
<u>\$ 7,497</u>	<u>\$ 14,259</u>	<u>\$ 163,043</u>	<u>\$ 1,190</u>	<u>\$</u>	<u>\$ 1,549,660</u>
\$	\$	\$	\$	\$	\$
7,497	14,259	163,043	1,190	475	77,929
<u>7,497</u>	<u>14,259</u>	<u>163,043</u>	<u>1,190</u>	<u>475</u>	<u>1,471,731</u>
					1,549,660
				(475)	
				(475)	
<u>\$ 7,497</u>	<u>\$ 14,259</u>	<u>\$ 163,043</u>	<u>\$ 1,190</u>	<u>\$</u>	<u>\$ 1,549,660</u>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund  
Federal Programs Special Revenue  
Combining Balance Sheet  
For the Year Ended June 30, 2018  
(With comparative totals for 2017)

	<b>Preschool Disabled Section 619</b>	<b>Title I-A Parent Involvement</b>	<b>Alaska Community Learning Centers</b>	<b>Title IV-A Student Support Services</b>
<b><u>ASSETS</u></b>				
Equity in central treasury cash	\$	\$	\$	\$
Accounts receivable:				
Local				
State	25,728	6,379	376,308	20,880
Federal				
Total assets	<u>\$ 25,728</u>	<u>\$ 6,379</u>	<u>\$ 376,308</u>	<u>\$ 20,880</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$	\$	\$ 1,414	\$
Due to other funds	25,728	6,379	374,894	20,880
Due to external groups and agencies				
Total liabilities	<u>25,728</u>	<u>6,379</u>	<u>376,308</u>	<u>20,880</u>
Fund balances:				
Restricted				
Total fund balances				
Total liabilities and fund balances	<u>\$ 25,728</u>	<u>\$ 6,379</u>	<u>\$ 376,308</u>	<u>\$ 20,880</u>

See accompanying notes to the basic financial statements

<u>Special Education 619 Audit</u>	<u>Migrant Competitive</u>	<u>Migrant Parent Advisory Council</u>	<u>Migrant Education Book Program</u>	<u>Options Child Care Grant</u>	<u>McKinney Vento Homeless Education</u>
\$	\$	\$ 536	\$	\$ 1,120	\$
2,665	9,496		9,011		10,109
<u>\$ 2,665</u>	<u>\$ 9,496</u>	<u>\$ 536</u>	<u>\$ 9,011</u>	<u>\$ 1,120</u>	<u>\$ 10,109</u>
\$	\$	\$ 536	\$	\$	\$
2,665	9,496		9,011		10,109
<u>2,665</u>	<u>9,496</u>	<u>536</u>	<u>9,011</u>		<u>10,109</u>
				1,120	
				1,120	
<u>\$ 2,665</u>	<u>\$ 9,496</u>	<u>\$ 536</u>	<u>\$ 9,011</u>	<u>\$ 1,120</u>	<u>\$ 10,109</u>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund  
Federal Programs Special Revenue  
Combining Balance Sheet  
For the Year Ended June 30, 2018  
(With comparative totals for 2017)

	<u>Department of Defense Education Activity 2016</u>	<u>Department of Defense Education Activity 2017</u>	<u>Department of Defense Education Activity 2018</u>	<u>Title II-A Teacher &amp; Principal Training</u>
<b><u>ASSETS</u></b>				
Equity in central treasury cash	\$	\$	\$	\$
Accounts receivable:				
Local				
State				415,494
Federal	43,210	90,870	22,611	
Total assets	<u>\$ 43,210</u>	<u>\$ 90,870</u>	<u>\$ 22,611</u>	<u>\$ 415,494</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$	\$ 300	\$	\$ 763
Due to other funds	43,210	90,570	22,611	414,731
Due to external groups and agencies				
Total liabilities	<u>43,210</u>	<u>90,870</u>	<u>22,611</u>	<u>415,494</u>
Fund balances:				
Restricted				
Total fund balances				
Total liabilities and fund balances	<u>\$ 43,210</u>	<u>\$ 90,870</u>	<u>\$ 22,611</u>	<u>\$ 415,494</u>

See accompanying notes to the basic financial statements



ESEA Consolidated Administration Pool	Totals	
	2018	2017
\$	\$ 1,656	\$ 1,881
		41,577
192,509	3,545,376	3,381,481
	397,884	515,570
<u>\$ 192,509</u>	<u>\$ 3,944,916</u>	<u>\$ 3,940,509</u>

\$ 200	\$ 88,341	\$ 41,300
192,309	3,855,930	3,884,038
		13,290
<u>192,509</u>	<u>3,944,271</u>	<u>3,938,628</u>

	645	1,881
	645	1,881
<u>\$ 192,509</u>	<u>\$ 3,944,916</u>	<u>\$ 3,940,509</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, 2018

(With comparative totals for 2017)

	<b>Alaska Native Education</b>	<b>Title I-A Basic Grant</b>	<b>Title I-C Migrant Regular</b>	<b>Title III-A English Language Acquisition</b>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct	898,740			
Through the State of Alaska		2,156,394	408,136	28,129
Other intermediate agencies				
Total federal sources	<u>898,740</u>	<u>2,156,394</u>	<u>408,136</u>	<u>28,129</u>
Total revenues	<u>898,740</u>	<u>2,156,394</u>	<u>408,136</u>	<u>28,129</u>
Expenditures - current:				
Instruction	845,356	2,023,263	382,939	27,577
Special education instruction				
Support services - students				
Support services - instruction				
District administration support services	53,384	133,131	25,197	552
Food services				
Total expenditures	<u>898,740</u>	<u>2,156,394</u>	<u>408,136</u>	<u>28,129</u>
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

See accompanying notes to the basic financial statements

<b>Title I-D Golden Heart Academy</b>	<b>Title I-A Neglected &amp; Delinquent</b>	<b>Carl Perkins Secondary</b>	<b>Air Force ROTC- Ben Eielson Jr/Sr</b>	<b>Air Force ROTC - North Pole HS</b>	<b>Marines ROTC - West Valley HS</b>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
22,970	86,314	277,896	4,902	15,524	
<u>22,970</u>	<u>86,314</u>	<u>277,896</u>	<u>4,902</u>	<u>15,524</u>	
<u>22,970</u>	<u>86,314</u>	<u>277,896</u>	<u>4,902</u>	<u>15,524</u>	
21,552	80,985	268,998	4,902	15,999	761
1,418	5,329	8,898			
<u>22,970</u>	<u>86,314</u>	<u>277,896</u>	<u>4,902</u>	<u>15,999</u>	<u>761</u>
				(475)	(761)
					761
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (475)</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, 2018

(With comparative totals for 2017)

	<b>Title VI-B</b>	<b>Preschool Disabled Section 619</b>	<b>Title I-A Parent Involvement</b>	<b>Alaska Community Learning Centers</b>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$ 13,427
Revenue from federal sources:				
Direct				
Through the State of Alaska	4,461,466	95,655	21,843	1,360,654
Other intermediate agencies				
Total federal sources	4,461,466	95,655	21,843	1,360,654
Total revenues	4,461,466	95,655	21,843	1,374,081
Expenditures - current:				
Instruction				
Special education instruction	4,186,026	89,750	20,494	1,290,077
Support services - students				
Support services - instruction				
District administration support services	275,440	5,905	1,349	84,004
Food services				
Total expenditures	4,461,466	95,655	21,843	1,374,081
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

See accompanying notes to the basic financial statements

<b>Title IV-A Student Support Services</b>	<b>Special Education 619 Audit</b>	<b>Migrant Competitive</b>	<b>Migrant Parent Advisory Council</b>	<b>Migrant Education Book Program</b>	<b>Options Child Care Grant</b>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
42,656	2,917	27,497	747	13,200	
<u>42,656</u>	<u>2,917</u>	<u>27,497</u>	<u>747</u>	<u>13,200</u>	
<u>42,656</u>	<u>2,917</u>	<u>27,497</u>	<u>747</u>	<u>13,200</u>	
41,820	2,737	25,800	747	13,200	
836	180	1,697			
<u>42,656</u>	<u>2,917</u>	<u>27,497</u>	<u>747</u>	<u>13,200</u>	
					1,120
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,120</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, 2018

(With comparative totals for 2017)

	<b>McKinney Vento Homeless Education</b>	<b>Department of Defense Education Activity 2016</b>	<b>Department of Defense Education Activity 2017</b>	<b>Department of Defense Education Activity 2018</b>
Revenues:				
Revenue from local sources:				
Other local revenue	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Revenue from federal sources:				
Direct		194,758	287,416	278,844
Through the State of Alaska	37,296			
Other intermediate agencies				
Total federal sources	<u>37,296</u>	<u>194,758</u>	<u>287,416</u>	<u>278,844</u>
Total revenues	<u>37,296</u>	<u>194,758</u>	<u>287,416</u>	<u>278,844</u>
Expenditures - current:				
Instruction				
Special education instruction				
Support services - students	34,993	194,758	287,416	261,629
Support services - instruction				
District administration support services	2,303			17,215
Food services				
Total expenditures	<u>37,296</u>	<u>194,758</u>	<u>287,416</u>	<u>278,844</u>
Net change in fund balances				
Fund balances - beginning	<u></u>	<u></u>	<u></u>	<u></u>
Fund balances - ending	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

See accompanying notes to the basic financial statements

Title II-A Teacher & Principal Training	ESEA Consolidated Administration Pool	Fresh Fruit & Vegetable Program	Totals	
			2018	2017
\$	\$	\$	\$ 13,427	\$ 7,047
			1,680,184	1,473,522
1,107,012	673,557	64,212	10,888,551	10,217,494
				166,793
1,107,012	673,557	64,212	12,568,735	11,857,809
1,107,012	673,557	64,212	12,582,162	11,864,856
			3,672,332	3,716,236
			5,670,651	4,826,396
			778,796	664,681
1,038,668	283,489		1,322,157	1,656,825
68,344	390,068		1,075,250	909,373
		64,212	64,212	90,584
1,107,012	673,557	64,212	12,583,398	11,864,095
			(1,236)	761
			1,881	1,120
\$	\$	\$	\$ 645	\$ 1,881

**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, 2018

(With comparative totals for 2017)

	<b>Alaska Native Education</b>	<b>Title I-A Basic Grant</b>	<b>Title I-C Migrant Regular</b>	<b>Title III-A English Language Acquisition</b>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct	898,740			
Through the State of Alaska		2,156,394	408,136	28,129
Other intermediate agencies				
Total federal sources	898,740	2,156,394	408,136	28,129
Total revenues	898,740	2,156,394	408,136	28,129
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries	84,710	518,537	4,678	273
Non-certificated salaries	428,719	590,041	180,956	5,396
Employee benefits	301,497	565,571	95,546	1,718
Total salaries and fringe benefits	814,926	1,674,149	281,180	7,387
Materials, supplies, services and other:				
Professional and technical services	125	23,830	70,366	5,000
Staff travel	6,452	112,504	2,888	
Student travel	6,183	15,055	60	
Utility services				
Other purchased services	251	690	464	
Supplies, materials and media	17,339	197,035	27,981	15,190
Tuition and stipends				
Other expenses	80			
Indirect costs	53,384	133,131	25,197	552
Total materials, supplies, services and other	83,814	482,245	126,956	20,742
Capital outlay - equipment				
Total expenditures	898,740	2,156,394	408,136	28,129
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

See accompanying notes to the basic financial statements



<b>Title I-D Golden Heart Academy</b>	<b>Title I-A Neglected &amp; Delinquent</b>	<b>Carl Perkins Secondary</b>	<b>Air Force ROTC- Ben Eielson Jr/Sr</b>	<b>Air Force ROTC - North Pole HS</b>	<b>Marines ROTC - West Valley HS</b>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
22,970	86,314	277,896	4,902	15,524	
<u>22,970</u>	<u>86,314</u>	<u>277,896</u>	<u>4,902</u>	<u>15,524</u>	
<u>22,970</u>	<u>86,314</u>	<u>277,896</u>	<u>4,902</u>	<u>15,524</u>	
12,472	42,403	95,926			
7,580	26,585	43,886			
<u>20,052</u>	<u>68,988</u>	<u>139,812</u>			
1,500	7,712	4,560			
		13,137			
			4,818	13,945	
		2,000			
	4,285	18,447	84	2,054	761
		73,872			
<u>1,418</u>	<u>5,329</u>	<u>8,898</u>			
<u>2,918</u>	<u>17,326</u>	<u>120,914</u>	<u>4,902</u>	<u>15,999</u>	<u>761</u>
		17,170			
<u>22,970</u>	<u>86,314</u>	<u>277,896</u>	<u>4,902</u>	<u>15,999</u>	<u>761</u>
				(475)	(761)
					761
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (475)</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, 2018

(With comparative totals for 2017)

	<b>Title VI-B</b>	<b>Preschool Disabled Section 619</b>	<b>Title I-A Parent Involvement</b>	<b>Alaska Community Learning Centers</b>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$ 13,427
Revenue from federal sources:				
Direct				
Through the State of Alaska	4,461,466	95,655	21,843	1,360,654
Other intermediate agencies				
Total federal sources	4,461,466	95,655	21,843	1,360,654
Total revenues	4,461,466	95,655	21,843	1,374,081
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries	969,955		4,270	195,071
Non-certificated salaries	1,069,712	47,820	2,752	598,968
Employee benefits	1,063,399	29,916	767	295,786
Total salaries and fringe benefits	3,103,066	77,736	7,789	1,089,825
Materials, supplies, services and other:				
Professional and technical services	471,894			66,215
Staff travel	94,599			22,238
Student travel	3,019	1,027		56,248
Utility services				2,800
Other purchased services	4,733		50	70
Supplies, materials and media	508,715	10,987	12,655	52,681
Tuition and stipends				
Other expenses				
Indirect costs	275,440	5,905	1,349	84,004
Total materials, supplies, services and other	1,358,400	17,919	14,054	284,256
Capital outlay - equipment				
Total expenditures	4,461,466	95,655	21,843	1,374,081
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

See accompanying notes to the basic financial statements

<b>Title IV-A Student Support Services</b>	<b>Special Education 619 Audit</b>	<b>Migrant Competitive</b>	<b>Migrant Parent Advisory Council</b>	<b>Migrant Education Book Program</b>	<b>Options Child Care Grant</b>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
42,656	2,917	27,497	747	13,200	
<u>42,656</u>	<u>2,917</u>	<u>27,497</u>	<u>747</u>	<u>13,200</u>	
<u>42,656</u>	<u>2,917</u>	<u>27,497</u>	<u>747</u>	<u>13,200</u>	
26,446	126	12,733			
8,355	11	8,012			
<u>34,801</u>	<u>137</u>	<u>20,745</u>			
150	2,600				
5,712		2,581	747		
1,157		2,474		13,200	
836	180	1,697			
<u>7,855</u>	<u>2,780</u>	<u>6,752</u>	<u>747</u>	<u>13,200</u>	
<u>42,656</u>	<u>2,917</u>	<u>27,497</u>	<u>747</u>	<u>13,200</u>	
					1,120
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,120</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, 2018

(With comparative totals for 2017)

	<b>McKinney Vento Homeless Education</b>	<b>Department of Defense Education Activity 2016</b>	<b>Department of Defense Education Activity 2017</b>	<b>Department of Defense Education Activity 2018</b>
Revenues:				
Revenue from local sources:				
Other local revenue	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Revenue from federal sources:				
Direct		194,758	287,416	278,844
Through the State of Alaska	37,296			
Other intermediate agencies				
Total federal sources	<u>37,296</u>	<u>194,758</u>	<u>287,416</u>	<u>278,844</u>
Total revenues	<u>37,296</u>	<u>194,758</u>	<u>287,416</u>	<u>278,844</u>
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries		31,128		
Non-certificated salaries	31,253	67,740	136,698	13,577
Employee benefits	<u>2,750</u>	<u>45,361</u>	<u>52,449</u>	<u>8,575</u>
Total salaries and fringe benefits	<u>34,003</u>	<u>144,229</u>	<u>189,147</u>	<u>22,152</u>
Materials, supplies, services and other:				
Professional and technical services		22,500	45,323	930
Staff travel		2,126	28,238	4,766
Student travel				
Utility services				
Other purchased services				
Supplies, materials and media	990	25,903	24,708	233,781
Tuition and stipends				
Other expenses				
Indirect costs	<u>2,303</u>			<u>17,215</u>
Total materials, supplies, services and other	<u>3,293</u>	<u>50,529</u>	<u>98,269</u>	<u>256,692</u>
Capital outlay - equipment				
Total expenditures	<u>37,296</u>	<u>194,758</u>	<u>287,416</u>	<u>278,844</u>
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

See accompanying notes to the basic financial statements

Title II-A Teacher & Principal Training	ESEA Consolidated Administration Pool	Fresh Fruit & Vegetable Program	Totals	
			2018	2017
\$	\$	\$	\$ 13,427	\$ 7,047
			1,680,184	1,473,522
1,107,012	673,557	64,212	10,888,551	10,217,494
				166,793
1,107,012	673,557	64,212	12,568,735	11,857,809
1,107,012	673,557	64,212	12,582,162	11,864,856
525,238	90,071		2,519,857	2,311,778
127,600	287,993		3,683,405	3,660,580
316,956	223,283		3,098,003	3,018,133
969,794	601,347		9,301,265	8,990,491
14,519			737,224	562,950
53,196	22,134		371,318	665,701
			100,355	103,266
			2,800	2,420
	122		8,380	9,430
	8,298	64,212	1,242,937	900,402
			73,872	
1,159	199		1,438	1,384
68,344	41,457		726,639	628,051
137,218	72,210	64,212	3,264,963	2,873,604
			17,170	
1,107,012	673,557	64,212	12,583,398	11,864,095
			(1,236)	761
			1,881	1,120
\$	\$	\$	\$ 645	\$ 1,881

**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, 2018

(With comparative totals for 2017)

<b>ESEA Consolidated Administration Pool *</b>				
	<b>Support Services - Instruction</b>	<b>District Administration Support Services</b>	<b>Totals</b>	
			<b>2018</b>	<b>2017</b>
Revenues:				
Revenue from federal sources:				
Through the State of Alaska	\$ 390,068	\$ 283,489	\$ 673,557	\$ 702,284
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries	63,580	26,491	90,071	83,285
Non-certificated salaries	168,842	119,151	287,993	305,157
Employee benefits	136,658	86,625	223,283	235,516
Total salaries and fringe benefits	369,080	232,267	601,347	623,958
Materials, supplies, services and other:				
Staff travel		22,134	22,134	28,864
Other purchased services		122	122	1,635
Supplies, materials and media		8,298	8,298	7,529
Other expenses		199	199	384
Indirect costs	20,988	20,469	41,457	39,914
Total materials, supplies, services and other	20,988	51,222	72,210	78,326
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

\* This schedule is included to facilitate the separation of expenditures in the ESEA Consolidated Administration Pool into separate functional areas.

