

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR JULY 1, 2015 - JUNE 30, 2016



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

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

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE**

**FAIRBANKS NORTH STAR BOROUGH
SCHOOL DISTRICT**

FAIRBANKS, ALASKA

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

**Dr. Karen Gaborik
Superintendent of Schools**

**Prepared by
Accounting Services Department**

**Lisa Pearce
Chief Financial Officer**

**Colleen M. Fitzgerald
Director of Accounting Services**

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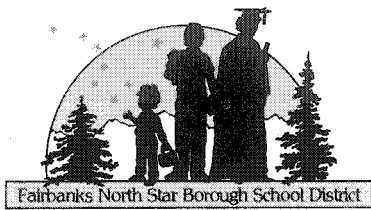
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INTRODUCTORY SECTION



FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

(907) 452-2000

520 Fifth Avenue

Fairbanks, AK 99701-4718

www.k12.northstar.org

January 12, 2017

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, 2016, 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, 2016 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, 2016 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 13,851 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 78 students to a 1,032 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 2016 district-wide average was 23.3 students per class at the elementary level (grades K-6), 22.0 at the middle school level (grades 7-8), and 23.0 at the secondary level (grades 9-12).

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 four 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) and Effie Kokrine Early College Charter School (grades 7-12). All operate under ten year charters with terms expiring in 2019, 2021, 2024 and 2016, 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 2016 unemployment rate was 5.7 percent, an increase of 0.7 percentage points from a year ago, compared to the national average of 4.4 percent which decreased 0.9 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 Borough's full and true assessed valuations have increased approximately \$1.14 billion over the last five years. The local contribution to education represents about 27.0 percent of operating fund revenues for the year ended June 30, 2016, and has increased \$6.61 million or 15.2 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 2015-16 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 increased by 84 students leaving a reduction of 0.6% over the five year period ending in 2015-16. Student enrollment projections for 2016-17 have increased by about 29 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. The Borough just completed construction of a new building to replace Ryan Middle School and the School District moved into the facility in August 2016. While district-wide school enrollments have declined slightly over the last ten years, enrollments in the North Pole area are increasing, putting 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 will fund 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. 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 requires that 28.5 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 \$800,000 annually). It should be noted that for the years ending June 30, 2015 and 2016 the Borough Assembly waived Borough Code 7.04.120E *Lapsing of Funds* which allowed \$800,000 of year-end unassigned fund balance to remain with the School District each year for operating expense. This was in direct response to the fiscal challenge of the School District based on a significant State budget decline.

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 2015-2016 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 243. Local ordinances require 28.5 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 \$800,000 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, 2015.

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, 2015.

This was the twenty fifth 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.

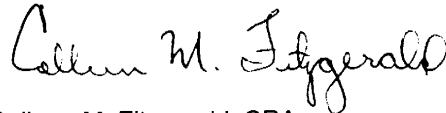
Acknowledgments

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,



Lisa Pearce, SFO
Chief Financial Officer



Colleen M. Fitzgerald, CPA
Director of Accounting Services

FAIRBANKS NORTH STAR BOROUGH
SCHOOL DISTRICT

(As of July 1, 2016)

Fairbanks, Alaska

BOARD OF EDUCATION

Heidi Haas, President
Lisa Gentry, Vice-President
Allyson Lambert, Treasurer
Michael O'Brien, Clerk
Sue Hull, Member
Wendy Dominique, Member
Sean Rice, Member
Colonel Richard Cole, Base Representative
Colonel Sean Williams, Post Representative
Kobe Rizk, Student Representative