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, 2018

	<b>Budgeted Amounts</b>			<b>Actual on</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Budgetary</b>	<b>Final Budget</b>
Revenues:					
Revenue from local sources:					
Other local revenue	\$	\$	\$ 13,427	\$ 13,427	\$ 13,427
Revenue from federal sources:					
Direct	4,144,488	4,147,385	1,680,184	1,680,184	(2,467,201)
Through the State of Alaska	12,727,029	13,682,679	10,888,551	10,882,454	(2,800,225)
Other intermediate agencies	40,000	40,000			(40,000)
	<u>16,911,517</u>	<u>17,870,064</u>	<u>12,568,735</u>	<u>12,562,638</u>	<u>(5,307,426)</u>
Total revenues	<u>16,911,517</u>	<u>17,870,064</u>	<u>12,582,162</u>	<u>12,576,065</u>	<u>(5,293,999)</u>
Expenditures - current:					
Salaries and fringe benefits:					
Certificated salaries	2,864,505	3,022,624	2,519,858	2,519,858	502,766
Non-certificated salaries	5,075,400	5,165,971	3,683,405	3,683,405	1,482,566
Employee benefits	<u>3,787,739</u>	<u>3,862,582</u>	<u>3,098,002</u>	<u>3,098,002</u>	<u>764,580</u>
Total salaries and fringe benefits	<u>11,727,644</u>	<u>12,051,177</u>	<u>9,301,265</u>	<u>9,301,265</u>	<u>2,749,912</u>
Materials, supplies, services and other:					
Professional and technical services	1,427,667	1,545,348	737,224	712,368	832,980
Staff travel	416,963	557,070	371,318	371,318	185,752
Student travel	138,312	132,774	100,355	100,355	32,419
Utility services	2,800	2,800	2,800	2,800	
Other purchased services	11,254	10,221	8,380	8,380	1,841
Supplies, materials and media	2,210,759	2,523,660	1,242,937	1,253,201	1,270,459
Tuition and stipends	1,000	75,160	73,872	73,872	1,288
Other expenses	30,125	19,288	1,438	1,438	17,850
Indirect costs	<u>871,954</u>	<u>930,686</u>	<u>726,639</u>	<u>726,639</u>	<u>204,047</u>
Total materials, supplies, services and other	<u>5,110,834</u>	<u>5,797,007</u>	<u>3,264,963</u>	<u>3,250,371</u>	<u>2,546,636</u>
Capital outlay - equipment	<u>74,159</u>	<u>23,000</u>	<u>17,170</u>	<u>25,665</u>	<u>(2,665)</u>
Total expenditures	<u>16,912,637</u>	<u>17,871,184</u>	<u>12,583,398</u>	<u>12,577,301</u>	<u>5,293,883</u>
Net change in fund balance	<u>\$ (1,120)</u>	<u>\$ (1,120)</u>	<u>(1,236)</u>	<u>\$ (1,236)</u>	<u>\$ (116)</u>
Fund balance - beginning			1,881		
Fund balance - ending			<u>\$ 645</u>		

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, 2018  
(With comparative totals for 2017)

	<b>Totals</b>	
	<b>2018</b>	<b>2017</b>
<b><u>ASSETS</u></b>		
Equity in central treasury cash	<u>\$ 4,254,547</u>	<u>\$ 7,560,381</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts payable	<u>\$ 210,535</u>	<u>\$ 4,527,786</u>
Fund balance:		
Restricted		331,754
Assigned	<u>4,044,012</u>	<u>2,700,841</u>
Total fund balance	<u>4,044,012</u>	<u>3,032,595</u>
Total liabilities and fund balance	<u>\$ 4,254,547</u>	<u>\$ 7,560,381</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, 2018  
(With comparative totals for 2017)

	<b>Totals</b>	
	<b>2018</b>	<b>2017</b>
Revenues:		
Revenue from state sources	\$ 12,101,611	\$ 11,201,544
Expenditures - current:		
Salaries and fringe benefits:		
Non-certificated salaries	207,898	221,271
Employee benefits	119,877	122,784
Total salaries and fringe benefits	327,775	344,055
Materials, supplies, services and other:		
Professional and technical services	19,781	15,893
Utility services	359	1,078
Other purchased services	12,571,306	10,800,900
Supplies, materials and media	1,069,940	921,227
Total materials, supplies, services and other	13,661,386	11,739,098
Capital outlay - other capital outlay		58,385
Total expenditures	13,989,161	12,141,538
Other financing sources:		
Transfers in	2,898,967	1,472,000
Net change in fund balance	1,011,417	532,006
Fund balance - beginning	3,032,595	2,500,589
Fund balance - ending	\$ 4,044,012	\$ 3,032,595

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, 2018

	<b>Budgeted Amounts</b>			<b>Actual on</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Budgetary</b>	<b>Variance with</b>
				<b>Basis</b>	<b>Final Budget</b>
Revenues:					
Revenue from state sources	\$ 12,160,764	\$ 12,100,386	\$ 12,101,611	\$ 11,974,919	\$ (125,467)
Expenditures - current:					
Salaries and fringe benefits:					
Non-certificated salaries	180,213	180,213	207,898	207,898	(27,685)
Employee benefits	111,291	111,291	119,877	119,877	(8,586)
Total salaries and fringe benefits	291,504	291,504	327,775	327,775	(36,271)
Materials, supplies, services and other:					
Professional and technical services	7,000	7,000	19,781	19,781	(12,781)
Staff travel	4,200	4,200			4,200
Utility services			359	359	(359)
Other purchased services	14,041,485	13,981,107	12,571,306	12,450,550	1,530,557
Supplies, materials and media	715,542	715,542	1,069,940	1,064,004	(348,462)
Total materials, supplies, services and other	14,768,227	14,707,849	13,661,386	13,534,694	1,173,155
Total expenditures	15,059,731	14,999,353	13,989,161	13,862,469	1,136,884
Other financing sources:					
Transfers in	2,898,967	2,898,967	2,898,967	2,898,967	
Net change in fund balance	\$	\$	1,011,417	\$ 1,011,417	\$ 1,011,417
Fund balance - beginning			3,032,595		
Fund balance - ending			\$ 4,044,012		

See accompanying notes to the basic financial statements

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**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund  
State Programs Special Revenue  
Combining Balance Sheet  
For the Year Ended June 30, 2018  
(With comparative totals for 2017)

	<u>Staff Development Mini-grants</u>	<u>Safe Children's Act</u>	<u>Charter School Boreal Sun</u>	<u>Youth Risk Behavior Survey</u>
<b><u>ASSETS</u></b>				
Equity in central treasury cash	\$ 3,016	\$ 2,341	\$	\$ 293
Accounts receivable:				
State			410	
Due from Fairbanks North Star Borough				
Total assets	<u>\$ 3,016</u>	<u>\$ 2,341</u>	<u>\$ 410</u>	<u>\$ 293</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 225	\$	\$	\$
Unearned revenue		2,341		293
Due to other funds	2,791		410	
Due to external groups and agencies				
Total liabilities	<u>3,016</u>	<u>2,341</u>	<u>410</u>	<u>293</u>
Fund balances:				
Restricted				
Total liabilities and fund balances	<u>\$ 3,016</u>	<u>\$ 2,341</u>	<u>\$ 410</u>	<u>\$ 293</u>

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	
				2018	2017
\$ 276,448	\$	\$	\$ 395,189	\$ 677,287	\$ 767,410
	13,163	90,032		103,605	110,338
					38,852
<u>\$ 276,448</u>	<u>\$ 13,163</u>	<u>\$ 90,032</u>	<u>\$ 395,189</u>	<u>\$ 780,892</u>	<u>\$ 916,600</u>
\$ 4,075	\$ 705	\$	\$	\$ 5,005	\$ 300
	12,458	90,032	395,189	397,823	400,081
				105,691	145,353
					3,537
<u>4,075</u>	<u>13,163</u>	<u>90,032</u>	<u>395,189</u>	<u>508,519</u>	<u>549,271</u>
<u>272,373</u>				<u>272,373</u>	<u>367,329</u>
<u>\$ 276,448</u>	<u>\$ 13,163</u>	<u>\$ 90,032</u>	<u>\$ 395,189</u>	<u>\$ 780,892</u>	<u>\$ 916,600</u>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund

State Programs Special Revenue

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

For the Year Ended June 30, 2018

(With comparative totals for 2017)

	<b>Staff Development Mini-grants</b>	<b>Barnette Digital Classroom Technology</b>	<b>Two Rivers Classroom Upgrades</b>	<b>Lathrop Technology &amp; Upgrade</b>
Revenues:				
Revenue from state sources	\$ 11,859	\$ 13,779	\$ 5,123	\$ 393
Expenditures - current:				
Instruction	11,859	13,779	5,123	393
Support services - students				
School administration support services				
District administration support services				
Operations and maintenance of plant				
Food service				
Total expenditures	11,859	13,779	5,123	393
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

See accompanying notes to the basic financial statements

<u>Safe Children's Act</u>	<u>Charter School Boreal Sun</u>	<u>Youth Risk Behavior Survey</u>	<u>Student Safety and Security</u>	<u>Capacity Bldg Suicide Prevention</u>	<u>Ticassuk Brown Security Systems</u>
\$ 3,291	\$ 90,000	\$ 4,458	\$	\$ 26,378	\$ 11,629
3,291	62,362	4,458	94,956	26,378	11,629
	27,638				
<u>3,291</u>	<u>90,000</u>	<u>4,458</u>	<u>94,956</u>	<u>26,378</u>	<u>11,629</u>
			(94,956)		
			367,329		
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 272,373</u>	<u>\$</u>	<u>\$</u>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund

State Programs Special Revenue

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

For the Year Ended June 30, 2018

(With comparative totals for 2017)

	<b>Alaska Pre- Elementary</b>	<b>Totals</b>	
		<b>2018</b>	<b>2017</b>
Revenues:			
Revenue from state sources	\$ 116,274	\$ 283,184	\$ 235,755
Expenditures - current:			
Instruction		96,807	96,142
Support services - students	116,274	253,695	150,977
School administration support services		27,638	
District administration support services			8,236
Operations and maintenance of plant			869
Food service			10,184
Total expenditures	116,274	378,140	266,408
Net change in fund balances		(94,956)	(30,653)
Fund balances - beginning		367,329	397,982
Fund balances - ending	\$	\$ 272,373	\$ 367,329

See accompanying notes to the basic financial statements



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**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund

State Programs Special Revenue

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

For the Year Ended June 30, 2018

(With comparative totals for 2017)

	<b>Staff Development Mini-grants</b>	<b>Barnette Digital Classroom Technology</b>	<b>Two Rivers Classroom Upgrades</b>	<b>Lathrop Technology &amp; Upgrade</b>
Revenues:				
Revenue from state sources	\$ 11,859	\$ 13,779	\$ 5,123	\$ 393
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries				
Non-certificated salaries				
Employee benefits				
Total salaries and fringe benefits				
Materials, supplies, services and other:				
Professional and technical services				
Staff travel	11,859			
Student travel				
Energy				
Other purchased services				
Supplies, materials and media		13,779	5,123	393
Other expenses				
Indirect costs				
Total materials, supplies, services and other	11,859	13,779	5,123	393
Capital outlay - equipment				
Total expenditures	11,859	13,779	5,123	393
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

See accompanying notes to the basic financial statements

<b>Safe Children's Act</b>	<b>Charter School Boreal Sun</b>	<b>Youth Risk Behavior Survey</b>	<b>Student Safety and Security</b>	<b>Capacity Bldg Suicide Prevention</b>	<b>Ticassuk Brown Security Systems</b>
\$ 3,291	\$ 90,000	\$ 4,458	\$	\$ 26,378	\$ 11,629
1,242			325	9,873 1,732	1,190
2,049	86,538	4,458	86,785	3,255 9,889	10,439
	3,462			1,629	
3,291	90,000	4,458	87,110	26,378	11,629
			7,846		
3,291	90,000	4,458	94,956	26,378	11,629
			(94,956)		
			367,329		
\$	\$	\$	\$ 272,373	\$	\$

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund

State Programs Special Revenue

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

For the Year Ended June 30, 2018

(With comparative totals for 2017)

	<b>Alaska Pre- Elementary</b>	<b>Totals</b>	
		<b>2018</b>	<b>2017</b>
Revenues:			
Revenue from state sources	\$ 116,274	\$ 283,184	\$ 235,755
Expenditures - current:			
Salaries and fringe benefits:			
Certificated salaries	18,070	18,070	6,451
Non-certificated salaries	51,043	51,043	40,194
Employee benefits	11,093	11,093	11,725
Total salaries and fringe benefits	80,206	80,206	58,370
Materials, supplies, services and other:			
Professional and technical services		1,515	22,500
Staff travel	240	23,214	10,261
Student travel		1,732	1,739
Energy			869
Other purchased services		3,255	22,348
Supplies, materials and media	23,650	243,103	142,085
Other expenses	5,000	5,000	
Indirect costs	7,178	12,269	8,236
Total materials, supplies, services and other	36,068	290,088	208,038
Capital outlay - equipment		7,846	
Total expenditures	116,274	378,140	266,408
Net change in fund balances		(94,956)	(30,653)
Fund balances - beginning		367,329	397,982
Fund balances - ending	\$	\$ 272,373	\$ 367,329

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Major 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, 2018

	<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 state sources	\$ 708,490	\$ 713,743	\$ 283,184	\$ 283,184	\$ (430,559)
Expenditures - current:					
Salaries and fringe benefits:					
Certificated salaries	58,967	19,731	18,070	18,070	1,661
Non-certificated salaries	14,415	69,624	51,043	51,043	18,581
Employee benefits	27,419	18,285	11,093	11,093	7,192
Total salaries and fringe benefits	100,801	107,640	80,206	80,206	27,434
Materials, supplies, services and other:					
Professional and technical services	25,000	7,000	1,515	1,515	5,485
Staff travel	14,087	25,936	23,214	23,214	2,722
Student travel	1,800	1,732	1,732	1,732	
Energy					
Other purchased services	23,000	18,255	3,255	3,255	15,000
Supplies, materials and media	791,841	800,926	243,103	243,103	557,823
Other expenses	5,000	5,000	5,000	5,000	
Indirect cost	14,290	14,583	12,269	12,269	2,314
Total materials, supplies, services and other	875,018	873,432	290,088	290,088	583,344
Capital outlay - equipment	100,000	100,000	7,846	7,846	92,154
Total expenditures	1,075,819	1,081,072	378,140	378,140	702,932
Net change in fund balance	\$ (367,329)	\$ (367,329)	(94,956)	\$ (94,956)	\$ 272,373
Fund balance - beginning			367,329		
Fund balance - ending			\$ 272,373		

See accompanying notes to the basic financial statements

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# **NONMAJOR GOVERNMENTAL FUNDS**

# **NONMAJOR GOVERNMENTAL FUNDS – BY FUND TYPE**



**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Governmental Funds  
Combining Balance Sheet - by Fund Type  
June 30, 2018  
(With comparative totals for 2017)

	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Totals</b>	
			<b>2018</b>	<b>2017</b>
<b><u>ASSETS</u></b>				
Equity in central treasury cash	\$ 1,774,684	\$ 83,090	\$ 1,857,774	\$ 1,926,749
Accounts receivable:				
Local	2,547		2,547	86,931
State	20,512		20,512	277,235
Due from Fairbanks North Star Borough				140,178
Inventories	404,622		404,622	414,148
Total assets	<u>\$ 2,202,365</u>	<u>\$ 83,090</u>	<u>\$ 2,285,455</u>	<u>\$ 2,845,241</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 12,993	\$	\$ 12,993	\$ 96,263
Unearned revenue	1,300		1,300	4,713
Due to other funds				213,794
Total liabilities	<u>14,293</u>		<u>14,293</u>	<u>314,770</u>
Fund balances:				
Nonspendable - inventories	404,622		404,622	414,148
Committed	1,583,939		1,583,939	1,563,189
Assigned	199,511	83,090	282,601	553,134
Total fund balances	<u>2,188,072</u>	<u>83,090</u>	<u>2,271,162</u>	<u>2,530,471</u>
Total liabilities and fund balances	<u>\$ 2,202,365</u>	<u>\$ 83,090</u>	<u>\$ 2,285,455</u>	<u>\$ 2,845,241</u>

See accompanying notes to the basic financial statements

**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, 2018

(With comparative totals for 2017)

	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total</b>	
			<b>2018</b>	<b>2017</b>
Revenues:				
Revenue from local sources:				
Food service	\$ 1,360,303	\$	\$ 1,360,303	\$ 1,369,239
Other local revenue	2,677,800	378,193	3,055,993	3,544,258
Total local sources	4,038,103	378,193	4,416,296	4,913,497
Revenue from federal sources:				
Through the State of Alaska	3,682,542	46,242	3,728,784	3,999,265
Total revenues	7,720,645	424,435	8,145,080	8,912,762
Expenditures - current:				
Instruction	13,783		13,783	2,500
Support services - students	186,119		186,119	157,777
Support services - instruction	15,067		15,067	33,298
District administration support services				98
Student activities	2,442,081		2,442,081	2,599,810
Food services	5,545,531		5,545,531	5,551,942
Capital outlay		695,306	695,306	1,019,257
Total expenditures	8,202,581	695,306	8,897,887	9,364,682
Other financing sources (uses):				
Transfers in	493,498		493,498	2,187,851
Transfers out				(1,343)
Total other financing sources (uses)	493,498		493,498	2,186,508
Net change in fund balances	11,562	(270,871)	(259,309)	1,734,588
Fund balances - beginning	2,176,510	353,961	2,530,471	795,883
Fund balances - ending	<u>\$ 2,188,072</u>	<u>\$ 83,090</u>	<u>\$ 2,271,162</u>	<u>\$ 2,530,471</u>

See accompanying notes to the basic financial statements

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# NONMAJOR SPECIAL REVENUE FUNDS

**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.

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Nonmajor Special Revenue Funds  
Combining Balance Sheet  
June 30, 2018  
(With comparative totals for 2017)

	<u>Local Programs</u>	<u>Food Service</u>	<u>School Activities</u>	<u>Totals</u>	
				<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>					
Equity in central treasury cash	\$ 263,980	\$ 179,311	\$ 1,331,393	\$ 1,774,684	\$ 1,569,087
Accounts receivable:					
Local			2,547	2,547	138
State		20,512		20,512	277,235
Inventories		404,622		404,622	414,148
Total assets	<u>\$ 263,980</u>	<u>\$ 604,445</u>	<u>\$ 1,333,940</u>	<u>\$ 2,202,365</u>	<u>\$ 2,260,608</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Accounts payable	\$ 627	\$ 312	\$ 12,054	\$ 12,993	\$ 2,021
Unearned revenue	1,300			1,300	4,713
Due to other funds					77,364
Total liabilities	<u>1,927</u>	<u>312</u>	<u>12,054</u>	<u>14,293</u>	<u>84,098</u>
Fund balances:					
Nonspendable - inventories		404,622		404,622	414,148
Committed	262,053		1,321,886	1,583,939	1,563,189
Assigned		199,511		199,511	199,173
Total fund balances	<u>262,053</u>	<u>604,133</u>	<u>1,321,886</u>	<u>2,188,072</u>	<u>2,176,510</u>
Total liabilities and fund balances	<u>\$ 263,980</u>	<u>\$ 604,445</u>	<u>\$ 1,333,940</u>	<u>\$ 2,202,365</u>	<u>\$ 2,260,608</u>

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Nonmajor Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2018  
(With comparative totals for 2017)

	<b>Local Programs</b>	<b>Food Service</b>	<b>School Activities</b>	<b>Totals</b>	
				<b>2018</b>	<b>2017</b>
Revenues:					
Revenue from local sources:					
Food service	\$	\$ 1,360,303	\$	\$ 1,360,303	\$ 1,369,239
Other local revenue	283,492		2,394,308	2,677,800	2,781,122
Total local sources	283,492	1,360,303	2,394,308	4,038,103	4,150,361
Revenue from federal sources:					
Through the State of Alaska		3,682,542		3,682,542	3,626,638
Total revenues	283,492	5,042,845	2,394,308	7,720,645	7,776,999
Expenditures - current:					
Instruction	13,783			13,783	2,500
Support services - students	186,119			186,119	157,777
Support services - instruction	15,067			15,067	33,298
District administration support services					98
Student activities			2,442,081	2,442,081	2,599,810
Food services		5,545,531		5,545,531	5,551,942
Total expenditures	214,969	5,545,531	2,442,081	8,202,581	8,345,425
Other financing sources (uses):					
Transfers in		493,498		493,498	2,152,539
Transfers out					(1,343)
Total other financing sources (uses)		493,498		493,498	2,151,196
Net change in fund balances	68,523	(9,188)	(47,773)	11,562	1,582,770
Fund balances - beginning	193,530	613,321	1,369,659	2,176,510	593,740
Fund balances - ending	\$ 262,053	\$ 604,133	\$ 1,321,886	\$ 2,188,072	\$ 2,176,510

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Fund

Local Programs

Combining Balance Sheet

June 30, 2018

(With comparative totals for 2017)

	<b>Cultural Collaboration Woodriver</b>	<b>Cultural Collaboration Salcha</b>	<b>Instruments Equipment</b>	<b>Options Child Care</b>
<b><u>ASSETS</u></b>				
Equity in central treasury cash	\$ 500	\$ 12	\$ 110,000	\$ 17,326
Accounts receivable:				
Local				
Total assets	<u>\$ 500</u>	<u>\$ 12</u>	<u>\$ 110,000</u>	<u>\$ 17,326</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 500	\$ 12	\$	\$
Unearned revenue				
Due to other funds				
Total liabilities	<u>500</u>	<u>12</u>		
Fund balances:				
Committed			110,000	17,326
Total fund balances			<u>110,000</u>	<u>17,326</u>
Total liabilities and fund balances	<u>\$ 500</u>	<u>\$ 12</u>	<u>\$ 110,000</u>	<u>\$ 17,326</u>

See accompanying notes to the basic financial statements

<b>Barnette Magnet After School Program</b>	<b>University Park After School Program</b>	<b>Walmart Community Grant - SpEd Dept.</b>	<b>Curriculum Staff Development</b>	<b>Community Donations</b>
\$ 57,089	\$ 511	\$ 337	\$ 11,552	\$ 66,653
<u>\$ 57,089</u>	<u>\$ 511</u>	<u>\$ 337</u>	<u>\$ 11,552</u>	<u>\$ 66,653</u>
\$	\$ 115 1,300	\$	\$	\$
	<u>1,415</u>			
57,089	(904)	337	11,552	66,653
57,089	(904)	337	11,552	66,653
<u>\$ 57,089</u>	<u>\$ 511</u>	<u>\$ 337</u>	<u>\$ 11,552</u>	<u>\$ 66,653</u>



**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Fund

Local Programs

Combining Balance Sheet

June 30, 2018

(With comparative totals for 2017)

	<b>Totals</b>	
	<b>2018</b>	<b>2017</b>
<b><u>ASSETS</u></b>		
Equity in central treasury cash	\$ 263,980	\$ 198,243
Accounts receivable:		
Local		138
Total assets	<u>\$ 263,980</u>	<u>\$ 198,381</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
Liabilities:		
Accounts payable	\$ 627	\$
Unearned revenue	1,300	4,713
Due to other funds		138
Total liabilities	<u>1,927</u>	<u>4,851</u>
Fund balances:		
Committed	<u>262,053</u>	<u>193,530</u>
Total fund balances	<u>262,053</u>	<u>193,530</u>
Total liabilities and fund balances	<u>\$ 263,980</u>	<u>\$ 198,381</u>

See accompanying notes to the basic financial statements

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**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Fund

Local Programs

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

For the Year Ended June 30, 2018

(With comparative totals for 2017)

	<b>Cultural Collaboration Woodriver</b>	<b>National Rifle Association</b>	<b>Safeway Alaska Educations Hutch #1</b>	<b>Safeway Alaska Educations Hutch #2</b>
Revenues:				
Revenue from local sources:				
Other local revenue	\$ (500)	\$	\$ 5,000	\$ 5,000
Expenditures - current:				
Instruction		3,631	5,000	5,000
Support services - students				
Support services - instruction				
District administration support services				
Total expenditures	<u>                    </u>	<u>3,631</u>	<u>5,000</u>	<u>5,000</u>
Other financing uses - transfers out	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net change in fund balances	(500)	(3,631)		
Fund balances - beginning	<u>500</u>	<u>3,631</u>	<u>                    </u>	<u>                    </u>
Fund balances (deficit) - ending	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

See accompanying notes to the basic financial statements

<b>Cultural Collaboration Salcha</b>	<b>Instruments Equipment</b>	<b>Options Child Care</b>	<b>Barnette Magnet After School Program</b>	<b>University Park After School Program</b>	<b>Nike N7</b>
\$ 152	\$ 110,000	\$	\$ 83,252	\$ 72,342	\$
152			73,550	83,124	374
152			73,550	83,124	374
	110,000		9,702	(10,782)	(374)
		17,326	47,387	9,878	374
\$	\$ 110,000	\$ 17,326	\$ 57,089	\$ (904)	\$

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Fund

Local Programs

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

For the Year Ended June 30, 2018

(With comparative totals for 2017)

	<b>Walmart Community Grant - Joy</b>	<b>Walmart Community Grant - SpEd Dept.</b>	<b>Walmart Community Grant - Bridge</b>	<b>Views On Learning</b>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Expenditures - current:				
Instruction				
Support services - students	756	159	1,000	24,993
Support services - instruction				
District administration support services				
Total expenditures	<u>756</u>	<u>159</u>	<u>1,000</u>	<u>24,993</u>
Other financing uses - transfers out				
Net change in fund balances	(756)	(159)	(1,000)	(24,993)
Fund balances - beginning	<u>756</u>	<u>159</u>	<u>1,000</u>	<u>24,993</u>
Fund balances (deficit) - ending	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

See accompanying notes to the basic financial statements

Walmart Community Grant - SpEd Dept.	Curriculum Staff Development	Community Donations	Totals	
			2018	2017
\$ 2,500	\$	\$ 5,746	\$ 283,492	\$ 211,426
			13,783	2,500
2,163			186,119	157,777
	4,402	10,665	15,067	33,298
				98
<u>2,163</u>	<u>4,402</u>	<u>10,665</u>	<u>214,969</u>	<u>193,673</u>
				(1,343)
337	(4,402)	(4,919)	68,523	16,410
	15,954	71,572	193,530	177,120
<u>\$ 337</u>	<u>\$ 11,552</u>	<u>\$ 66,653</u>	<u>\$ 262,053</u>	<u>\$ 193,530</u>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Fund

Local Programs

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

For the Year Ended June 30, 2018

(With comparative totals for 2017)

	<b>Cultural Collaboration Woodriver</b>	<b>National Rifle Association</b>	<b>Safeway Alaska Educations Hutch #1</b>	<b>Safeway Alaska Educations Hutch #2</b>
Revenues:				
Revenue from local sources:				
Other local revenue	\$ (500)	\$	\$ 5,000	\$ 5,000
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries				
Non-certificated salaries				
Employee benefits				
Total salaries and fringe benefits				
Materials, supplies, services and other:				
Professional and technical services				
Staff travel				2,478
Student travel				2,314
Utility services				
Supplies, materials and media		3,631	5,000	208
Indirect costs				
Total materials, supplies, services and other		3,631	5,000	5,000
Total expenditures		3,631	5,000	5,000
Other financing uses - transfers out				
Net change in fund balances	(500)	(3,631)		
Fund balances - beginning	500	3,631		
Fund balances (deficit) - ending	\$	\$	\$	\$

See accompanying notes to the basic financial statements

<b>Cultural Collaboration Salcha</b>	<b>Instruments Equipment</b>	<b>Options Child Care</b>	<b>Barnette Magnet After School Program</b>	<b>University Park After School Program</b>	<b>Nike N7</b>
\$ 152	\$ 110,000	\$	\$ 83,252	\$ 72,342	\$
			4,091	10,957	
			40,768	42,476	
			21,724	21,772	
			66,583	75,205	
			500	4,269	
				68	
152				413	
			374	351	
			6,093	2,818	374
152			6,967	7,919	374
152			73,550	83,124	374
	110,000		9,702	(10,782)	(374)
		17,326	47,387	9,878	374
\$	\$ 110,000	\$ 17,326	\$ 57,089	\$ (904)	\$



**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Fund

Local Programs

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

For the Year Ended June 30, 2018

(With comparative totals for 2017)

	<b>Walmart Community Grant - Joy</b>	<b>Walmart Community Grant - SpEd Dept.</b>	<b>Walmart Community Grant - Bridge</b>	<b>Views On Learning</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries				
Non-certificated salaries				
Employee benefits				
Total salaries and fringe benefits	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Materials, supplies, services and other:				
Professional and technical services				
Staff travel				
Student travel				
Utility services				
Supplies, materials and media	756	159	1,000	24,993
Indirect costs				
Total materials, supplies, services and other	<u>756</u>	<u>159</u>	<u>1,000</u>	<u>24,993</u>
Total expenditures	<u>756</u>	<u>159</u>	<u>1,000</u>	<u>24,993</u>
Other financing uses - transfers out				
Net change in fund balances	(756)	(159)	(1,000)	(24,993)
Fund balances - beginning	<u>756</u>	<u>159</u>	<u>1,000</u>	<u>24,993</u>
Fund balances (deficit) - ending	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

See accompanying notes to the basic financial statements

Walmart Community Grant - SpEd Dept.	Curriculum Staff Development	Community Donations	Totals	
			2018	2017
\$ 2,500	\$	\$ 5,746	\$ 283,492	\$ 211,426
	4,200		19,248	24,639
			83,244	78,327
	108		43,604	43,173
	4,308		146,096	146,139
	94		4,863	21,539
			2,546	553
45			2,924	300
			725	508
2,118		10,665	57,815	24,536
				98
2,163	94	10,665	68,873	47,534
2,163	4,402	10,665	214,969	193,673
				(1,343)
337	(4,402)	(4,919)	68,523	16,410
	15,954	71,572	193,530	177,120
\$ 337	\$ 11,552	\$ 66,653	\$ 262,053	\$ 193,530

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Nonmajor Special Revenue Fund  
Local Programs  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual - by Object  
For the Year Ended June 30, 2018

	<b>Budgeted Amounts</b>			<b>Actual on</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Budgetary</b>	<b>Variance with</b>
				<b>Basis</b>	<b>Final Budget</b>
Revenues:					
Revenue from local sources:					
Other local revenue	\$ 145,762	\$ 32,131	\$ 283,492	\$ 283,969	\$ 251,838
Expenditures - current:					
Salaries and fringe benefits:					
Certificated salaries		5,000	19,248	19,248	(14,248)
Non-certificated salaries	35,500	35,500	83,244	83,244	(47,744)
Employee benefits	22,188	22,317	43,604	43,604	(21,287)
Total salaries and fringe benefits	57,688	62,817	146,096	146,096	(83,279)
Materials, supplies, services and other:					
Professional and technical services	4,000	14,824	4,863	4,863	9,961
Staff travel	500	500	2,546	2,546	(2,046)
Student travel	351	351	2,924	2,924	(2,573)
Utility services	500	500	725	724	(224)
Supplies, materials and media	256,645	146,645	57,815	58,292	88,353
Indirect costs	23	23			23
Total materials, supplies, services and other	262,019	162,843	68,873	69,349	93,494
Total expenditures	319,707	225,660	214,969	215,445	10,215
Net change in fund balance	\$ (173,945)	\$ (193,529)	68,523	\$ 68,524	\$ 262,053
Fund balance - beginning			193,530		
Fund balance - ending			\$ 262,053		

See accompanying notes to the basic financial statements

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**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Funds

Food Service

Balance Sheet

June 30, 2018

(With comparative totals for 2017)

	<b>Totals</b>	
	<b>2018</b>	<b>2017</b>
<b><u>ASSETS</u></b>		
Equity in central treasury cash	\$ 179,311	\$
Accounts receivable:		
State	20,512	277,235
Inventories	404,622	414,148
Total assets	<u>\$ 604,445</u>	<u>\$ 691,383</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts payable	\$ 312	\$ 836
Due to other funds		77,226
Total liabilities	<u>312</u>	<u>78,062</u>
Fund balance:		
Nonspendable - inventories	404,622	414,148
Assigned	199,511	199,173
Total fund balance	<u>604,133</u>	<u>613,321</u>
Total liabilities and fund balance	<u>\$ 604,445</u>	<u>\$ 691,383</u>

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Funds

Food Service

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

For the Year Ended June 30, 2018

(With comparative totals for 2017)

	<b>Totals</b>	
	<b>2018</b>	<b>2017</b>
Revenues:		
Revenue from local sources:		
Food service	\$ 1,360,303	\$ 1,369,239
Revenue from federal sources:		
Through the State of Alaska	3,682,542	3,626,638
Total revenues	5,042,845	4,995,877
Expenditures - current:		
Food services	5,545,531	5,551,942
Other financing sources - transfers in	493,498	2,152,539
Net change in fund balance	(9,188)	1,596,474
Fund balance (deficit) - beginning	613,321	(983,153)
Fund balance - ending	\$ 604,133	\$ 613,321

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Funds

Food Service

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

For the Year Ended June 30, 2018

(With comparative totals for 2017)

	<b>Totals</b>	
	<b>2018</b>	<b>2017</b>
Revenues:		
Revenue from local sources:		
Food service	\$ 1,360,303	\$ 1,369,239
Revenue from federal sources:		
Through the State of Alaska	3,682,542	3,626,638
Total revenues	5,042,845	4,995,877
Expenditures - current:		
Salaries and fringe benefits:		
Non-certificated salaries	1,937,992	1,948,050
Employee benefits	1,131,345	1,150,465
Total salaries and fringe benefits	3,069,337	3,098,515
Materials, supplies, services and other:		
Professional and technical services	31,680	30,266
Staff travel	7,749	4,431
Utility services	13,220	14,530
Energy	181,752	178,994
Other purchased services	2,112	1,014
Supplies, materials and media	2,239,505	2,223,966
Other expenses	176	226
Total materials, supplies, services and other	2,476,194	2,453,427
Total expenditures	5,545,531	5,551,942
Other financing sources - transfers in	493,498	2,152,539
Net change in fund balance	(9,188)	1,596,474
Fund balance (deficit) - beginning	613,321	(983,153)
Fund balance - ending	\$ 604,133	\$ 613,321

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Fund

Food Service

Schedule of Revenues, Expenditures and Changes in Fund Balance

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

For the Year Ended June 30, 2018

	<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	\$ 1,360,303	\$ 1,360,303	\$ (290,114)
Revenue from federal sources:					
Through the State of Alaska	3,619,678	3,619,678	3,682,542	3,737,911	118,233
Total revenues	<u>5,270,095</u>	<u>5,270,095</u>	<u>5,042,845</u>	<u>5,098,214</u>	<u>(171,881)</u>
Expenditures - current:					
Salaries and fringe benefits:					
Non-certificated salaries	2,013,583	2,013,583	1,937,992	1,937,992	75,591
Employee benefits	1,201,597	1,201,597	1,131,345	1,131,345	70,252
Total salaries and fringe benefits	<u>3,215,180</u>	<u>3,215,180</u>	<u>3,069,337</u>	<u>3,069,337</u>	<u>145,843</u>
Materials, supplies, services and other:					
Professional and technical services	25,000	25,000	31,680	31,680	(6,680)
Staff travel	10,000	10,000	7,749	7,749	2,251
Utility services	14,500	14,500	13,220	13,220	1,280
Energy	190,500	190,500	181,752	181,752	8,748
Other purchased services	1,570	1,570	2,112	2,112	(542)
Supplies, materials and media	2,296,543	2,296,543	2,239,505	2,239,505	57,038
Other expenses	300	300	176	176	124
Total materials, supplies, services and other	<u>2,538,413</u>	<u>2,538,413</u>	<u>2,476,194</u>	<u>2,476,194</u>	<u>62,219</u>
Capital outlay - equipment	<u>10,000</u>	<u>10,000</u>		55,369	(45,369)
Total expenditures	<u>5,763,593</u>	<u>5,763,593</u>	<u>5,545,531</u>	<u>5,600,900</u>	<u>162,693</u>
Other financing sources - transfers in	<u>493,498</u>	<u>493,498</u>	<u>493,498</u>	<u>493,498</u>	
Net change in fund balance	<u>\$</u>	<u>\$</u>	(9,188)	<u>\$ (9,188)</u>	<u>\$ (9,188)</u>
Fund balance - beginning			613,321		
Fund balance - ending			<u>\$ 604,133</u>		

See accompanying notes to the basic financial statements



**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Fund

School Activities

Balance Sheet

June 30, 2018

(With comparative totals for 2017)

	<b>Totals</b>	
	<b>2018</b>	<b>2017</b>
<b><u>ASSETS</u></b>		
Equity in central treasury cash	\$ 1,331,393	\$ 1,370,844
Accounts receivable:		
Local	2,547	
Total assets	<u>\$ 1,333,940</u>	<u>\$ 1,370,844</u>
<b><u>LIABILITIES &amp; FUND BALANCE</u></b>		
Liabilities:		
Accounts payable	\$ 12,054	\$ 1,185
Fund balance:		
Committed	1,321,886	1,369,659
Total liabilities and fund balance	<u>\$ 1,333,940</u>	<u>\$ 1,370,844</u>

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Fund

School Activities

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

For the Year Ended June 30, 2018

(With comparative totals for 2017)