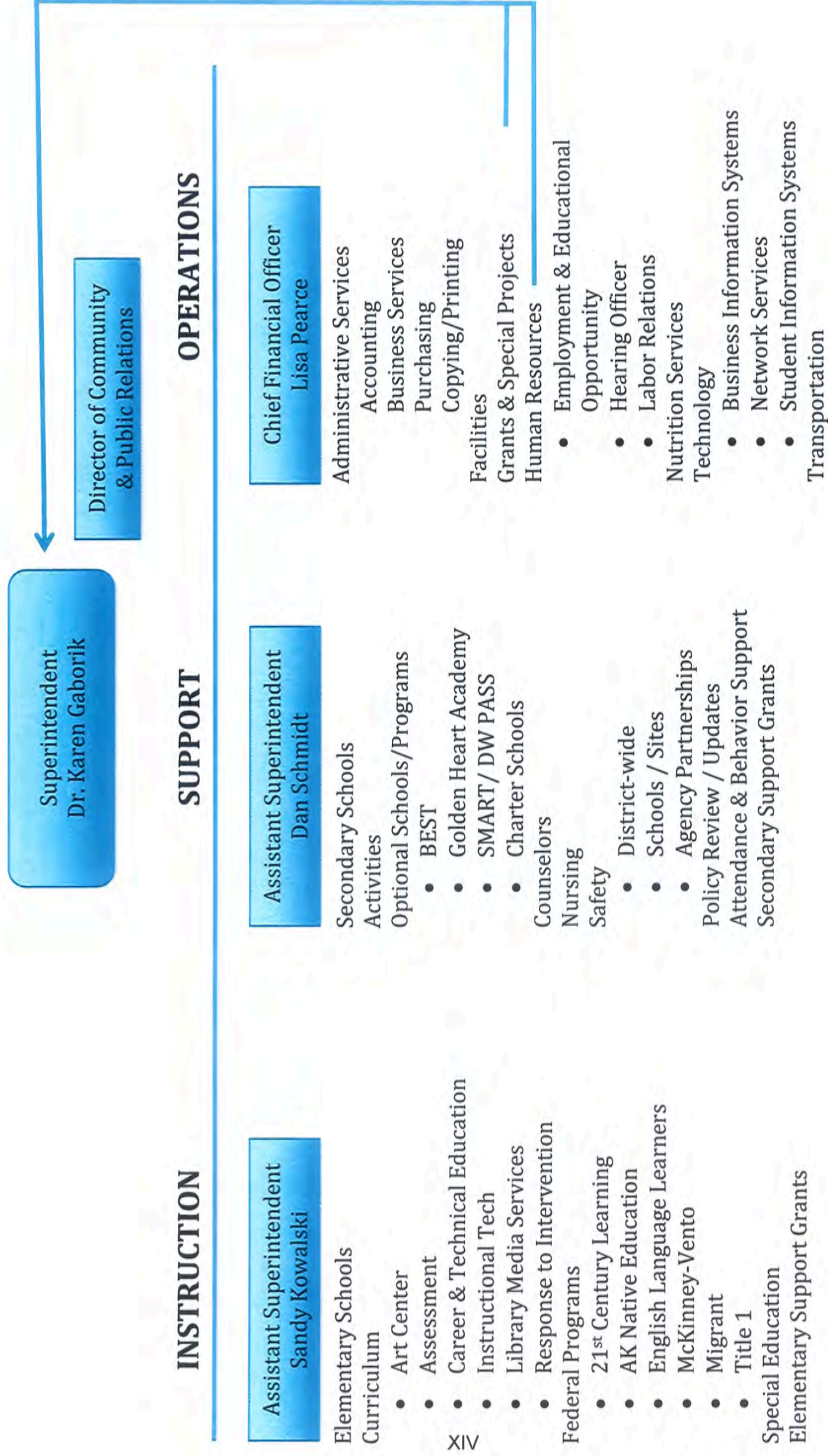
ADMINISTRATION

Dr. Karen Gaborik
Superintendent of Schools

Shaun Kraska
Assistant Superintendent

Sandra Kowalski
Assistant Superintendent

Lisa Pearce
Chief Financial Officer





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting Award
is presented to

Fairbanks Northstar Borough School District

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2015.

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
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, 2015

Executive Director/CEO

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FINANCIAL SECTION

January 12, 2017

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, 2016, 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, 2016, 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 year ended June 30, 2016, 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

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, internal service fund type, and the fiduciary fund type of the School District, as of June 30, 2016, 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, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit for the year ended June 30, 2016 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, 2016, 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, 2016.

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, 2015, (not presented herein), and have issued our report thereon dated January 4, 2016, 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, 2015, 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, 2015 financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the June 30, 2015 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, 2015. The June 30, 2015 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, 2015 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 January 4, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, 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, 2015, 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 January 12, 2017 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, 2016

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, 2016. 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 2016 include the following:

- In fiscal year 2015 the School District adopted the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, 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 pension liability (NPL), related deferred inflows/outflows related to pensions, and pension expense. In fiscal year 2016 the State of Alaska Division of Retirement and Benefits changed its methodology for allocating these pension related amounts to each employer within the PERS and TRS plans. The prior allocation methodology used actual contributions for the fiscal year. The new methodology utilizes the actuarial method which looks at contributions from fiscal year 2017 to the projected fully funded year of fiscal year 2039 and then present values them (assigns a value in the current fiscal year to the total future contributions). This change had a significant impact on the School District's proportionate share of the NPL which increased \$63.5 million or 73.4 percent.
- The net deficit increased \$18.9 million or 31.4 percent from fiscal year 2015. The increase is due to a substantial increase in the pension expense related to our share of the NPL (\$32 million). Pension expense of \$47.3 million for fiscal year 2016 was mitigated by the revenue related to the nonemployer on-behalf pension contributions (\$18 million), a fund balance increase in the general fund (\$9.6 million) and net operating income in the risk management internal service fund (\$0.7 million).
- Revenues saw a net decrease of \$28.7 million. Operating grants and contributions decreased \$28.9 million due to a net decrease in other postemployment benefit (OPEB) nonemployer on-behalf payments to the PERS and TRS of \$28.5 million. On-behalf payments are comprised of two components: pension and OPEB. The decrease in OPEB nonemployer on-behalf payments is a result of legislation enacted by the State of Alaska (State) appropriating \$2 billion for the State's on-behalf payments for all employers in the TRS in fiscal year 2015. A similar payment of \$1 billion was made to the PERS in fiscal year 2015 but the entire payment went toward the PERS pension liability. The local contribution to education from the Fairbanks North Star Borough (Borough) increased \$5.6 million. State Foundation funding increased \$0.5 million and Other State aid decreased \$4.5 million.
- Expenses saw a net decrease of \$3.3 million due to several factors. Although OPEB nonemployer on-behalf expense decreased \$28.5 million, total pension expense increased \$32 million due to the change in allocation methodology discussed above. If you remove the effect of OPEB nonemployer on-behalf expense and pension expense, expenses decreased \$6.9 million. A discussion of this decrease can be found in the *Government-wide Financial Analysis* later in the Management's Discussion and Analysis (MD&A).
- Among major funds, the general fund saw an increase in fund balance of \$9.6 million or 38.6 percent. General fund revenues were \$208.6 million and expenditures and other financing uses were \$198.9 million.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2016 (cont.)

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.
- The *statement of activities* presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cashflows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused annual/personal leave).

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 24 and 25 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 28 through 35 of this report.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2016 (cont.)

Proprietary Fund

The School District maintains a proprietary type internal service fund which is an accounting device used to accumulate and allocate costs internally among the School District's various functions. The internal service fund is used to account for the School District's risk management activities and provides 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 36 through 38 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 39 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 41 through 71 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 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 74 through 84 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 86 through 173 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 220 through 239 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 2016 was (\$18.9) million, a decrease of \$25.4 million over last year. The School District's total liabilities and deferred inflows *exceeded* assets and deferred outflows by \$79.1 million. Of this amount (\$85.5) million was unrestricted, \$1.8 million was restricted for correspondence study student allotments and grant-funded programs and \$4.6 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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2016 (cont.)

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

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Assets				
Current and other assets	\$ 45,785,964	\$ 36,735,091	\$ 9,050,873	24.6%
Capital assets	4,580,174	4,112,494	467,680	11.4%
Total assets	<u>50,366,138</u>	<u>40,847,585</u>	<u>9,518,553</u>	23.3%
Deferred outflows of resources	<u>34,332,671</u>	<u>7,679,304</u>	<u>26,653,367</u>	347.1%
Liabilities				
Long-term liabilities	158,516,780	95,299,362	63,217,418	66.3%
Other liabilities	2,397,540	3,096,850	(699,310)	-22.6%
Total liabilities	<u>160,914,320</u>	<u>98,396,212</u>	<u>62,518,108</u>	63.5%
Deferred inflows of resources	<u>2,927,869</u>	<u>10,368,062</u>	<u>(7,440,193)</u>	-71.8%
Net position				
Investment in capital assets	4,580,174	4,112,494	467,680	11.4%
Restricted	1,759,630	1,451,634	307,996	
Unrestricted	(85,483,184)	(65,801,513)	(19,681,671)	29.9%
Total net position	<u><u>\$ (79,143,380)</u></u>	<u><u>\$ (60,237,385)</u></u>	<u><u>\$ (18,905,995)</u></u>	31.4%

In addition to those already mentioned the following significant current year transactions had an impact on the Statement of Net Position:

- A \$9.7 million increase in equity in central treasury cash due to a net increase in governmental funds fund balance of \$9.4 million and a \$0.7 million increase in net position of the risk management internal service fund

The results of this year's operations for the School District as a whole are reported in the Statement of Activities on page 25 of this report. Table 2 provides condensed information from the Statement of Activities.