	<b>Totals</b>	
	<b>2018</b>	<b>2017</b>
Revenues:		
Revenue from local sources:		
Other local revenue	<u>\$ 2,394,308</u>	<u>\$ 2,569,696</u>
Expenditures - current:		
Student activities	<u>2,442,081</u>	<u>2,599,810</u>
Net change in fund balance	<u>(47,773)</u>	<u>(30,114)</u>
Fund balance - beginning	<u>1,369,659</u>	<u>1,399,773</u>
Fund balance - ending	<u><u>\$ 1,321,886</u></u>	<u><u>\$ 1,369,659</u></u>

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Fund

School Activities

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

For the Year Ended June 30, 2018

(With comparative totals for 2017)

	<b>Totals</b>	
	<b>2018</b>	<b>2017</b>
Revenues:		
Revenue from local sources:		
Other local revenue	\$ 2,394,308	\$ 2,569,696
Expenditures - current:		
Salaries and fringe benefits:		
Certificated salaries	5,396	1,299
Non-certificated salaries	3,950	25,594
Employee benefits	1,237	2,710
Total salaries and fringe benefits	10,583	29,603
Materials, supplies, services and other:		
Professional and technical services	78,244	63,305
Staff travel	4,808	4,107
Student travel	1,021,040	1,126,980
Other purchased services	36,119	50,523
Supplies, materials and media	1,225,278	1,251,043
Other expenses	61,009	74,249
Total materials, supplies, services and other	2,426,498	2,570,207
Capital outlay - equipment	5,000	
Total expenditures	2,442,081	2,599,810
Net change in fund balance	(47,773)	(30,114)
Fund balance - beginning	1,369,659	1,399,773
Fund balance - ending	\$ 1,321,886	\$ 1,369,659

See accompanying notes to the basic financial statements

# NONMAJOR CAPITAL PROJECTS FUNDS

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

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**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Capital Projects Funds

Combining Balance Sheet

June 30, 2018

(With comparative totals for 2017)

	<u>Title VIII Construction</u>	<u>Districtwide School Projects</u>	<u>Totals</u>	
			<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>				
Equity in central treasury cash	\$ 83,021	\$ 69	\$ 83,090	\$ 357,662
Accounts receivable:				
Local				86,793
Due from Fairbanks North Star Borough				140,178
Total assets	<u>\$ 83,021</u>	<u>\$ 69</u>	<u>\$ 83,090</u>	<u>\$ 584,633</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$	\$	\$	\$ 94,242
Due to other funds				136,430
Total liabilities				230,672
Fund balances:				
Assigned	83,021	69	83,090	353,961
Total liabilities and fund balances	<u>\$ 83,021</u>	<u>\$ 69</u>	<u>\$ 83,090</u>	<u>\$ 584,633</u>

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Nonmajor Capital Projects Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2018  
(With comparative totals for 2017)

	<u>Title VIII Construction</u>	<u>Districtwide School Projects</u>	<u>Ryan 1% for Art</u>	<u>Ryan 1% for Art MS Replacement</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$ 72,326	\$ 167,061
Revenue from federal sources:				
Through the State of Alaska	46,242			
Total revenues	<u>46,242</u>		<u>72,326</u>	<u>167,061</u>
Expenditures:				
Capital outlay:				
Professional and technical services		2,083		
Other purchased services	202,643		5,363	
Supplies, materials and media	109,692	2,695	3,500	
Equipment				
Buildings and improvements purchased			63,463	167,061
Total expenditures	<u>312,335</u>	<u>4,778</u>	<u>72,326</u>	<u>167,061</u>
Other financing sources - transfers in				
Net change in fund balances	(266,093)	(4,778)		
Fund balances - beginning	<u>349,114</u>	<u>4,847</u>		
Fund balances - ending	<u>\$ 83,021</u>	<u>\$ 69</u>	<u>\$</u>	<u>\$</u>

See accompanying notes to the basic financial statements

Ryan Middle School Replacement	Two Rivers Interior Renovation	Totals	
		2018	2017
\$ 135,707	\$ 3,099	\$ 378,193	\$ 763,136
		46,242	372,627
135,707	3,099	424,435	1,135,763
19,535		2,083	
81,859	3,099	227,541	161,304
34,313		200,845	703,000
		34,313	28,343
		230,524	126,610
135,707	3,099	695,306	1,019,257
			35,312
		(270,871)	151,818
		353,961	202,143
\$	\$	\$ 83,090	\$ 353,961



**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Capital Projects Funds  
 Project Length Schedule of Revenues and Expenditures  
 Beginning of Projects to June 30, 2018

	<b>Title VIII Construction</b>	<b>Ryan 1% for Art</b>	<b>Ryan 1% for Art MS Replacement</b>	<b>Ryan Middle School Replacement</b>
Project Authorizations:	<u>\$ 1,280,249</u>	<u>\$ 76,154</u>	<u>\$ 294,737</u>	<u>\$ 900,000</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$ 72,784	\$ 293,671	\$ 897,900
Revenue from federal sources:				
Through the State of Alaska	1,367,457			
Transfers from other funds	<u>35,312</u>			
Total revenues	<u>1,402,769</u>	<u>72,784</u>	<u>293,671</u>	<u>897,900</u>
Expenditures:				
Capital outlay:				
Professional and technical services	18,669			
Other purchased services	789,322	5,363		19,535
Supplies, materials and media	324,450	3,958		818,466
Equipment				59,899
Buildings and improvements purchased		<u>63,463</u>	<u>293,671</u>	
Total expenditures	<u>1,132,441</u>	<u>72,784</u>	<u>293,671</u>	<u>897,900</u>
Excess of revenues over expenditures	<u>\$ 270,328</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

See accompanying notes to the basic financial statements

Two Rivers Interior Renovation	Project To Date Totals
<u>\$ 12,356</u>	<u>\$ 2,563,496</u>
\$ 12,356	\$ 1,276,711
	1,367,457
	<u>35,312</u>
<u>12,356</u>	<u>2,679,480</u>
	18,669
	814,220
12,356	1,159,230
	59,899
	<u>357,134</u>
<u>12,356</u>	<u>2,409,152</u>
<u>\$</u>	<u>\$ 270,328</u>

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# **INTERNAL SERVICE FUNDS**

# INTERNAL SERVICE FUNDS

**Risk Management Fund** – accounts for transactions related to self-insurance and risk management services.

**Equipment Replacement Fund** – accounts for the management and replacement of the General Funds equipment and vehicles.

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Internal Service Funds  
Statement of Net Position  
For the Year Ended June 30, 2018  
(With comparative totals for 2017)

	<b>Risk Management Fund</b>	<b>Equipment Replacement Fund</b>	<b>Totals</b>	
			<b>2018</b>	<b>2017</b>
<b><u>ASSETS</u></b>				
Current assets:				
Equity in central treasury cash	\$ 11,353,223	\$ 1,700,000	\$ 13,053,223	\$ 9,400,585
Accounts receivable - local	2,991,359		2,991,359	3,376,060
Total assets	<u>\$ 14,344,582</u>	<u>\$ 1,700,000</u>	<u>\$ 16,044,582</u>	<u>\$ 12,776,645</u>
<b><u>LIABILITIES</u></b>				
Current liabilities:				
Accounts payable	\$ 111,289	\$	\$ 111,289	\$ 181,527
Current portion of long-term liabilities:				
Claims payable	4,801,015		4,801,015	4,276,569
Total current liabilities	<u>4,912,304</u>		<u>4,912,304</u>	<u>4,458,096</u>
Noncurrent liabilities:				
Noncurrent portion of long-term liabilities:				
Claims payable	45,915		45,915	41,257
Accrued self-insurance reserves	598,732		598,732	370,918
Total noncurrent liabilities	<u>644,647</u>		<u>644,647</u>	<u>412,175</u>
Total liabilities	<u>5,556,951</u>		<u>5,556,951</u>	<u>4,870,271</u>
<b><u>NET POSITION</u></b>				
Unrestricted	<u>8,787,631</u>	<u>1,700,000</u>	<u>10,487,631</u>	<u>7,906,374</u>
Total net position	<u>\$ 8,787,631</u>	<u>\$ 1,700,000</u>	<u>\$ 10,487,631</u>	<u>\$ 7,906,374</u>

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

## Internal Service Funds

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

For the Year Ended June 30, 2018

(With comparative totals for 2017)

	<b>Risk Management Fund</b>	<b>Equipment Replacement Fund</b>	<b>Totals</b>	
			<b>2018</b>	<b>2017</b>
Operating revenues:				
Revenue from local sources:				
Charges for services	\$ 35,102,171	\$	\$ 35,102,171	\$ 39,866,715
Operating expenses:				
Health and life insurance	32,160,164		32,160,164	31,064,455
Workers' compensation insurance	932,323		932,323	729,144
Property and other insurance	417,596		417,596	423,513
Auto and general liability insurance	710,831		710,831	466,177
Total operating expenses	34,220,914		34,220,914	32,683,289
Operating income	881,257		881,257	7,183,426
Transfers in		1,700,000	1,700,000	
Change in net assets	881,257	1,700,000	2,581,257	7,183,426
Total net position - beginning	7,906,374		7,906,374	722,948
Total net position - ending	\$ 8,787,631	\$ 1,700,000	\$ 10,487,631	\$ 7,906,374

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Internal Service Funds  
Statement of Cash Flows  
For the Year Ended June 30, 2018  
(With comparative totals for 2017)

	<b>Risk Management Fund</b>	<b>Equipment Replacement Fund</b>	<b>Totals</b>	
			<b>2018</b>	<b>2017</b>
Cash flows from operating activities:				
Receipts from interfund services provided	\$ 35,065,317	\$	\$ 35,065,317	\$ 39,828,231
Receipts from employees	2,985,908		2,985,908	3,961,862
Payments to suppliers	(768,002)		(768,002)	(683,213)
Payments to employees	(565,552)		(565,552)	(391,136)
Payments to Fairbanks North Star Borough	<u>(34,765,033)</u>		<u>(34,765,033)</u>	<u>(34,397,838)</u>
Net cash provided by operating activities	1,952,638		1,952,638	8,317,906
Cash flows from noncapital financing activities:				
Transfers from other funds		1,700,000	1,700,000	
Net increase in equity in central treasury cash	1,952,638	1,700,000	3,652,638	8,317,906
Equity in central treasury cash - beginning	9,400,585		9,400,585	1,082,679
Equity in central treasury cash - ending	<u>\$ 11,353,223</u>	<u>\$ 1,700,000</u>	<u>\$ 13,053,223</u>	<u>\$ 9,400,585</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 881,257	\$	\$ 881,257	\$ 7,183,426
Adjustments to reconcile operating income to net cash provided by operating activities:				
Decrease in accounts receivable - local	384,701		384,701	698,634
Increase (decrease) in accounts payable	(70,238)		(70,238)	105,049
Increase in claims payable, current portion	524,446		524,446	410,980
Increase (decrease) in claims payable, non-current portion	4,658		4,658	(6,258)
Increase (decrease) in accrued self-insurance reserves	<u>227,814</u>		<u>227,814</u>	<u>(73,925)</u>
Total adjustments	1,071,381		1,071,381	1,134,480
Net cash provided by operating activities	<u>\$ 1,952,638</u>	<u>\$</u>	<u>\$ 1,952,638</u>	<u>\$ 8,317,906</u>

See accompanying notes to the basic financial statements



# **AGENCY FUND**

# **AGENCY FUND**

**School District Agency Fund**

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**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

School District Agency Fund  
Statement of Changes in Assets and Liabilities  
Year Ended June 30, 2018

	<b>Balance July 1, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2018</b>
<b><u>ASSETS</u></b>				
Equity in central treasury cash	<u>\$ 29,928</u>	<u>\$ 41,109</u>	<u>\$ 35,830</u>	<u>\$ 35,207</u>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$	\$ 35,830	\$ 35,830	\$
Due to external groups	<u>29,928</u>	<u>41,109</u>	<u>35,830</u>	<u>35,207</u>
Total liabilities	<u>\$ 29,928</u>	<u>\$ 76,939</u>	<u>\$ 71,660</u>	<u>\$ 35,207</u>

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# **STATISTICAL SECTION**

# STATISTICAL SECTION

Statistical tables give readers detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health. Some tables provide data from the Fairbanks North Star Borough (Borough), the primary government, to give a consolidated overview of the School District's financial status.

## **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 and 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.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

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

	<b>Fiscal Year</b>			
	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
Governmental activities:				
Investment in capital assets	\$ 2,941,680	\$ 4,180,344	\$ 4,449,676	\$ 4,391,797
Restricted for:				
Grant-funded programs				
Student allotments				
Unrestricted	<u>20,059,660</u>	<u>20,954,280</u>	<u>20,747,031</u>	<u>17,380,499</u>
Total net position	<u><u>\$ 23,001,340</u></u>	<u><u>\$ 25,134,624</u></u>	<u><u>\$ 25,196,707</u></u>	<u><u>\$ 21,772,296</u></u>

**Note:**

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

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



Fiscal Year					
2012-13	2013-14	2014-15 <sup>a</sup>	2015-16	2016-17	2017-18 <sup>b</sup>
\$ 4,169,278	\$ 4,001,914	\$ 4,112,494	\$ 4,580,174	\$ 4,299,337	\$ 4,015,924
		1,416,526	1,670,850	700,964	273,018
		35,108	88,780	102,147	133,205
19,123,971	20,941,096	(65,801,513)	(85,483,184)	(111,644,615)	(116,430,485)
<u>\$ 23,293,249</u>	<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>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

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

	<b>Fiscal Year</b>			
	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
<b>Expenses</b>				
Governmental activities:				
Instruction	\$ 92,008,786	\$ 96,924,540	\$ 100,600,464	\$ 107,518,432
Special education instruction	21,632,095	25,847,781	24,870,238	25,693,963
Special education support services - students	3,882,736	4,787,664	7,376,804	7,840,679
Support services - students	12,016,292	13,485,882	13,959,359	14,645,274
Support Services - instruction	10,973,700	12,292,803	15,414,500	13,656,552
School administration	7,066,719	7,283,846	7,164,900	7,683,508
School administration support services	4,084,016	4,774,903	4,908,392	6,109,394
District administration	2,150,747	2,326,390	2,205,571	2,460,180
District administration support services	9,013,588	10,161,958	10,700,442	11,302,391
Operations and maintenance of plant	24,692,687	22,831,870	24,374,735	26,259,233
Student activities	4,869,918	4,969,303	4,959,591	5,004,579
Student transportation - to and from school	9,475,472	9,856,507	10,010,640	11,222,482
Adult and continuing education instruction	5,118	321		
Community services				
Food services	4,823,175	5,386,119	5,399,896	5,510,680
Interest expense	40,458	46,119	33,227	
Total expenses	<u>206,735,507</u>	<u>220,976,006</u>	<u>231,978,759</u>	<u>244,907,347</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for Services:				
Instruction	42,227	61,343	43,895	51,492
Support services - students	73,749	66,813	116,542	112,795
Support services - instruction	69,971	77,079	41,850	65,844
Student transportation - to and from school	17,300			
Food services	2,162,348	2,010,908	1,926,416	1,897,853
Operating grants and contributions	50,760,894	52,835,590	54,664,159	59,782,158
Capital grants and contributions	2,515,129	369,871	69,000	378,803
Total program revenues	<u>55,641,618</u>	<u>55,421,604</u>	<u>56,861,862</u>	<u>62,288,945</u>
Net expense - governmental activities	<u>(151,093,889)</u>	<u>(165,554,402)</u>	<u>(175,116,897)</u>	<u>(182,618,402)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Grants and contributions not restricted to specific programs:				
Borough direct appropriation	44,222,700	43,339,901	45,299,502	46,586,695
Foundation program	96,001,077	109,730,232	112,387,761	113,227,755
Other state revenue	1,821,871	1,856,765	1,974,562	4,144,172
Federal impact aid	9,596,676	12,005,572	14,428,645	14,051,688
Other	295,993	386,120	739,636	643,721
Miscellaneous	384,270	369,096	348,874	539,960
Total general revenues	<u>152,322,587</u>	<u>167,687,686</u>	<u>175,178,980</u>	<u>179,193,991</u>
Change in net position	<u>\$ 1,228,698</u>	<u>\$ 2,133,284</u>	<u>\$ 62,083</u>	<u>\$ (3,424,411)</u>

Fiscal Year					
2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
\$ 111,205,333	\$ 109,531,681	\$ 122,257,659	\$ 107,399,957	\$ 111,640,903	\$ 90,117,357
29,783,855	29,236,637	31,589,337	33,322,750	34,256,340	28,067,312
10,087,672	10,551,365	11,614,210	11,205,400	11,056,197	8,882,198
15,353,243	16,554,098	16,113,199	16,503,860	14,252,727	11,372,845
12,899,352	12,079,620	12,093,473	14,110,870	15,580,406	8,532,961
8,384,189	8,712,544	9,734,249	8,555,778	8,933,366	7,524,309
5,645,704	5,724,618	5,627,274	7,154,047	6,805,796	4,862,734
2,415,563	2,125,738	2,368,596	2,170,832	2,372,557	2,482,325
10,394,306	10,503,523	10,876,471	14,310,514	13,431,721	9,841,603
25,334,946	25,259,547	27,052,784	28,728,249	27,579,992	21,434,921
5,182,117	5,293,009	3,052,086	4,969,652	5,043,266	4,412,922
11,382,622	11,785,326	11,974,378	11,891,808	12,149,994	13,949,612
	5,000				
5,400,980	5,418,264	5,910,012	6,591,827	6,399,804	5,149,815
					9,713
253,469,882	252,780,970	270,263,728	266,915,544	269,503,069	216,640,627
69,392	62,715	44,280	47,332	9,686	21,156
19,703	188,850	222,709	189,497	185,255	169,021
145,416	38,540	34,860	29,006	9,050	
1,598,281	1,492,538	1,353,596	1,352,523	1,369,239	1,360,303
66,613,379	68,202,040	81,118,672	52,262,056	45,805,824	45,103,665
69,419	126,935	911,562	220,410	1,135,763	424,435
68,515,590	70,111,618	83,685,679	54,100,824	48,514,817	47,078,580
(184,954,292)	(182,669,352)	(186,578,049)	(212,814,720)	(220,988,252)	(169,562,047)
46,200,000	47,560,000	49,906,000	55,369,000	54,169,000	51,145,400
119,814,989	117,038,885	117,696,672	118,214,578	116,214,852	117,791,496
4,705,752	4,691,698	6,498,660	1,982,685	1,984,382	1,985,419
14,758,858	13,979,892	17,420,489	17,012,673	18,353,834	16,796,045
595,346	508,827	953,584	721,453	1,325,280	706,812
400,300	539,811	554,027	608,336	1,542,117	1,223,927
186,475,245	184,319,113	193,029,432	193,908,725	193,589,465	189,649,099
\$ 1,520,953	\$ 1,649,761	\$ 6,451,383	\$ (18,905,995)	\$ (27,398,787)	\$ 20,087,052

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year			
	2008-09	2009-10	2010-11 <sup>a</sup>	2011-12
General fund				
Nonspendable		\$ 966,466	\$ 555,592	\$ 602,804
Restricted				
Assigned		20,712,010	21,080,111	19,556,139
Unassigned		743,899		71,358
Total general fund		<u>\$ 22,422,375</u>	<u>\$ 21,635,703</u>	<u>\$ 20,230,301</u>
All other governmental funds				
Nonspendable		\$ 676,166	\$ 499,732	\$ 432,994
Restricted		25,736	2,954	377,814
Committed		2,430,074	1,760,378	1,796,551
Assigned		700,444	1,315,325	1,614,100
Unassigned		(764,901)	(88,626)	(11,270)
Total all other governmental funds		<u>\$ 3,067,519</u>	<u>\$ 3,489,763</u>	<u>\$ 4,210,189</u>
General fund				
Reserved	\$ 10,824,456			
Unreserved	10,674,176			
Total general fund	<u>\$ 21,498,632</u>			
All other governmental funds				
Reserved	\$ 669,418			
Unreserved, reported in:				
Special revenue funds	2,894,987			
Capital projects funds	510,269			
Total all other governmental funds	<u>\$ 4,074,674</u>			

<sup>a</sup> 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					
2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
\$ 573,283	\$ 518,791	\$ 624,652	\$ 444,007	\$ 457,102	\$ 402,381
		35,108	88,780	102,147	133,205
18,552,099	15,719,300	19,972,736	18,653,930	20,340,970	25,003,495
1,372,848	3,616,590	4,342,757	15,425,238	12,760,554	7,930,467
<u>\$ 20,498,230</u>	<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>
\$ 443,788	\$ 625,306	\$ 480,711	\$ 476,760	\$ 414,148	\$ 404,622
662,773	1,864,874	1,416,526	1,670,850	700,964	273,018
1,794,550	1,726,030	1,634,796	1,576,893	1,563,189	1,583,939
1,643,638	1,414,676	1,618,291	1,430,984	3,253,975	4,326,613
(77,502)	(500,032)	(1,170,105)	(1,459,913)		
<u>\$ 4,467,247</u>	<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>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

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

	Fiscal Year			
	2008-09	2009-10	2010-11	2011-12
Revenues from local sources:				
Borough direct appropriation	\$ 44,222,700	\$ 43,339,901	\$ 45,299,502	\$ 46,586,695
E-rate revenue	295,993	369,002	725,861	643,721
Food services	2,162,348	2,010,908	1,926,416	1,897,853
Other local revenue	3,137,102	3,102,069	3,020,007	3,180,689
Tuition from students				30,961
Total revenue from local sources	<u>49,818,143</u>	<u>48,821,880</u>	<u>50,971,786</u>	<u>52,339,919</u>
Revenue from state sources:				
Foundation program	96,001,077	109,730,232	112,387,761	113,227,755
QSI grant	371,871	406,765	412,969	421,134
Supplemental aid				2,162,030
TRS on-behalf	19,640,125	16,615,652	18,728,033	22,767,876
PERS on-behalf	3,753,051	1,750,178	2,772,197	4,003,866
On-base schools	1,450,000	1,450,000	1,450,000	1,450,000
Other state revenue	10,169,267	10,576,761	10,964,714	12,293,304
Total revenue from state sources	<u>131,385,391</u>	<u>140,529,588</u>	<u>146,715,674</u>	<u>156,325,965</u>
Revenue from federal sources:				
Direct	13,141,295	13,105,128	15,710,159	15,475,729
Through the State of Alaska and other intermediate agencies	<u>13,494,924</u>	<u>20,647,414</u>	<u>18,640,095</u>	<u>17,337,965</u>
Total revenue from federal sources	<u>26,636,219</u>	<u>33,752,542</u>	<u>34,350,254</u>	<u>32,813,694</u>
Total revenues	<u>\$ 207,839,753</u>	<u>\$ 223,104,010</u>	<u>\$ 232,037,714</u>	<u>\$ 241,479,578</u>

<sup>a</sup> 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					
2012-13	2013-14	2014-15 <sup>a</sup>	2015-16	2016-17	2017-18
\$ 46,200,000	\$ 47,560,000	\$ 49,906,000	\$ 55,369,000	\$ 54,169,000	\$ 51,145,400
595,346	508,827	635,436	407,354	1,043,416	462,507
1,598,281	1,492,538	1,353,596	1,352,523	1,369,239	1,360,303
2,907,469	3,229,576	3,667,163	3,458,316	4,250,443	3,819,167
37,936	24,529	44,280	47,332	9,686	21,156
51,339,032	52,815,470	55,606,475	60,634,525	60,841,784	56,808,533
119,814,989	117,038,885	117,696,672	118,214,578	116,214,852	117,791,496
431,321	426,169	419,961	419,888	414,026	415,063
2,711,634	2,671,187	4,479,736			
30,229,983	31,150,634	195,386,281	12,598,052	11,312,186	11,156,132
5,041,243	5,034,322	16,140,721	2,008,855	1,612,416	1,167,030
1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000
12,799,187	15,408,956	12,855,852	12,655,113	11,557,655	12,505,151
172,478,357	173,180,153	348,429,223	147,346,486	142,561,135	144,484,872
15,929,448	14,921,469	1,349,145	1,384,720	1,865,609	2,074,543
15,240,598	13,510,686	32,187,078	30,937,836	33,444,642	31,731,293
31,170,046	28,432,155	33,536,223	32,322,556	35,310,251	33,805,836
<u>\$ 254,987,435</u>	<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>

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Governmental Funds Expenditures and Debt Service Ratio Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year			
	2008-09	2009-10	2010-11	2011-12
Instruction	\$ 92,319,548	\$ 97,534,169	\$ 100,456,233	\$ 106,245,188
Special education instruction	22,307,877	26,434,567	24,813,218	25,299,652
Special education support services - students	3,956,716	4,784,941	7,351,847	7,765,973
Support services - students	12,669,547	13,523,654	13,917,100	14,464,374
Support services - instruction	11,452,623	12,580,996	14,986,928	13,384,278
School administration	7,071,644	7,327,490	7,127,341	7,604,630
School administration support services	4,487,658	4,754,818	4,897,659	6,050,059
District administration	2,223,108	2,302,737	2,209,647	2,433,594
District administration support services	9,470,375	10,516,123	10,828,683	11,153,362
Operations and maintenance of plant	22,049,314	22,678,492	24,153,731	25,959,798
Student activities	4,921,666	4,981,827	4,977,656	4,992,296
Student transportation - to and from school	9,488,016	9,873,929	10,009,855	11,214,750
Adult and continuing education instruction	5,118	321		
Community services				
Food services	4,829,664	5,252,103	5,361,214	5,519,986
Debt service:				
Interest	40,458	46,119	33,227	
Principal	419,967	414,306	568,656	
Capital outlay	3,969,640	186,110	713,647	80,028
Total expenditures	<u>\$ 211,682,939</u>	<u>\$ 223,192,702</u>	<u>\$ 232,406,642</u>	<u>\$ 242,167,968</u>
Capital expenditures <sup>a</sup>	<u>\$ 736,938</u>	<u>\$ 1,779,080</u>	<u>\$ 984,085</u>	<u>\$ 734,274</u>
Noncapital expenditures	<u>\$ 210,946,001</u>	<u>\$ 221,413,622</u>	<u>\$ 231,422,557</u>	<u>\$ 241,433,694</u>
Debt service as a percentage of noncapital expenditures	0.22%	0.21%	0.26%	0.00%

### Notes:

<sup>a</sup> 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					
2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
\$ 111,908,220	\$ 110,458,367	\$ 223,441,209	\$ 94,867,175	\$ 97,473,533	\$ 94,901,086
29,874,926	29,374,914	50,484,786	27,997,201	29,915,351	30,590,900
10,116,540	10,616,448	19,726,865	9,756,127	9,814,352	9,472,016
15,436,738	16,745,156	26,237,222	13,677,384	12,144,630	12,766,034
12,741,319	12,024,263	17,963,049	12,050,673	13,922,427	9,260,440
8,452,142	8,798,346	18,710,099	7,523,471	7,786,833	7,896,957
5,666,342	5,767,625	6,880,327	5,552,526	5,766,492	5,752,459
2,396,461	2,223,703	3,680,703	1,821,104	2,060,746	2,751,071
10,381,157	10,586,356	13,057,446	11,729,962	11,709,938	13,427,341
25,455,301	24,931,722	27,781,546	23,622,168	24,231,980	23,395,641
5,185,421	5,312,989	7,130,687	4,682,307	4,789,190	2,092,336
11,377,599	11,793,857	11,968,995	11,785,369	12,141,538	13,989,161
	5,000				
5,433,831	5,416,030	5,836,841	5,478,326	5,652,711	5,609,743
					9,713
				340,272	330,559
39,881	355,897	707,947	407,717	1,019,257	695,306
<u>\$ 254,465,878</u>	<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>\$ 607,782</u>	<u>\$ 638,774</u>	<u>\$ 869,935</u>	<u>\$ 1,252,326</u>	<u>\$ 523,376</u>	<u>\$ 598,465</u>
<u><u>\$ 253,858,096</u></u>	<u><u>\$ 253,771,899</u></u>	<u><u>\$ 432,737,787</u></u>	<u><u>\$ 229,699,184</u></u>	<u><u>\$ 238,245,874</u></u>	<u><u>\$ 232,342,298</u></u>
0.00%	0.00%	0.00%	0.00%	0.14%	0.15%

**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			
	2008-09	2009-10	2010-11	2011-12
Other financing sources (uses):				
Proceeds from sale of capital assets	\$ 11,260	\$ 5,280	\$ 4,500	\$ 3,414
Issuance of capital leases	528,173			
Transfers in	1,877,959	718,076	1,880,057	481,000
Transfers out	(1,877,959)	(718,076)	(1,880,057)	(481,000)
Total other financing sources (uses)	<u>539,433</u>	<u>5,280</u>	<u>4,500</u>	<u>3,414</u>
Net change in fund balances	<u>\$ (3,303,753)</u>	<u>\$ (83,412)</u>	<u>\$ (364,428)</u>	<u>\$ (684,976)</u>

Fiscal Year					
2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
\$ 3,430	\$ 2,953	\$ 5,738	\$	\$ 1,341,600	\$ 6,213
394,136	237,100	196,808	353,556	3,659,851	3,392,465
(394,136)	(237,100)	(196,808)	(353,556)	(3,659,851)	(5,092,465)
3,430	2,953	5,738		1,341,600	(1,693,787)
\$ 524,987	\$ 20,058	\$ 3,969,937	\$ 9,352,057	\$ 1,285,520	\$ 464,691

**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

<b>Calendar Year of Assessed Value</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Pipeline and Personal Property</b>	<b>Vacant Land</b>
				(a)	
2007	\$ 4,595,949,320	\$ 943,261,759	\$ 767,721,675	\$ 369,500,480	\$ 367,089,029
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

**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, 2017. Historically, information for the most recent fiscal year is not available until after the publication date of the School District's CAFR.

<b>Less: Tax Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
		(b)		(c)
\$ 691,802,402	\$ 6,351,719,861	12.209	\$ 6,732,886,695	94.339%
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%

# 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Direct:										
Borough areawide	12.209	11.287	11.186	11.432	11.294	11.216	11.216	11.356	11.599	11.418
Overlapping special Borough taxing jurisdictions except service areas										
Non-Areawide	0.409	0.400	0.393	0.400	0.511	0.525	0.523	0.493	0.507	0.520
Solid Waste Collection District	1.126	1.103	1.121	1.141	1.194	1.229	1.232	1.300	1.350	1.389
Borough direct and overlapping except service areas total (a)	<u>13.744</u>	<u>12.790</u>	<u>12.700</u>	<u>12.973</u>	<u>12.999</u>	<u>12.970</u>	<u>12.971</u>	<u>13.149</u>	<u>13.456</u>	<u>13.327</u>
Airway S.A.	1.089	1.089	1.207	1.256	1.287	1.324	1.387	1.436	1.489	1.569
Arctic Fox S.A.	1.864	1.804	1.861	1.787	1.708	1.850	1.945	1.967	2.168	2.363
Aztec S.A.	1.339	1.257	1.259	1.319	1.342	1.406	1.469	1.533	1.592	1.589
Ballaine Lake S.A.	12.828	12.413	12.671	13.162	14.920	16.054	17.222	17.670	18.209	18.204
Bear's Den Road S.A.							0.329	0.356	0.357	
Becker Ridge S.A.	1.346	1.376	1.450	1.486	1.496	1.440	1.509	1.612	1.666	1.661
Birch Hill S.A.	1.832	1.814	1.939	1.995	2.023	2.101	2.195	2.292	2.356	2.379
Bluebird Road S.A.	2.004	2.054	2.333	2.447	2.792	2.883	3.138	3.378	3.362	3.392
Borda Road S.A.	1.067	1.079	1.119	1.171	1.157	1.204	1.253	1.349	1.383	1.362
Brookside S.A.	0.435	0.437	0.479	0.498	0.503	0.526	0.546	0.559	0.571	0.550
Chena Goldstream Fire S.A.	1.434	1.473	1.547	1.603	1.644	2.142	2.241	2.340	2.377	2.357
Chena Hills Road S.A.	0.987	0.985	1.047	1.060	1.076	1.115	1.152	1.197	1.219	1.187
Chena Hot Springs II S.A.	0.888	0.698	0.713	0.732	0.746	0.412	0.312			
Chena Marina S.A.	0.792	0.756	0.796	0.830	0.857	0.880	0.966	1.001	0.976	0.988
Chena Point Road S.A.	3.154	2.958	3.064	3.065	3.128	3.247	3.352	3.488	3.550	3.494
Chena Spur S.A.	2.407	2.329	2.606	2.671	2.679	2.837	2.957	3.052	3.232	3.187
Cleary Summit S.A.	0.189	0.183	0.190	0.191	0.158	0.132				
College S.A.	1.249	1.257	1.391	1.437	1.427	1.457	1.216	1.269	1.303	1.305
College Hills S.A.	0.754	0.785	0.835	0.871	0.912	0.950	1.016	1.011	1.053	1.035
Cooper Estates S.A.	2.717	2.614	2.821	2.899	2.915	3.048	3.087	3.313	3.397	3.376
Cordes Drive S.A.	1.060	1.074	1.112	1.201	1.232	1.283	1.374	1.431	1.423	1.448
Cripple Creek S.A.	1.477	1.520	1.601	1.636	1.668	1.717	1.814	1.904	1.946	1.944
Deep Forest S.A. (b)	0.714	0.707	0.724	0.743	0.758	0.795	0.977	1.026	1.050	1.037
Denali View S.A. ( c )	1.644	1.692	1.590	2.831	2.831	2.979	2.969	2.995	3.032	3.078
Diane Subdivision S.A.	0.303	0.310	0.333	0.348	0.345	0.357	0.374	0.391	0.405	0.396
Drake Estates S.A.	0.688	0.719	0.762	0.760	0.753	0.777	0.792	0.831	0.844	0.872
Edanella Heights Road S.A.	1.273	1.249	1.388	1.425	1.457	1.485	2.130	2.284	2.316	2.218
Ester Lump Road S.A.	1.710	1.741	1.773	3.093	3.160	3.333	3.550	3.765	4.109	4.145
Ester Volunteer Fire S.A.	2.270	2.384	2.444	2.568	2.619	2.726	2.887	3.033	3.140	3.159
Fairfields S.A.	0.683	0.675	0.713	0.752	0.750	0.789	0.834	0.867	0.898	0.887
Fairhill S.A.	1.163	1.093	1.188	2.255	2.294	2.315	1.156	1.213	1.245	1.285
Fairwest S.A.	1.850	1.789	1.896	1.948	1.903	1.989	2.082	2.119	2.155	2.204
Garden S.A.	1.074	1.035	1.089	1.126	1.099	1.135	1.188	1.244	1.275	1.280
Golden Valley Road S.A.	2.665	4.285	4.483	4.555	4.704	4.945	5.085	5.410	5.404	4.948
Goldstream Alaska S.A.	2.109	2.171	2.246	2.333	2.422	2.435	2.591	2.835	2.839	2.817
Goldstream Moose Creek S.A. (c)	1.586	1.635	1.598	1.682	1.694	1.720	1.758	1.831	1.887	1.871
Gordon S.A.	1.112	1.028	1.096	1.143	1.135	1.158	1.238	1.280	1.309	1.306
Granola Estates S.A.	1.117	1.089	1.239	1.281	1.321	1.441	1.534	1.587	1.647	1.603
Grieme Road S.A.	3.418	3.466	3.780	3.833	3.852	3.899	4.067	4.153	4.234	4.359
Haystack S.A.	2.875	2.901	3.231	3.324	3.615	3.767	3.815	3.974	4.128	4.324

Tax Levies (In 000's)									
2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
\$82,628	\$82,551	\$86,102	\$92,077	\$93,726	\$94,876	\$98,349	\$103,053	\$106,434	\$106,398
1,812	1,921	1,991	2,126	2,773	2,910	3,053	2,987	3,135	3,259
5,319	5,636	6,038	6,422	6,870	7,214	7,562	8,272	8,682	9,052
12	12	14	14	15	15	16	17	18	19
5	5	5	6	5	6	6	7	7	8
18	20	21	23	26	28	30	31	38	40
26	26	28	29	34	37	38	41	42	42
						1	1	1	
98	105	113	116	122	128	135	145	152	156
100	104	111	116	122	129	143	151	160	165
6	7	7	8	9	9	10	12	12	13
27	28	29	30	30	32	33	36	38	39
8	9	9	10	10	10	11	11	12	11
853	933	1,007	1,057	1,111	1,498	1,579	1,678	1,756	1,802
80	88	95	100	103	109	114	121	129	134
1	1	1	1	1	1				
20	21	22	24	25	26	30	32	34	35
86	90	95	99	112	124	137	149	155	162
38	39	43	45	47	51	52	56	60	61
1	1	1	7	1	1				
474	493	530	544	561	586	481	514	533	544
23	25	27	28	29	31	32	34	35	36
23	24	26	28	29	32	33	35	36	37
21	24	26	27	28	30	31	33	33	35
52	55	62	66	70	74	81	86	89	91
18	19	20	21	21	22	29	30	31	31
5	5	5	8	8	9	9	9	9	9
3	3	4	4	4	4	4	4	5	5
7	7	8	8	8	9	9	9	9	10
29	31	34	34	36	37	53	57	59	60
17	18	20	35	38	40	42	46	49	50
318	344	379	401	427	457	487	522	550	568
15	15	16	17	17	18	19	20	21	21
12	12	13	25	25	27	13	14	15	15
23	24	26	26	26	27	28	29	30	31
32	36	39	4	43	45	48	51	55	58
7	12	13	15	16	17	18	19	19	19
23	24	26	27	29	30	32	35	36	36
42	45	49	52	54	58	61	65	71	72
47	50	54	57	60	62	66	68	70	72
5	5	6	6	6	8	8	9	9	9
15	16	19	20	22	24	25	25	27	28
27	34	37	38	41	43	46	47	50	53