Table 2
Changes in Net Position
Governmental Activities

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues:				
Program revenues:				
Charges for services	\$ 1,618,358	\$ 1,655,445	\$ (37,087)	-2.2%
Operating grants and contributions	52,262,056	81,118,672	(28,856,616)	-35.6%
Capital grants and contributions	220,410	911,562	(691,152)	-75.8%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2016 (cont.)

Table 2
Changes in Net Position (continued)
Governmental Activities

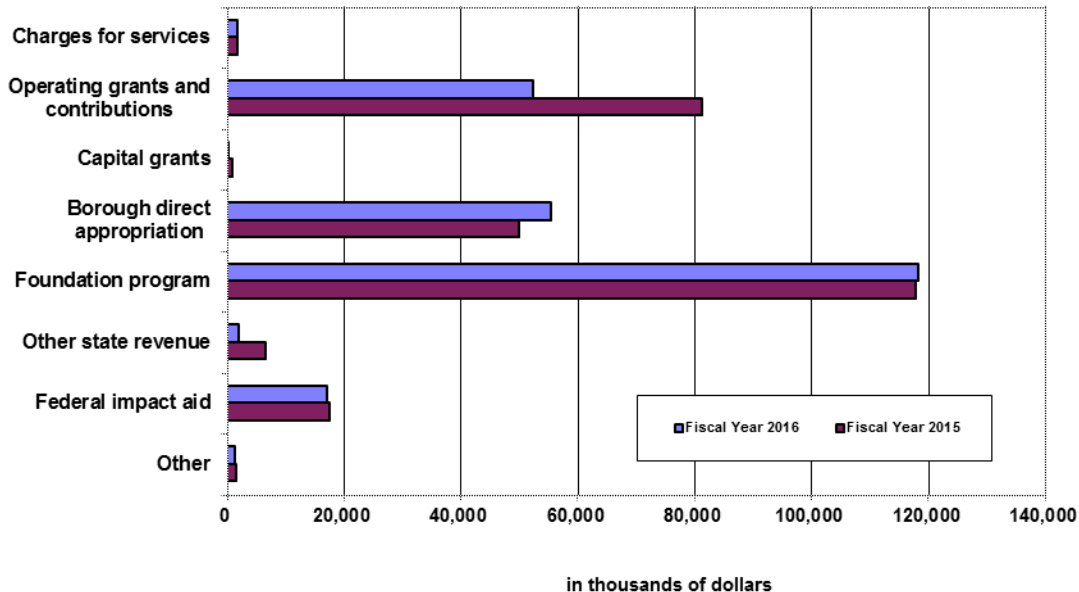
	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues (cont.):				
General revenues:				
Borough direct appropriation	\$ 55,369,000	\$ 49,906,000	\$ 5,463,000	10.9%
Foundation program	118,214,578	117,696,672	517,906	0.4%
Other state revenue	1,982,685	6,498,660	(4,515,975)	-69.5%
Federal impact aid	17,012,673	17,420,489	(407,816)	-2.3%
Other	1,329,789	1,507,611	(177,822)	-11.8%
Total revenues	<u>248,009,549</u>	<u>276,715,111</u>	<u>(28,705,562)</u>	<u>-10.4%</u>
Expenses:				
Instruction	\$ 107,399,957	\$ 122,257,659	\$ (14,857,702)	-12.2%
Special education instruction	33,322,750	31,589,337	1,733,413	5.5%
Special education instruction-support services	11,205,400	11,614,210	(408,810)	-3.5%
Support services-students	16,503,860	16,113,199	390,661	2.4%
Support services-instruction	14,110,870	12,093,473	2,017,397	16.7%
School administration	8,555,778	9,734,249	(1,178,471)	-12.1%
School administration support services	7,154,047	5,627,274	1,526,773	27.1%
District administration	2,170,832	2,368,596	(197,764)	-8.3%
District administration support services	14,310,514	10,876,471	3,434,043	31.6%
Operations and maintenance of plant	28,728,249	27,052,784	1,675,465	6.2%
Student activities	4,969,652	3,052,086	1,917,566	62.8%
Student transportation - to and from school	11,891,808	11,974,378	(82,570)	-0.7%
Food service	6,591,827	5,910,012	681,815	11.5%
Total expenses	<u>\$ 266,915,544</u>	<u>\$ 270,263,728</u>	<u>\$ (3,348,184)</u>	<u>-1.2%</u>
Increase (decrease) in net position	<u>\$ (18,905,995)</u>	<u>\$ 6,451,383</u>	<u>\$ (25,357,378)</u>	<u>-393.1%</u>
Ending net position	<u>\$ (79,143,380)</u>	<u>\$ (60,237,385)</u>	<u>\$ (18,905,995)</u>	<u>31.4%</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2016 (cont.)