# 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Herning Hills S.A.	1.318	1.258	1.368	1.394	1.441	1.501	1.506	1.571	1.618	1.636
Hopeless S.A.	0.833	0.838	0.889	0.941	0.940	0.970	1.014	1.080	1.114	1.115
Horseshoe Downs S.A.	2.278	2.297	2.447	3.376	3.315	3.462	3.745	4.351	4.687	4.693
Jennifer Drive S.A.	1.533	1.554	1.654	1.742	1.816	2.019	2.202	2.328	2.404	2.389
Jones Road S.A.	1.447	1.470	1.522	1.630	1.689	1.737	1.815	1.905	1.889	1.939
Joy Road S.A.	1.186	1.189	1.265	1.271	1.271	1.314	1.313	1.329	1.345	1.375
Keeney Road S.A.	0.552	0.545	0.561	0.616	0.657	0.671	0.714	0.743	0.746	0.753
Kendall S.A.	0.874	0.854	0.903	0.957	1.021	1.045	1.073	1.165	1.197	1.189
Keystone S.A.	3.065	3.002	3.088	3.184	3.328	3.440	3.861	4.065	4.039	4.050
Kris Kringle S.A.	1.871	1.911	2.023	2.091	2.139	2.211	2.315	2.393	2.540	2.526
Lakloey Hill S.A.	0.992	0.933	1.003	1.036	1.059	1.110	1.177	1.214	1.263	1.256
Lee Lane S.A.	1.615	1.561	1.623	1.673	1.641	1.738	1.806	1.888	1.959	1.807
Loose Moose S.A.	0.786	0.808	0.905	1.002	0.982	1.034	1.042	1.086	1.128	1.147
Martin S.A.	8.034	8.555	8.190	8.588	8.833	9.417	9.943	10.323	10.359	10.500
McCloud S.A.	14.787	15.075	15.055	9.972	10.458	10.481	11.409	12.208	12.486	12.443
McGrath Estates S.A.	1.176	1.212	1.302	1.342	1.381	1.431	1.528	1.556	1.609	1.611
Mellow Woods Road S.A.	1.161	1.194	1.242	1.329	1.271	1.273	1.346	1.403	1.420	1.385
Miller Hill Extension S.A.	4.354	4.400	4.481	4.808	4.945	4.995	5.357	5.725	5.740	5.691
Moose Creek S.A.	0.434	0.373	0.350	0.344	0.380	0.387	0.344	0.383	0.390	0.421
Moose Meadows S.A.	0.784	0.774	0.829	0.869	0.877	0.910	0.923	0.968	0.993	0.997
Mt. View S.A.	1.083	1.119	1.191	1.297	1.358	1.399	1.504	1.520	1.475	1.475
Murphy S.A. (d)	1.456	1.506	1.564	1.618	1.642	1.692	1.784	1.844	1.829	1.812
Musk Ox S.A.	1.133	1.163	1.290	1.337	1.354	1.390	1.462	1.450	1.490	1.476
Newby Park S.A.	0.656	0.676	0.710	0.758	0.797	0.823	0.853	0.884	0.900	0.881
North Ridge S.A.	4.500	4.009	4.298	4.423	4.507	4.830	4.889	5.120	5.289	5.145
North Star Fire S.A.	1.205	1.153	1.198	1.241	1.258	1.306	1.329	1.399	1.432	1.439
O'Connor Creek S.A.	13.939	9.770	7.831	7.389	8.875	8.893	6.641	7.822	7.969	8.902
Old Wood Road S.A.	1.619	1.733	1.771	1.786	1.790	2.039	2.194	2.328	2.417	2.621
Our S.A.	0.860	0.838	0.828	1.092	1.087	1.209	1.329	1.337	1.359	1.363
Parksville S.A.	1.428	1.446	1.552	1.576	1.602	1.674	1.736	1.784	1.803	1.754
Peede Country Estates S.A.	1.345	1.287	1.409	1.482	1.326	1.357	1.446	1.485	1.500	1.471
Pine Stream S.A.	0.911	0.928	0.981	1.022	1.001	1.034	1.070	1.105	1.152	1.149
Pleasureland S.A.	0.916	0.881	0.962	0.995	0.970	0.998	1.023	1.078	1.170	1.167
Polar Heights S.A.	1.014	0.926	0.926	0.952	1.016	1.027	0.964	1.045	1.055	1.116
Potlatch S.A. (e)	2.277	2.436	4.553	2.705	2.665	2.755	2.885	3.354	3.547	3.554
Prospect Park S.A.	1.083	1.095	1.121	1.140	1.258	1.281	1.371	1.374	1.481	1.459
Reed Acres Road S.A.	1.145	1.146	1.206	1.260	1.355	1.382	1.476	1.521	1.573	1.584
Ridgecrest S.A.	0.890	0.840	0.975	1.078	1.099	1.129	1.172	1.199	1.219	1.169
Salchaket Heights S.A.	4.806	4.966	5.162	3.863	3.972	4.357	4.472	4.690	4.750	4.743
Scenic Heights S.A.	1.370	1.415	1.497	1.589	1.600	1.707	1.759	1.764	1.856	1.743
Seavy S.A.	0.335	0.294	0.299	0.303	0.311	0.320	0.316	0.341	0.351	0.356
Secluded Acres S.A.	1.416	1.310	1.365	1.396	1.452	1.495	1.567	2.190	1.783	1.814
Serendipity Hill S.A.	2.716	2.998	3.069	3.154	2.901	2.976	3.162	3.315	3.321	3.446
Six-Mile Village Road S.A..	1.223	1.167	1.234	1.255	1.232	1.262	1.412	1.495	1.528	1.509
Smallwood Trail Road S.A.	0.600	0.596	0.673	0.742	0.751	0.756	0.794	0.831	0.864	1.711
Smith Ranch S.A.		1.299	1.372	1.417	1.343	0.249	0.267	0.274	0.278	0.285
Spring Glade S.A.	0.779	0.813	0.850	0.877	0.898	0.926	0.981	1.570	1.600	1.615



**Tax Levies (In 000's)**

<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$ 25	\$ 26	\$ 28	\$ 28	\$ 30	\$ 32	\$ 33	\$ 35	\$ 37	\$ 38
20	22	23	24	25	27	28	30	31	32
11	12	13	19	20	26	29	32	34	35
5	5	5	6	6	6	7	7	8	8
53	57	61	64	67	71	75	80	83	85
6	7	8	8	9	9	9	10	10	11
2	2	2	2	3	3	3	3	3	3
10	12	12	13	14	14	15	16	17	17
11	11	12	15	16	17	18	19	20	20
12	12	13	14	15	15	16	17	18	20
33	36	39	39	41	44	46	48	62	64
5	5	6	6	7	7	8	9	9	8
6	7	7	8	8	9	8	9	9	10
21	22	23	29	34	39	42	43	46	48
25	29	31	20	21	23	26	29	31	31
61	65	69	72	74	77	81	86	90	93
16	18	18	19	19	19	20	21	21	21
49	51	57	61	64	67	69	73	75	77
14	15	15	16	17	17	17	18	19	19
65	69	74	77	81	86	88	93	96	99
27	28	30	32	34	35	36	37	37	37
11	12	12	14	15	16	16	17	17	17
24	25	41	42	43	45	47	48	49	50
16	17	17	18	19	21	21	22	23	23
10	10	11	11	13	15	16	16	17	17
1,387	1,484	1,596	1,739	1,831	1,940	2,030	2,146	2,241	2,303
106	107	112	118	130	125	128	133	135	136
10	11	12	13	14	16	17	18	19	22
3	4	4	4	4	5	5	6	6	6
9	10	11	12	13	13	14	15	16	16
5	5	5	6	6	8	9	10	11	11
21	22	23	24	25	26	35	37	40	40
7	7	8	8	8	8	9	9	10	10
17	18	19	20	21	21	22	24	24	25
10	15	16	12	12	13	14	16	17	17
8	8	8	8	9	9	10	10	11	11
8	8	8	9	10	10	11	11	12	12
2	2	2	3	3	3	3	3	4	4
2	2	2	4	5	5	5	5	5	5
18	18	19	20	21	23	24	25	26	25
9	9	10	10	10	11	11	12	12	13
7	8	8	8	8	13	14	19	16	16
6	7	7	7	8	8	8	9	9	9
8	9	9	10	10	10	11	11	12	12
5	5	6	7	7	8	8	8	9	18
	36	40	45	47	9	9	10	10	10
26	27	29	31	32	34	35	58	60	62

**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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Spruce Acres S.A.	1.515	1.470	1.614	1.692	1.610	1.562	1.573	1.629	1.714	1.666
Steamboat Landing S.A.	1.176	1.192	1.307	1.386	1.339	1.385	1.490	1.589	1.643	1.665
Steese Volunteer Fire S.A.	1.628	1.600	1.690	1.739	1.789	1.849	1.893	1.973	2.015	2.031
Straight Creek S.A.	2.963	3.926	3.776	3.867	4.096	3.701	4.050	4.217	4.285	4.323
Summerwood S.A.	2.185	2.258	2.395	2.470	2.560	2.662	2.819	2.922	3.051	3.007
Summit Drive S.A.	1.375	1.381	1.447	1.496	1.542	1.603	1.690	1.710	1.756	1.750
Sunny Hills Terrace S.A.	2.249	2.367	2.498	2.702	2.772	2.946	3.120	3.224	3.278	3.180
Sunrise S.A.	1.865	1.926	2.031	2.136	2.171	2.198	2.381	2.419	2.494	2.463
Tan Terra S.A.	1.559	1.559	1.478	1.553	1.592	1.754	1.885	1.883	1.935	1.977
Thomas S.A.	2.485	2.460	2.759	2.842	2.791	2.861	3.008	3.449	3.660	3.572
Timberlane Road S.A.	1.251	1.274	1.371	1.485	1.464	1.448	1.594	1.642	1.616	1.639
Tungsten S.A.	2.682	2.648	2.814	2.875	2.921	2.992	3.165	3.320	3.384	3.464
Twenty Three Mile Slough S.A.	3.698	3.986	3.977	4.587	3.424	3.557	3.652	3.889	2.983	2.880
Ullrhaven S.A.	1.787	1.658	1.827	1.714	1.706	1.858	2.076	2.153	2.192	2.358
University Fire S.A.	2.108	2.138	2.301	2.370	2.464	2.510	2.643	2.689	2.756	2.736
University Heights S.A.	1.475	1.520	1.617	1.725	1.742	1.755	1.848	1.865	1.887	1.900
University West Street Lights S.A.	0.418	0.419	0.447	0.467	0.472	0.485	0.512	0.527	0.535	0.535
Vienna Woods S.A.	0.815	0.772	0.794	0.815	0.836	0.860	0.809	0.858	0.873	0.892
Viewpointe S.A.	0.956	0.982	1.019	1.056	1.104	1.129	1.201	1.192	1.193	1.167
Violet Drive S.A.	2.667	2.572	2.798	2.912	2.990	3.075	3.265	3.399	3.480	5.574
Vista Gold Road S.A.	2.298	2.390	2.377	2.462	2.549	2.622	2.758	2.888	2.924	2.918
Vue Crest, S.A.	1.310	1.303	1.429	1.479	1.497	1.517	1.587	1.657	1.686	1.669
Whitman S.A.	1.424	1.369	1.442	1.428	1.385	1.562	1.625	1.787	1.811	1.727
Wildview S.A.	2.579	2.651	2.898	2.999	2.975	3.052	3.215	3.359	3.471	3.454
Woodland S.A.	0.980	0.964	1.036	1.073	1.068	1.097	1.152	1.189	1.293	1.377
Yak Road S.A.	0.889	0.900	0.976	0.984	1.009	1.035	1.077	1.117	1.132	1.095

Overlapping Separate

City Governments

City of Fairbanks	6.594	5.991	5.927	5.803	5.843	5.734	5.716	5.549	5.678	5.651
Borough areawide	<u>12.209</u>	<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>
City of Fairbanks total (a)	<u>18.803</u>	<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>
City of North Pole	3.000	3.000	3.000	3.000	3.000	3.000	3.500	3.500	3.500	3.500
Borough areawide	12.209	11.287	11.186	11.432	11.294	11.216	11.216	11.356	11.599	11.418
Borough Solid Waste										
Collection District	<u>1.126</u>	<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>
City of North Pole total (a)	<u>16.335</u>	<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>

**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)									
2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
\$ 6	\$ 6	\$ 7	\$ 7	\$ 7	\$ 7	\$ 8	\$ 8	\$ 9	\$ 9
15	17	18	19	20	21	23	24	26	27
1,097	1,172	1,279	1,380	1,452	1,536	1,619	1,709	1,779	1,832
13	18	19	18	19	19	20	21	21	22
32	34	38	39	42	44	46	50	52	53
99	108	115	121	129	137	145	155	162	165
28	30	33	35	36	40	41	43	44	43
11	12	12	13	13	14	15	16	16	16
19	20	27	29	31	35	39	40	42	45
11	11	12	13	13	14	14	15	16	16
7	8	8	9	9	9	10	10	10	10
29	32	42	43	46	49	53	57	59	61
24	29	41	52	43	50	52	59	50	52
4	4	4	4	4	5	5	6	6	6
2,020	2,135	2,337	2,434	2,590	2,724	2,871	3,005	3,160	3,248
52	55	58	62	63	65	67	69	71	73
60	62	66	68	70	72	75	78	81	82
20	21	23	25	25	26	27	28	29	30
17	18	18	19	20	21	23	23	24	24
53	57	61	64	69	74	79	86	92	96
33	35	38	40	42	44	47	49	51	52
27	30	32	33	34	36	38	40	44	47
3	4	4	4	4	5	5	6	6	6
158	171	184	193	202	212	224	236	247	251
2	2	2	2	2	3	3	3	3	3
70	73	78	81	84	87	90	95	96	97
13,477	13,210	13,701	14,876	14,960	14,945	15,155	15,161	14,787	15,011
883	924	959	938	982	980	1,054	1,066	818	817

- (a) The Borough direct and overlapping except service areas total rate applies to all areas of the Borough outside the cities of Fairbanks and North Pole. Some neighborhoods of the Borough are also in one or more service area(s) and pay service area rate(s) in addition. Other areas of the Borough, including the cities of Fairbanks and North Pole, are not in any service areas.
- (b) Deep Forest S.A. includes a two-year road project under a differential tax zone in 2004 and 2005.
- (c) Denali View S.A. was formerly known as McKinley View S.A.
- (d) Murphy S.A., starting in 2012, includes a one-year road project under a different tax zone. An additional one-year road project was authorized in 2015.
- (e) Potlatch S.A., starting in 2008, includes a two-year road project under a differential tax zone.

**Source:** Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30,

**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	2016			2007		
		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation <sup>a</sup>	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation <sup>b</sup>
Alyeska and related activities	oil transportation	\$ 729,317,160	1	9.58%	\$ 369,500,480	1	5.82%
Fairbanks Gold Mining, Inc. <sup>c</sup>	gold mining	621,660,206	2	8.17%			0.00%
Doyon Utilities, LLC	utilities	271,213,845	3	3.56%			0.00%
Corvias Military Living (Eielson AFB)	military housing	137,997,253	4	1.81%			0.00%
Alaska Communications Systems	communications	54,114,161	5	0.71%			0.00%
GCI Cable Fairbanks, Inc.	utilities	42,589,682	7	0.56%			0.00%
Flint Hills Resources, LLC	oil refining	47,410,138	6	0.62%			0.00%
Wal-Mart	shopping center	35,104,827	8	0.46%	24,864,040	3	0.39%
Westmark Hotel	hotel	33,251,338	9	0.44%	32,639,001	2	0.51%
Fred Meyer Stores, Inc. (west)	shopping center	30,362,947	10	0.40%			0.00%
Fred Meyer Stores, Inc. (east)	shopping center				23,832,905	4	0.38%
Jillian Square	hotel				21,225,075	5	0.33%
North Star AK Housing (Ft. Wainwright)	military housing				18,945,395	6	0.30%
Bentley Mall	shopping center				18,455,085	7	0.29%
Sophie Plaza	hotel				18,332,886	8	0.29%
Sam's Club	shopping center				15,744,893	9	0.25%
Aurora Energy	utilities				15,471,017	10	0.24%
		<u>\$ 2,003,021,557</u>		<u>26.31%</u>	<u>\$ 559,010,777</u>		<u>8.80%</u>

**Notes:**

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

<sup>a</sup> \$7,612,234,660

<sup>b</sup> \$6,351,719,861

<sup>c</sup> Fort Knox

**Source:** Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2017. Historically, information for the most recent calendar year is not available until after the publication date of the School District's CAFR.

# 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 <sup>a,c</sup>	Net Tax Levy <sup>b</sup>	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
2007-08	\$ 82,627,871	\$ 77,824,971	\$ 76,752,199	98.62%	\$ 1,040,194	\$ 77,792,392	99.96%
2008-09	82,550,860	77,549,577	76,584,066	98.75%	842,168	77,426,233	99.84%
2009-10	86,102,429	80,813,908	79,648,773	98.56%	1,152,027	80,800,800	99.98%
2010-11	92,077,064	86,709,188	85,643,722	98.77%	1,015,215	86,658,937	99.94%
2011-12	93,725,808	87,756,597	86,666,871	98.76%	611,916	87,278,787	99.46%
2012-13	94,876,332	88,499,301	87,427,560	98.79%	1,043,133	88,470,693	99.97%
2013-14	98,348,591	91,667,611	90,579,521	98.81%	931,095	91,566,835	99.89%
2014-15	103,052,677	95,894,341	93,194,499	97.15%	505,855	93,700,354	97.71%
2015-16	106,433,578	98,559,732	95,808,520	97.21%	548,493	96,357,013	97.77%
2016-17	106,398,099	98,184,157	95,506,662	97.27%			

**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.

<sup>a</sup> Taxes levied for the fiscal year are the taxes levied after local exemptions, but before state mandated exemptions are applied.

<sup>b</sup> 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.

<sup>c</sup> 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

**Source:** Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2017. Historically, information for the most recent fiscal year is not available until after the publication date of the School District's CAFR.