Figure A-1 presents a comparative chart of governmental activities revenues for fiscal year 2016 and 2015.

Figure A-1, Governmental Activities Revenues for Fiscal Year 2016 and 2015



Governmental activities revenues were \$248 million, a decrease of \$28.7 million or 10.37 percent over the prior fiscal year. The following significant increases and decreases are again worth noting:

- Decrease in operating grants and contributions of \$28.9 million due to a net decrease in other postemployment benefit (OPEB) nonemployer on-behalf payments to the PERS and TRS of \$28.5 million. On-behalf payments are comprised of two components: pension and OPEB. The decrease is a result of legislation enacted by the State appropriating \$2 billion for the State's on-behalf payments for all employers in the TRS in fiscal year 2015. A similar payment of \$1 billion was made to the PERS in fiscal year 2015 but the entire payment went toward the PERS pension liability.
- Net increase in general revenues of \$1 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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis
June 30, 2016 (cont.)

Figure A-2 presents a chart of governmental activities revenues by source as a percentage of total governmental activities revenues.

Figure A-2, Revenues by Source – Governmental Activities

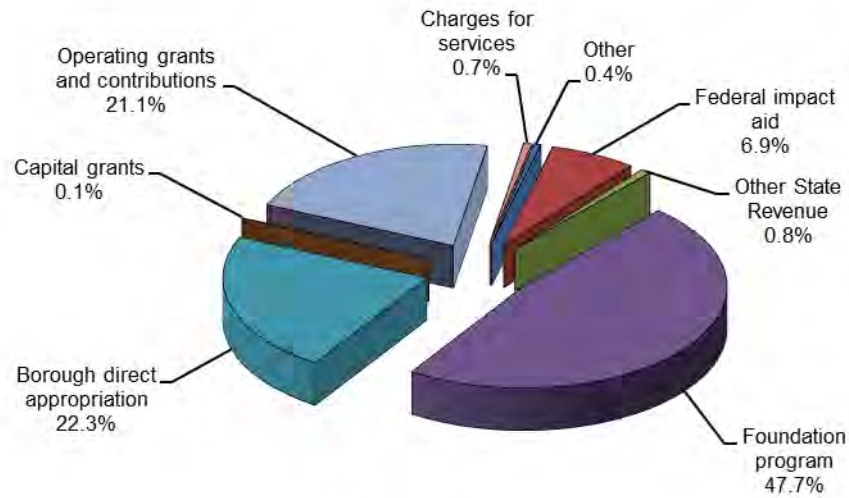
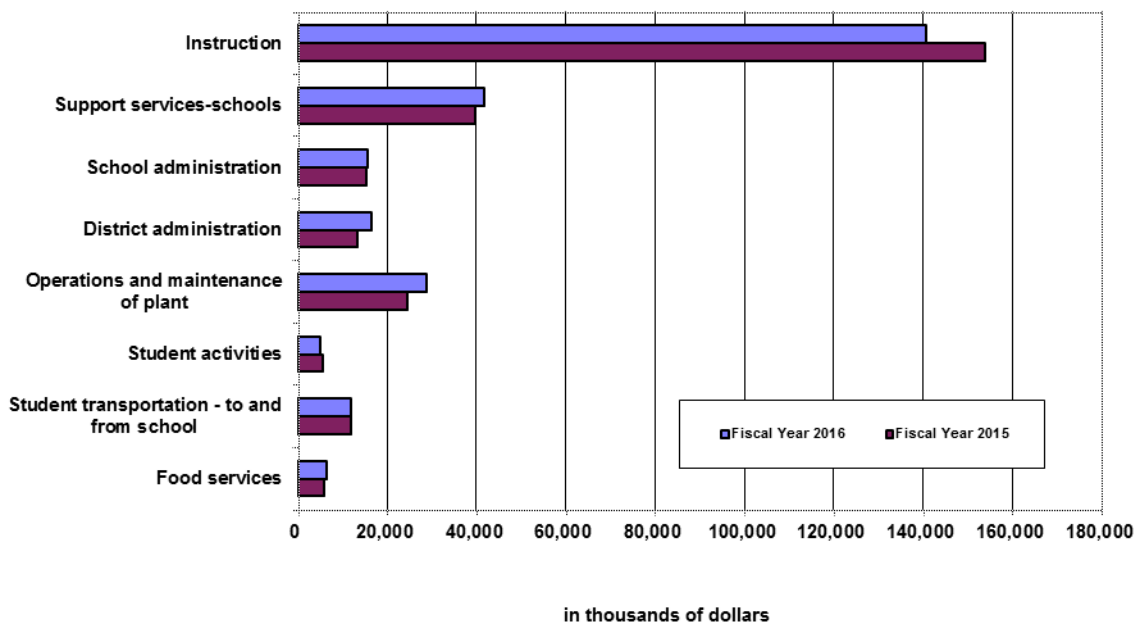


Figure A-3 presents a comparative chart of governmental activities expenses for fiscal year 2016 and 2015.

Figure A-3, Governmental Activities Expenses for Fiscal Year 2016 and 2015



FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2016 (cont.)

The cost of all governmental activities in the current year was \$266.9 million, a decrease of \$3.3 million and 1.2 percent over the prior year. The following significant increases and decreases are worth noting:

- OPEB nonemployer on-behalf expense decreased \$28.5 million. On-behalf payments are comprised of two components: pension and other postemployment benefits (OPEB). The decrease is a result of legislation enacted by the State of Alaska (State) appropriating \$2 billion for the State's on-behalf OPEB and pension payments for all employers in the TRS in fiscal year 2015. A similar on-behalf payment of \$1 billion was made by the State to the PERS in fiscal year 2015 but the entire payment went toward the PERS pension component.
- Total pension expense increased \$32 million due to the change in methodology used by the State Division of Retirement and Benefits in fiscal year 2016 for allocating the proportional share of the PERS and TRS net pension liability, related deferred inflows/outflows related to pensions and pension expense. The prior allocation methodology used actual contributions for the fiscal year. The new methodology utilizes the actuarial method which looks at contributions from fiscal year 2017 to the projected fully funded year of fiscal year 2039 and then present values them.
- If you remove the effect of OPEB on-behalf expense and pension expense, expenses decreased \$6.9 million. In addition to the decrease in general fund expenditures of \$3.6 million described later in the MD&A, the School District also saw a \$2 million decrease in expenditures of the special revenue and capital project funds. Much of that decrease is related to decreases in two of our largest federal grants passed through the State of Alaska (Title I and Title VI-B), a continued spend down in a one-time State of Alaska student safety and security capital grant received in fiscal year 2014, and the completion in fiscal year 2015 of numerous State legislative small grants. Lastly, the operating income of \$0.7 million in the risk management internal service fund served to decrease governmental activities expenses.

Figure A-4 presents a chart of governmental activities expenses by function as a percentage of total governmental activities expenses.

Figure A-4, Expenses by Function – Governmental Activities

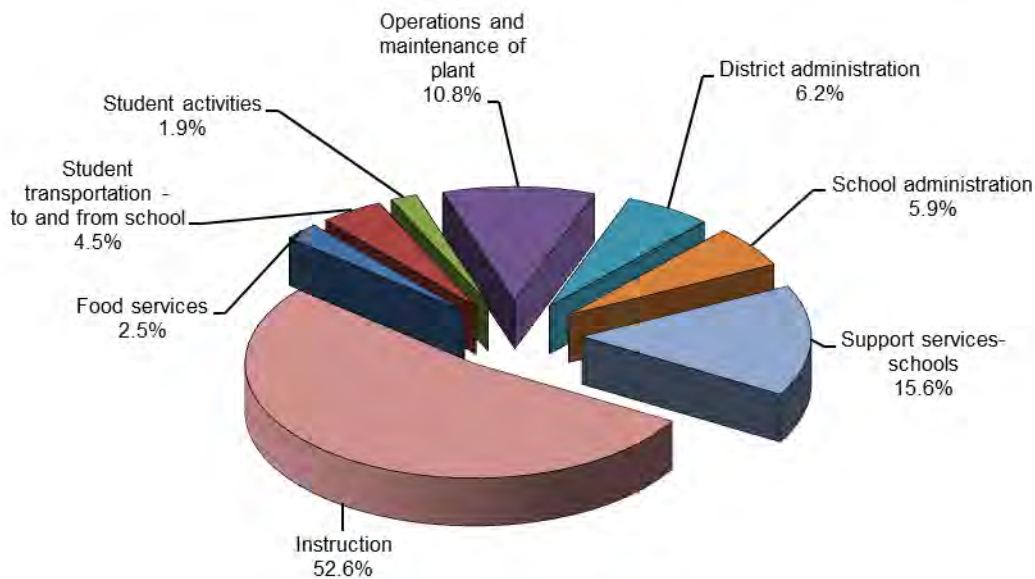


Table 3 condenses the total expenses of the School District's main functional categories – instruction, support services - schools, school administration, district administration, operations and maintenance of

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2016 (cont.)