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Significant Own-Sourced Revenue  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Food Services Local Revenue</b>	<b>Cost of Full- Priced Meals</b>		<b>Percentage of Students Eligible for Free or Reduced-Price Meals</b>
		<b>Breakfast</b>	<b>Lunch</b>	
2008-09	\$ 2,162,348	\$ 1.75	\$ 3.00	31%
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%

**Source (non-accounting data):** Nutrition Services Department

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Outstanding Debt by Type Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Capital Leases</b>	<b>Percentage of Personal Income<sup>a</sup></b>	<b>Per Capita<sup>a</sup></b>
2008-09	\$ 982,962	0.02%	\$ 10.40
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

**Note:**

<sup>a</sup> See page 202, 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

<b>Year</b>	<b>Population</b>	<b>Personal Income in 000's</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
	(a)	(a)	(a)	(b)
2006	90,545	\$ 3,622,073	\$ 40,003	6.4%
2007	93,545	3,905,607	41,751	5.3%
2008	94,552	4,298,303	45,460	5.8%
2009	95,238	4,239,936	44,519	7.1%
2010	98,289	4,460,272	45,379	6.7%
2011	98,146	4,933,704	50,269	6.5%
2012	100,370	5,076,132	50,574	6.1%
2013	101,007	4,905,310	48,564	5.8%
2014	99,371	5,156,589	51,892	5.8%
2015	99,631	5,398,526	54,185	5.4%

(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 2016 by the U.S. Department of Commerce's Bureau of Economic Analysis. Personal income and per capita personal income have been restated back to 2006.

Data for calendar year 2016 is not available until April 2018.

**Source:**

Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2017. 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	2016		Rank	2007	
		Annual Average Monthly Employment <sup>a</sup>	Percentage of Total Borough Employment		Annual Average Monthly Employment <sup>a</sup>	Percentage of Total Borough Employment
Government <sup>b</sup>	1	11,000	29.18%	1	11,800	30.89%
Trade, transportation, utilities	2	7,800	20.69%	2	7,700	20.16%
Educational and health services	3	5,500	14.59%	4	4,200	10.99%
Leisure and hospitality	4	4,200	11.14%	3	4,300	11.26%
Construction	5	2,900	7.69%	5	3,000	7.85%
Professional and business services	6	2,200	5.84%	6	2,300	6.02%
Information, other services	7	1,500	3.98%	7	1,900	4.97%
Financial activities	8	1,200	3.18%	8	1,500	3.93%
Mining and logging	9	800	2.12%	9	800	2.09%
Manufacturing	10	600	1.59%	10	700	1.83%
		<u>37,700</u>	<u>100.00%</u>		<u>38,200</u>	<u>100.00%</u>

**Notes:**

<sup>a</sup> for the 12 months ended December 31; rounded to nearest hundred

<sup>b</sup> federal government 3,000  
state government 4,900  
local government 3,000

**Source:** Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2017. 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					
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Personnel by Department						
Board / Superintendent	8.50	9.50	8.50	8.50	8.50	5.00
Administrative Services	39.50	38.50	38.50	38.50	35.50	32.50
Human Resources	16.50	15.50	9.00	10.00	10.00	12.50
Facilities Management	189.60	187.60	187.60	187.60	172.60	168.60
Instruction and Supervision	33.30	38.80	37.85	36.85	36.85	35.85
Alternative Learning <sup>a</sup>	15.20	13.65	14.40	19.40	18.80	19.80
Teaching and Learning <sup>b</sup>	5.50	5.00	15.25	16.50	14.00	15.00
Special Education	259.32	270.50	343.73	343.73	366.50	381.90
Information and Technology <sup>c</sup>	51.50	43.00	36.50	35.50	35.50	32.00
Non-Departmental <sup>d</sup>			7.00	7.00	6.00	3.00
Federal Programs <sup>e</sup>						
Elementary Schools	488.14	494.14	535.14	519.14	526.14	519.64
Middle Schools	142.00	152.00	157.00	158.00	149.20	144.00
Junior/Senior High School	47.10	47.00	47.00	45.50	45.50	39.50
Senior High Schools	274.40	273.00	270.00	259.80	267.10	245.00
Charter Schools <sup>f</sup>	47.00	55.00	56.25	55.00	59.02	60.77
Total Personnel	<u>1,617.56</u>	<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>
Personnel by Employee Type						
Districtwide Administration	5.00	5.00	5.00	5.00	5.00	4.00
Professional Staff	68.00	69.65	70.65	66.65	66.85	64.05
Principals / Assistant Principals	43.00	43.00	43.00	43.00	43.00	44.00
Certified Staff	903.42	920.95	951.03	931.83	950.93	915.40
Support Staff	598.14	604.59	694.04	694.54	685.43	687.61
Total Personnel	<u>1,617.56</u>	<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>

**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.

<sup>a</sup> Prior to fiscal year 2018-19 Alternative Learning was known as Personalized Learning.

<sup>b</sup> Prior to fiscal year 2016-17 Teaching and Learning was known as Curriculum.

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

<sup>d</sup> 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.

<sup>e</sup> Prior to fiscal year 2018-19 Federal Programs was dispersed among other programs.

<sup>f</sup> During fiscal year 2017-18 Boreal Sun Charter School opened.

**Source:** Fairbanks North Star Borough School District Approved Budget for fiscal years 2008-09 through 2018-19.

				Budgeted Positions
2014-15	2015-16	2016-17	2017-18	2018-19
5.00	5.00	5.00	10.00	10.00
32.50	33.00	31.00	24.00	22.80
13.50	17.50	18.50	17.50	19.00
172.80	171.80	173.80	161.80	163.80
36.05	27.05	27.05	40.05	37.20
19.80	20.85	24.35	18.95	16.33
15.00	42.50	33.00	14.00	14.00
381.40	380.20	377.20	376.20	379.60
33.00	30.00	36.00	35.00	35.00
1.00	1.00	1.00	1.00	
				34.15
518.64	471.19	478.19	499.19	508.73
139.20	136.20	136.00	125.50	115.40
39.50	37.70	40.00	34.00	31.30
241.50	235.60	233.00	215.70	215.90
61.37	63.79	63.79	76.79	82.66
<u>1,710.26</u>	<u>1,673.38</u>	<u>1,677.88</u>	<u>1,649.68</u>	<u>1,685.87</u>
4.00	4.00	4.00	6.00	6.00
68.05	69.65	70.15	73.15	80.02
43.00	41.00	41.00	42.00	42.00
905.00	890.95	895.95	874.15	872.00
690.21	667.78	666.78	654.38	685.85
<u>1,710.26</u>	<u>1,673.38</u>	<u>1,677.88</u>	<u>1,649.68</u>	<u>1,685.87</u>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Operating Statistics  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Enrollment</b>	<b>Operating Expenditures<sup>a</sup></b>	<b>Cost Per Pupil</b>	<b>Percentage Change</b>	<b>Employer's Contribution to PERS / TRS</b>	<b>State of Alaska's Contribution to PERS/TRS on Behalf of the School District</b>
2008-09	14,132	\$ 211,682,939	\$ 14,979	3.13%	\$ 14,497,208	\$ 23,393,176
2009-10	14,397	223,192,702	15,503	3.49%	15,782,536	18,365,830
2010-11	14,218	232,406,642	16,346	5.44%	16,696,996	21,500,230
2011-12	14,260	242,167,968	16,982	3.89%	17,049,613	26,771,742
2012-13	14,256	254,465,878	17,850	5.05%	17,303,835	35,271,226
2013-14	14,041	254,410,673	18,119	1.51%	17,370,572	36,184,956
2014-15	13,762	433,607,722	31,508	73.89%	17,303,899	211,527,002
2015-16	13,851	230,951,510	16,674	-47.08%	17,295,092	14,606,907
2016-17	13,753	238,769,250	17,361	4.58%	17,262,133	12,924,602
2017-18	13,703	232,940,763	16,999	4.58%	17,248,018	12,323,162

**Notes:**

<sup>a</sup> Operating expenditures are total expenditures in governmental funds.

**Source:** Enrollment: 2017-18 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

Total Cost of Contribution to PERS/TRS Per Pupil		Percentage Change	Pupil - Teacher Ratio	Percentage of Students Eligible for Free or Reduced-Price Meals
\$	2,681	-12.04%	15.64	31%
	2,372	-11.56%	15.63	31%
	2,687	13.28%	14.95	33%
	3,073	14.36%	15.30	34%
	3,688	19.56%	14.99	35%
	3,814	3.09%	15.34	36%
	16,628	335.94%	15.21	35%
	2,303	-86.15%	15.55	37%
	2,195	-4.70%	15.35	37%
	1,927	-4.70%	15.68	37%

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Teacher Salary Information Last Ten School Years

<b>School Year</b>	<b>Entry Level Salary <sup>a</sup></b>	<b>Maximum Teacher Salary <sup>b</sup></b>	<b>Average Teacher Salary <sup>c</sup></b>	<b>Percent of Teachers at Maximum on Column(s) <sup>d</sup></b>
2008-09	\$ 41,110	\$ 80,537	\$ 63,979	42%
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%

### Notes:

<sup>a</sup> Entry level salary represents a teacher with a bachelor's degree and no experience.

<sup>b</sup> 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.

<sup>c</sup> Average teacher salary is based on a scattergram of contracted certificated salaries for that school year.

<sup>d</sup> 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
2007-08	21.8	21.2	21.1	1,524	1,533	1,511	2.94	2.97	2.85
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

### 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 2016-17 SAT scores for Fairbanks is not available as of November 2, 2018

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Miscellaneous Statistical Data  
June 30, 2018

**Number of Personnel <sup>a</sup>**

Districtwide administration	6.00
Professional staff	80.02
Principals and assistant principals	42.00
Certified staff	872.00
Support staff	685.85
Number of schools	36

**Enrollment <sup>b</sup>**

Elementary Schools - District	
Anne Wien	375
Barnette	432
Boreal Sun Charter School	181
Chinook Charter School	152
Denali	341
Hunter	372
Joy	418
Ladd	492
Midnight Sun Elementary	476
Nordale	356
North Pole Elementary	479
Pearl Creek	491
Salcha	69
Ticasuk Brown	496
Two Rivers	86
University Park	472
Watershed Charter School	197
Weller	465
Woodriver	435
Secondary Schools - District	
Effie Kokrine Charter School	168
Hutchison High	408
Lathrop Senior High	1,011
North Pole Middle	593
North Pole Senior High	704
Randy Smith Middle	294
Ryan Middle	370
Star of the North Charter	191
Tanana Middle	388
West Valley Senior High	968
Alternative Learning System	114
Elementary Schools - On-Base	
Anderson	214
Arctic Light	532
Crawford	296
Secondary Schools - On-Base	
Ben Eielson Junior/Senior High	350
B.E.S.T. (Correspondence)	301
Golden Heart Academy	16
Total	<u><u>13,703</u></u>

**Sources:**

<sup>a</sup> Fairbanks North Star Borough School District Approved Budget for fiscal year 2018-19

<sup>b</sup> 2017-18 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
<b>15 Years Actual Enrollments</b>																				
03-04	86	1,037	1,079	1,070	1,095	1,096	1,107	1,171	<b>7,741</b>	1,227	1,139	<b>2,366</b>	1,486	1,175	951	874	<b>4,486</b>	<b>14,593</b>	(551)	-3.6%
04-05	87	1,104	1,082	1,074	1,076	1,089	1,069	1,123	<b>7,704</b>	1,160	1,167	<b>2,327</b>	1,504	1,202	964	875	<b>4,545</b>	<b>14,576</b>	(17)	-0.1%
05-06	72	1,195	1,108	1,046	1,066	1,058	1,089	1,054	<b>7,688</b>	1,105	1,133	<b>2,238</b>	1,233	1,157	1,138	1,062	<b>4,590</b>	<b>14,516</b>	(60)	-0.4%
06-07	101	1,080	1,230	1,081	1,027	1,049	1,052	1,083	<b>7,703</b>	1,071	1,060	<b>2,131</b>	1,167	1,212	1,057	1,196	<b>4,632</b>	<b>14,466</b>	(50)	-0.3%
07-08	124	1,077	1,080	1,146	1,060	1,008	1,025	1,032	<b>7,552</b>	1,062	1,040	<b>2,102</b>	1,075	1,131	1,104	1,139	<b>4,449</b>	<b>14,103</b>	(363)	-2.5%
08-09	115	1,131	1,143	1,101	1,133	1,050	1,031	1,023	<b>7,727</b>	1,023	1,054	<b>2,077</b>	1,057	1,066	1,235	970	<b>4,328</b>	<b>14,132</b>	29	0.2%
09-10	142	1,121	1,242	1,144	1,147	1,160	1,086	1,046	<b>8,088</b>	1,044	1,045	<b>2,089</b>	1,073	1,018	1,199	930	<b>4,220</b>	<b>14,397</b>	265	1.9%
10-11	125	1,140	1,144	1,227	1,088	1,078	1,150	1,067	<b>8,019</b>	1,037	1,036	<b>2,073</b>	1,040	1,059	1,167	860	<b>4,126</b>	<b>14,218</b>	(179)	-1.2%
11-12	132	1,153	1,191	1,128	1,210	1,059	1,082	1,128	<b>8,083</b>	1,081	1,014	<b>2,095</b>	1,028	1,057	1,189	808	<b>4,082</b>	<b>14,260</b>	42	0.3%
12-13	132	1,162	1,182	1,151	1,142	1,194	1,053	1,062	<b>8,078</b>	1,110	1,083	<b>2,193</b>	1,010	945	1,184	846	<b>3,985</b>	<b>14,256</b>	(4)	0.0%
13-14	116	1,219	1,205	1,134	1,105	1,097	1,130	1,020	<b>8,026</b>	1,015	1,075	<b>2,090</b>	1,040	980	1,045	860	<b>3,925</b>	<b>14,041</b>	(215)	-1.5%
14-15	113	1,122	1,227	1,160	1,077	1,053	1,055	1,081	<b>7,888</b>	995	983	<b>1,978</b>	1,040	987	1,066	803	<b>3,896</b>	<b>13,762</b>	(279)	-2.0%
15-16	110	1,057	1,200	1,222	1,176	1,080	1,028	1,026	<b>7,899</b>	1,089	974	<b>2,063</b>	996	1,013	1,025	855	<b>3,889</b>	<b>13,851</b>	89	0.6%
16-17	136	1,088	1,129	1,174	1,195	1,157	1,064	983	<b>7,926</b>	1,023	1,028	<b>2,051</b>	949	951	1,075	801	<b>3,776</b>	<b>13,753</b>	(98)	-0.7%
17-18	141	1,086	1,117	1,129	1,134	1,193	1,133	1,032	<b>7,965</b>	978	984	<b>1,962</b>	999	916	1,051	810	<b>3,776</b>	<b>13,703</b>	(50)	-0.4%
<b>2018-19 Projected Enrollment</b>																				
18-19	143	1,055	1,127	1,091	1,103	1,115	1,159	1,093	<b>7,886</b>	1,002	930	<b>1,932</b>	1,004	956	1,051	814	<b>3,825</b>	<b>13,643</b>	(60)	-0.4%

### Source:

Actual Enrollments: Historic 20 Day ADM Official Enrollment as reported to the State of Alaska.  
Projected Enrollment: 2018-19 Approved Budget

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Capital Assets by Type and Function  
Last Ten Fiscal Years

	Fiscal Year			
	2008-09	2009-10	2010-11	2011-12
<b>Capital Assets by Type</b>				
Machinery and equipment	\$ 8,756,504	\$ 9,256,859	\$ 8,947,432	\$ 9,415,625
Intangible assets (software)	190,993	1,121,733	1,236,923	1,313,593
Total by type	<u>\$ 8,947,497</u>	<u>\$ 10,378,592</u>	<u>\$ 10,184,355</u>	<u>\$ 10,729,218</u>
<b>Capital Assets by Function</b>				
Instruction	\$ 1,830,758	\$ 1,915,692	\$ 1,901,665	\$ 1,969,249
Special education instruction	53,922	585,295	584,895	579,708
Special education support services-students	25,795	25,795	25,795	25,795
Support services-students	30,802	12,721	12,721	12,722
Support services-instruction	1,325,365	1,810,679	1,579,500	1,783,764
School administration	16,268	5,615		
School administration support services	56,625	56,625	56,625	69,334
District administration	43,200	40,229	28,130	28,130
District administration support services	1,600,649	1,969,133	2,041,017	2,211,557
Operations and maintenance of plant	3,332,217	3,361,248	3,334,777	3,377,305
Student activities	22,006	22,006	45,676	64,324
Student transportation - to and from school				
Food services	609,890	573,554	573,554	607,330
Total by function	<u>\$ 8,947,497</u>	<u>\$ 10,378,592</u>	<u>\$ 10,184,355</u>	<u>\$ 10,729,218</u>

**Source:**

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

Fiscal Year					
2012-13	2013-14	2014-15	2015-2016	2016-2017	2017-2018
\$ 9,455,391	\$ 9,563,787	\$ 10,080,596	\$ 11,022,535	\$ 11,421,951	\$ 11,745,130
1,322,438	1,400,107	1,477,993	1,567,337	1,642,842	1,642,842
<u>\$ 10,777,829</u>	<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>
\$ 1,822,714	\$ 1,833,217	\$ 1,928,436	\$ 2,093,184	\$ 2,090,161	\$ 2,062,720
612,072	612,072	606,877	647,556	647,556	608,195
11,316	17,742	17,742	17,742	17,742	11,347
12,722	97,143	171,852	220,854	220,854	228,700
1,811,941	1,965,755	2,101,124	2,252,772	2,322,371	2,347,900
12,709	12,709	21,385	21,385	21,385	21,385
22,000					32,986
2,229,457	2,116,549	2,448,399	2,783,673	2,922,787	2,837,785
3,516,293	3,556,733	3,650,730	3,932,294	4,143,140	4,563,253
69,419	82,917	82,917	82,917	82,917	77,822
				58,385	58,385
657,186	669,057	529,127	537,495	537,495	537,495
<u>\$ 10,777,829</u>	<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>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

School Building Information  
Last Ten Fiscal Years

	Fiscal Year				
	2008-09	2009-10	2010-11	2011-12	2012-13
<b>School</b>					
<b>Elementary</b>					
Anderson Elementary					
Square Feet	43,996	43,996	43,996	43,996	43,996
Capacity	372	372	372	372	372
Enrollment	310	328	328	283	269
Anne Wien Elementary					
Square Feet	63,532	63,532	63,532	63,532	63,532
Capacity	553	553	553	553	553
Enrollment	431	398	372	385	401
Arctic Light Elementary					
Square Feet	68,272	68,272	68,272	68,272	68,272
Capacity	596	596	596	596	596
Enrollment	531	524	475	570	569
Midnight Sun Elementary					
Square Feet	61,686	61,686	61,686	61,686	61,686
Capacity	537	537	537	537	537
Enrollment	565	550	593	514	505
Barnette Elementary <sup>a</sup>					
Square Feet	54,895	54,895	54,895	54,895	54,895
Capacity	417	417	417	417	417
Enrollment	392	403	408	404	412
Crawford Elementary					
Square Feet	63,532	63,532	63,532	63,532	63,532
Capacity	553	553	553	553	553
Enrollment	280	306	292	297	301
Denali Elementary					
Square Feet	49,210	49,210	49,210	49,210	49,210
Capacity	422	422	422	422	422
Enrollment	395	370	375	365	397
Hunter Elementary					
Square Feet	57,047	57,047	57,047	57,047	57,047
Capacity	494	494	494	494	494
Enrollment	321	350	387	392	353
Joy Elementary					
Square Feet	60,642	60,642	60,642	60,642	60,642
Capacity	527	527	527	527	527
Enrollment	368	384	379	423	443
Ladd Elementary					
Square Feet	63,455	63,455	63,455	63,455	63,455
Capacity	553	553	553	553	553
Enrollment	381	542	499	496	497
Nordale Elementary					
Square Feet	49,210	49,210	49,210	49,210	49,210
Capacity	422	422	422	422	422
Enrollment	396	333	342	344	359
North Pole Elementary					
Square Feet	57,154	57,154	57,154	57,154	57,154
Capacity	495	495	495	495	495
Enrollment	533	532	482	413	453