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

	2016		2015	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 140,722,707	\$ 116,325,857	\$ 153,846,996	\$ 104,413,364
Support services - schools	41,820,130	35,238,689	39,820,882	30,054,354
School administration	15,709,825	14,295,707	15,361,523	12,254,715
District administration	16,481,346	15,514,427	13,245,067	12,609,615
Operations and maintenance of plant	28,728,249	27,836,881	24,500,198	23,610,197
Student activities	4,969,652	2,372,496	5,604,672	2,657,796
Student transportation - to and from school	11,891,808	(381,323)	11,974,378	(53,668)
Food services	6,591,827	1,611,986	5,910,012	1,031,676
Total	\$ 266,915,544	\$ 212,814,720	\$ 270,263,728	\$ 186,578,049

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 \$38.3 million, an increase of \$9.4 million or 32.3 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 46 and 47 of this report.

Approximately \$4.3 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 \$34 million is either assigned to specific purposes (\$20 million) or unassigned (\$14 million). Fund balance in the general fund is assigned 1) for the purpose of liquidating fiscal year 2016 contracts and purchase orders in fiscal year 2017 (\$1.9 million), 2) for the fiscal year 2017 annual federal impact aid payment received in advance in fiscal year 2016 (\$14.9 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 (\$1.8 million). Fund balance in the student transportation special revenue fund is assigned for student transportation funding shortfalls expected in subsequent years (\$1.2 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 (\$0.4 million).

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2016 (cont.)

Table 4 reconciles total ending fund balances for the governmental funds with total net position on the government-wide statement of net position.

Table 4
Reconciliation of Total Fund Balances for Governmental Funds to
Net Position of Governmental Activities

	2016
Total fund balances - governmental funds - at June 30, 2016	<u>\$ 38,307,529</u>
Cost of capital assets (net of accumulated depreciation/amortization)	4,580,174
Internal service fund net position	722,948
Long-term liabilities (compensated absences)	(4,101,143)
Net pension liability	(150,057,690)
Deferred outflows/inflows related to pensions	<u>31,404,802</u>
Total net position at June 30, 2016	<u>\$ (79,143,380)</u>

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 \$34.6 million, up \$9.6 million or 38.6 percent from last fiscal year. Revenues in the general fund decreased \$195 million or 48.4 percent and expenditures decreased \$201 million or 50.2 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 \$0.5 million or 23.4 percent from the prior year due to a 1.5 percent increase per ADM in pupil transportation funding provided by the State of Alaska (\$0.2 million) and a decrease in contracted bussing costs (\$0.2 million) due to a severe shortage of bus drivers. The shortage resulted in student transportation routes being combined to provide needed coverage.
- Fund balance in the state programs special revenue fund decreased \$0.2 million in fiscal year 2016 due to the planned spend-down of a \$2.2 million one-time capital grant from the State of Alaska for student safety and security enhancements.

Table 5 presents a summary of general fund revenues.

Table 5
General Fund Revenues

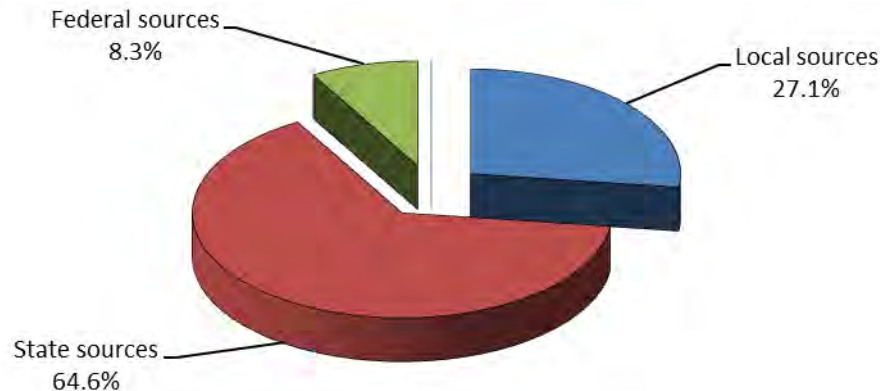
	2016	2015	Increase (Decrease)	Percent Increase (Decrease)
Local sources	\$ 56,432,022	\$ 51,087,441	\$ 5,344,581	10.5%
State sources	134,804,170	335,722,334	(200,918,164)	-59.8%
Federal sources	17,326,772	17,738,637	(411,865)	-2.3%
Other financing sources		5,738	(5,738)	-100.0%
Total	<u>\$ 208,562,964</u>	<u>\$ 404,554,150</u>	<u>\$ (195,991,186)</u>	-48.4%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2016 (cont.)