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

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

School Building Information  
Last Ten Fiscal Years

	Fiscal Year				
	2008-09	2009-10	2010-11	2011-12	2012-13
<b>School</b>					
<b>Elementary (cont.)</b>					
Pearl Creek Elementary					
Square Feet	62,982	62,982	62,982	62,982	62,982
Capacity	548	548	548	548	548
Enrollment	406	443	479	484	470
Salcha Elementary					
Square Feet	13,608	13,608	13,608	13,608	13,608
Capacity	76	76	76	76	76
Enrollment	97	101	88	83	84
Ticasuk Brown Elementary					
Square Feet	63,761	63,761	63,761	63,761	63,761
Capacity	556	556	556	556	556
Enrollment	516	554	548	510	545
Two Rivers Elementary <sup>a</sup>					
Square Feet	22,200	22,200	22,200	22,200	22,200
Capacity	98	98	98	98	98
Enrollment	99	93	93	88	88
University Park Elementary					
Square Feet	64,699	64,699	64,699	64,699	64,699
Capacity	564	564	564	564	564
Enrollment	489	460	474	525	528
Weller Elementary					
Square Feet	65,259	65,259	65,259	65,259	65,259
Capacity	569	569	569	569	569
Enrollment	502	520	542	540	485
Woodriver Elementary					
Square Feet	64,408	64,408	64,408	64,408	64,408
Capacity	561	561	561	561	561
Enrollment	440	414	446	436	444
<b>Secondary</b>					
Ben Eielson Jr. Sr. High					
Square Feet	103,200	103,200	103,200	103,200	103,200
Capacity	616	616	616	616	616
Enrollment	512	474	472	436	403
Howard Luke <sup>b</sup>					
Square Feet	30,856	30,856	30,856	30,856	30,856
Capacity	-	-	-	-	-
Enrollment	-	-	-	-	-
Hutchison High <sup>c</sup>					
Square Feet	87,190	87,190	87,190	87,190	87,190
Capacity	510	510	510	510	510
Enrollment	362	358	363	363	372
Lathrop High					
Square Feet	234,412	234,412	234,412	234,412	234,412
Capacity	1,421	1,421	1,421	1,421	1,421
Enrollment	1,186	1,199	1,125	1,184	1,101

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

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## School Building Information Last Ten Fiscal Years

	Fiscal Year				
	2008-09	2009-10	2010-11	2011-12	2012-13
<b>School</b>					
<b>Secondary (cont.)</b>					
North Pole Middle					
Square Feet	113,306	113,306	113,306	113,306	113,306
Capacity	680	680	680	680	680
Enrollment	599	633	585	652	679
North Pole High					
Square Feet	156,362	156,362	156,362	156,362	156,362
Capacity	946	946	946	946	946
Enrollment	823	814	781	721	729
Randy Smith Middle					
Square Feet	74,589	74,589	74,589	74,589	74,589
Capacity	422	422	422	422	422
Enrollment	366	335	293	313	326
Ryan Middle					
Square Feet	99,880	99,880	99,880	99,880	99,880
Capacity	594	594	594	594	594
Enrollment	361	375	390	396	394
Tanana Middle					
Square Feet	101,069	101,069	101,069	101,069	101,069
Capacity	602	602	602	602	602
Enrollment	503	523	514	501	513
West Valley High					
Square Feet	216,884	216,884	216,884	216,884	216,884
Capacity	1,314	1,314	1,314	1,314	1,314
Enrollment	1,095	1,080	1,070	1,035	1,019

**Notes:**

- <sup>a</sup> 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.
- <sup>b</sup> During fiscal year 2005-06, Howard Luke became home to Effie Kokrine Charter School. The 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.
- <sup>c</sup> Hutchison is a joint-use facility with University of Alaska Fairbanks, Tanana Valley Campus. 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
113,306	113,306	113,306	113,306	113,306
680	680	680	680	680
655	664	655	656	593
156,362	156,362	156,362	156,362	156,362
946	946	946	946	946
752	758	721	736	704
74,589	74,589	74,589	74,589	74,589
422	422	422	422	422
338	326	328	336	294
99,880	99,880	99,880	99,880	99,880
594	594	594	594	594
386	350	366	390	370
101,069	101,069	101,069	101,069	101,069
602	602	602	602	602
472	462	471	432	388
216,884	216,884	216,884	216,884	216,884
1,314	1,314	1,314	1,314	1,314
967	989	1,023	971	968

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# **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**

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# Cook & Haugeberg LLC

## CERTIFIED PUBLIC ACCOUNTANTS

December 4, 2018

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, 2018, 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, 2018, 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, 2018, and have issued our report thereon dated December 4, 2018.

### 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.

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---

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  
December 4, 2018





# Cook & Haugeberg LLC

## CERTIFIED PUBLIC ACCOUNTANTS

December 4, 2018

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, 2018. 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.

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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, 2018.

**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  
December 4, 2018

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2018

<b>Federal Grantor/ CFDA Program or Cluster Title/ Pass-through Grantor/ Award Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b><u>U. S. Department of Agriculture</u></b>			
<b><u>Child Nutrition Cluster</u></b>			
<b><u>School Breakfast Program</u></b>			
Passed through the State of Alaska Department of Education and Early Development:			
School Breakfast	10.553		\$ 843,055
<b><u>National School Lunch Program</u></b>			
Passed through the State of Alaska Department of Education and Early Development:			
School Lunch	10.555		2,814,454
USDA Foods Entitlement (noncash)	10.555		223,443
<b>Subtotal 10.555</b>			<u>3,037,897</u>
<b><u>Summer Food Service Program for Children</u></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Summer Food Service	10.559	MA17FNSD01	18,366
<b>Total Child Nutrition Cluster</b>			<u>3,899,318</u>
<b><u>State Administrative Expenses for Child Nutrition</u></b>			
Passed through the State of Alaska Department of Education and Early Development:			
State Administrative Expenses for Child Nutrition	10.560	FD18FNSD01	6,668
<b><u>Fresh Fruit &amp; Vegetable Program</u></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Fresh Fruit & Vegetable	10.582	FF18FNSD01	14,830
Fresh Fruit & Vegetable	10.582	FF18FNSD02	49,381
<b>Subtotal 10.582</b>			<u>64,211</u>
<b>Total U.S. Department of Agriculture</b>			<u>\$ 3,970,197</u>
<b><u>U. S. Department of Defense</u></b>			
<b><u>Student Achievement at Military-Connected Schools</u></b>			
Direct Program:			
DoDEA Student Achievement Grant Program	12.556	HE1254-15-1-0012	\$ 194,758
DoDEA Student Achievement Grant Program	12.556	HE1254-16-1-0012	287,416
DoDEA Student Achievement Grant Program	12.556	HE1254-17-1-0030	278,844
<b>Total U. S. Department of Defense</b>			<u>\$ 761,018</u>
<b><u>U. S. Department of Education</u></b>			
<b><u>Title I Grants to Local Educational Agencies</u></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Title I-A Consolidated Administration	84.010	IP18FNSD01	\$ 646,076
Title I-A Basic Grant	84.010	IP18FNSD01	2,156,394
Title I-A Neglected & Delinquent	84.010	ND18FNSD01	86,314
Title I-A Parent Involvement	84.010	IP18FNSD01	21,843
<b>Subtotal 84.010</b>			<u>2,910,627</u>

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, 2018

<b>Federal Grantor/ CFDA Program or Cluster Title/ Pass-through Grantor/ Award Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b><i>Migrant Education_State Grant Program</i></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Title I-C Consolidated Administration	84.011	IP18FNSD01	\$ 24,517
Title I-C Migrant Education	84.011	IP18FNSD01	408,136
Migrant Ed Book Program	84.011	MB18FNSD01	13,200
Migrant Competitive	84.011	MC18FNSD01	27,497
Migrant Education (PAC)	84.011	MP18FNSD02	747
<b><i>Subtotal 84.011</i></b>			<b><u>474,097</u></b>
<b><i>Title I Program for Neglected and Delinquent Children</i></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Title I-D Youth Facility	84.013	IP18FNSD01	22,970
<b><i>Special Education Cluster (IDEA)</i></b>			
<b><i>Special Education_Grants to States</i></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Title VI-B	84.027	SE18FNSD01	4,461,466
619 Program Audit	84.027	SA18FNSD01	2,917
<b><i>Subtotal 84.027</i></b>			<b><u>4,464,383</u></b>
<b><i>Special Education_Preschool Grants</i></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Preschool Disabled Section 619	84.173	SE18FNSD01	95,655
<b><i>Total Special Education Cluster (IDEA)</i></b>			<b><u>4,560,038</u></b>
<b><i>Impact Aid</i></b>			
Direct Program:			
Title VIII Impact Aid	84.041	N/A	249,759
Passed through the State of Alaska Department of Education and Early Development:			
Title VIII Impact Aid	84.041	N/A	16,652,725
Title VIII Impact Aid for Construction	84.041	N/A	312,336
<b><i>Subtotal 84.041</i></b>			<b><u>17,214,820</u></b>
<b><i>Vocational Education_Basic Grants to States</i></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Carl Perkins Secondary	84.048	EK18FNSD01	277,896
<b><i>Indian Education_Grants to Local Educational Agencies</i></b>			
Direct Program:			
Indian Education	84.060	S060A170496	898,740
<b><i>Education for Homeless Children and Youth</i></b>			
Passed through the State of Alaska Department of Education and Early Development:			
McKinney-Vento Homeless Education	84.196	FR18FNSD01	37,296

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, 2018

<b>Federal Grantor/ CFDA Program or Cluster Title/ Pass-through Grantor/ Award Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b><i>Twenty-First Century Community Learning Centers</i></b>			
Passed through the State of Alaska Department of Education and Early Development:			
AK Community Learning Centers Program	84.287	AC18FNSD01	\$ 1,360,653
<b><i>English Language Acquisition Grants</i></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Title III-A Consolidated Administration	84.365	IP18FNSD01	539
Title III-A English Language Acquisition	84.365	IP18FNSD01	28,129
<b><i>Subtotal 84.365</i></b>			<u>28,668</u>
<b><i>Improving Teacher Quality State Grants</i></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Title II-A Teacher & Principal Training	84.367	IP18FNSD01	1,107,012
<b><i>Student Support and Academic Enrichment Program</i></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Title IV-A Consolidated Administration	84.424	IP18FNSD01	2,425
Title IV-A Student Support and Academic Enrichment Program	84.424	IP18FNSD01	42,656
<b><i>Subtotal 84.424</i></b>			<u>45,081</u>
 Total U. S. Department of Education			<u><u>\$ 28,937,898</u></u>
<b>Grand Total - Expenditures of Federal Awards</b>			<u><u>\$ 33,669,113</u></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, 2018

#### **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, 2018. 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, 2018. The School District received a restricted Federal indirect cost rate from DEED for fiscal year 2018. 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 2018 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, 2018

**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

84.041

Title VIII Impact Aid

84.287

Twenty-First Century Community Learning Centers

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

\$1,010,073

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.

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# **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**



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# Cook & Haugeberg LLC

## CERTIFIED PUBLIC ACCOUNTANTS

December 4, 2018

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, 2018, 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, 2018, 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, 2018, and have issued our report thereon dated December 4, 2018.

### **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.

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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

December 4, 2018  
Fairbanks, Alaska





# **Cook & Haugeberg** LLC

## **CERTIFIED PUBLIC ACCOUNTANTS**

December 4, 2018

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, 2018. 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 the requirements of laws, regulations, contracts, and grants 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.

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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, 2018.

### 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

December 4, 2018  
Fairbanks, Alaska

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Schedule of State Financial Assistance

For the Year Ended June 30, 2018

<b>State Grantor/ Pass-through Grantor/ Award Title</b>	<b>Grant ID Number</b>	<b>State Expenditures</b>
<b><u>State of Alaska Department of Education and Early Development</u></b>		
Direct Program:		
Public School Foundation Funding Program *	N/A	\$ 117,791,496
On-Base Schools *	N/A	1,450,000
Quality Schools	N/A	415,063
Pupil Transportation *	N/A	12,101,611
Youth in Detention	EY18FNSD01	120,356
Youth Risk Behavior Survey	YR17FNSD01	4,457
Student Safety & Security	NA	94,956
Suicide Awareness, Prevention and Postvention	SP18FNSD01	26,378
Alaska Pre-Elementary Development	PK18FNSD01	116,274
Safe Children's Act	SC18FNSD01	3,291
Charter Schools - Boreal Sun	CS18FNSD01	90,000
<b>Total State of Alaska Department of Education and Early Development</b>		<b>\$ 132,213,882</b>
<b><u>State of Alaska Department of Administration</u></b>		
Direct Program:		
Alaska Teachers' Retirement System (TRS) On-Behalf Funding *	N/A	\$ 11,156,132
Alaska Public Employees' Retirement System (PERS) On-Behalf Funding *	N/A	1,167,030
<b>Total State of Alaska Department of Administration</b>		<b>\$ 12,323,162</b>
<b><u>State of Alaska Department of Commerce, Community and Economic Development-</u></b>		
<b><u>Division of Community Advocacy</u></b>		
Passed through the Fairbanks North Star Borough:		
Designated Legislative Grant Program:		
Barnette Magnet School Digital Classroom Technology	14-DM-011 S18BAS	\$ 13,779
Ticasuk Brown Elementary School Security Systems	14-DM-018 S18TBQ	11,628
Two Rivers ES Classroom Improvements	14-RR-008 S18TCU	5,122
Lathrop High School Classroom Technology & PE Equipment	14-DC-052 S18LSS	392
<b>Total State of Alaska Department of Commerce, Community, and Economic Development</b>		<b>\$ 30,921</b>
<b>Grand Total - State Financial Assistance</b>		<b>\$ 144,567,965</b>

\* State Major Program-FY18

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, 2018

#### **NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of state financial assistance (the "Schedule") includes the state grant activity of the Fairbanks North Star Borough School District under programs of the State of Alaska for the year ended June 30, 2018. 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 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 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.

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018

**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.



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# **SUPPLEMENTAL REPORTS**

# **SUPPLEMENTAL REPORTS**

**Statements of Compliance**

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# Cook & Haugeberg LLC

CERTIFIED PUBLIC ACCOUNTANTS

December 4, 2018

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, 2018, 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, 2018, 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, 2018. 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.

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**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Statement of Compliance - AS 14.17.505

Year Ended June 30, 2018

**Total General Fund Balance (All Classifications):** \$ 33,469,548

**Items Deducted in 4 AAC 09.160:**

Encumbrances	\$ 3,966,998	
Inventory	338,755	
Prepaid Expenses	63,626	
Impact Aid	14,585,772	
Student Allotments	133,205	
		19,088,356

**Remaining General Fund Balance Subject to 10% Limit:**

\$ 14,381,192

(AS 14.17.505 - "unreserved")

**General fund balance as a percentage of current year expenditures:**

General fund balance subject to 10%	=	\$ 14,381,192	=	7.30%
Current year general fund expenditures		\$ 197,092,177		

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# Cook & Haugeberg LLC

CERTIFIED PUBLIC ACCOUNTANTS

December 4, 2018

## 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, 2018, 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, 2018, 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, 2018 and have issued our report thereon dated December 4, 2018. 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.

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# **SUPPLEMENTAL REPORTS**

**Other Reports**

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# Cook & Haugeberg LLC

CERTIFIED PUBLIC ACCOUNTANTS

December 4, 2018

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, 2018. 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, 2018.

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.

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**SCHEDULE OF PAYMENTS MADE FOR PRINCIPAL AND INTEREST ON BONDS  
TO FUND SCHOOL CONSTRUCTION FOR THE FISCAL YEAR ENDING JUNE 30, 2018**  
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	270,000	120,663	390,663
DR-07-103 to 105	2007 J	US Bank NA	600,000	307,525	907,525
DR-07-103 to 105	2008 L	US Bank NA	525,000	292,297	817,297
DR-10-103 to 106	2010 M	US Bank NA	530,000	429,374	959,374
05-96-102 to 110,114	N Refunding	US Bank NA	2,363,121	59,078	2,422,199
05-96-102 to 110,114	O Refunding	Bank of New York Mellon Trust	1,613,745	165,469	1,779,214
05-99-141 to 144, 146, 147, 150	P Refunding	Bank of New York Mellon Trust	580,000	64,800	644,800
05-96-102 to 110,114	Q Refunding	Bank of New York Mellon Trust	1,995,000	561,625	2,556,625
DR-12-102 to 106	2012 R	US Bank NA	510,000	272,340	782,340
05-03-102 to 104; DR-05-101	S Refunding	US Bank NA	1,390,000	381,550	1,771,550
DR-14-102 to DR-14-108	2016 T	Bank of New York Mellon Trust	1,875,000	2,235,525	4,110,525

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# Cook & Haugeberg LLC

CERTIFIED PUBLIC ACCOUNTANTS

December 4, 2018

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, 2018. 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 (2017-2018 fiscal year). However, in our opinion, except for the average daily membership described in the preceding sentence and the resulting tuition rate (2017-2018 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.

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**STATE OF ALASKA**  
Department of Education and Early Development (DEED)  
Tuition Rate Report  
2017-18 Fiscal Year

**Fairbanks North Star Borough School District**

Local Revenues for Support of Schools:	
Borough contribution to school district general fund	\$ 51,145,400
Direct Expenditures by Borough for School Purposes:	
From: <i>Summary Report of Reimbursable Expenditures</i>	
Bond redemption	17,142,111
Less: State aid for school construction	<u>(11,974,148)</u>
Total expenditures from local sources	<u>56,313,363</u>
Plus:	
Title VIII Impact Aid	16,645,991
On-base tuition	<u>1,450,000</u>
	<u>18,095,991</u>
Total local cost for tuition purposes	<u><u>\$ 74,409,354</u></u>
 Average daily membership as approved by the DEED for foundation support in FY 2017-18.	 13,700.00
 Tuition Rate	 <u><u>\$ 5,431.34</u></u>

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Auditor's Certification  
See Report of Independent Certified Public Accountant

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