Figure A-5 presents a chart of general fund revenues by source as a percentage of total general fund revenues.

Figure A-5, General Fund Revenues



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 \$55.4 million in fiscal year 2016, a \$5.5 million increase from last year. The net decrease in revenues from state sources was due to an increase in foundation funding (\$0.5 million), a decrease in supplemental aid (\$4.5 million), and a decrease in nonemployer on-behalf payments made to our PERS and TRS defined benefit plans (\$197 million). The increase in foundation funding was due to a \$50 increase to the base student allocation. The decrease in supplemental aid, earmarked to offset increased energy costs, was expected as the Alaska Legislature did not renew this appropriation for fiscal year 2016. The decrease in State on-behalf payments was due to a one-time appropriation in fiscal year 2015 by the Alaska Legislature (Senate Bill 119) to the PERS and TRS defined benefit plans of \$1 billion and \$2 billion, respectively. The decrease in revenues from federal sources was due to a decrease of \$0.4 million in impact aid resulting primarily from a 1) a decrease to the annual application payment (\$1.9 million) offset by an increase in payments related to prior year applications (\$1.5 million).

Table 6 presents a summary of general fund expenditures.

Table 6
General Fund Expenditures

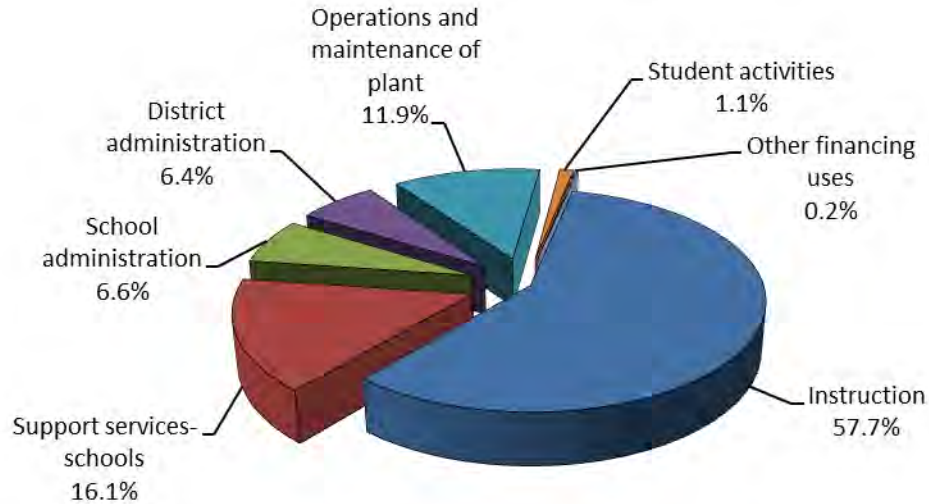
	2016	2015	Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 114,893,115	\$ 264,456,183	\$ (149,563,068)	-56.6%
Support services - schools	32,084,653	60,728,877	(28,644,224)	-47.2%
School administration	13,075,997	25,590,426	(12,514,429)	-48.9%
District administration	12,702,498	16,116,337	(3,413,839)	-21.2%
Operations and maintenance of plant	23,616,160	27,766,846	(4,150,686)	-14.9%
Student activities	2,202,643	4,578,101	(2,375,458)	-51.9%
Transfers to other funds	351,196	196,808	154,388	78.4%
Total	<u>\$ 198,926,262</u>	<u>\$ 399,433,578</u>	<u>\$ (200,507,316)</u>	<u>-50.2%</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2016 (cont.)

Figure A-6 presents a chart of general fund expenditures by function as a percentage of total general fund expenditures.

Figure A-6, General Fund Expenditures



As Table 6 shows, all functional areas incurred large decreases in expenditures due to decreases in nonemployer on-behalf payments to the PERS and TRS defined benefit plans in fiscal year 2016 of \$14.1 million and \$182.8 million, respectively. 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, expenditures decreased in fiscal year 2016 by \$3.6 million or 1.9 percent. The largest decreases occurred in instruction (\$2.1 million), operations and maintenance of plant (\$0.8 million) and student activities (\$0.5 million). The decrease in the instruction function was due to an overall budget reduction of 14 certified positions and a 10.0 percent across the board reduction in supplies, materials and media. The decrease in operations and maintenance of plant was due to an approximate 40 percent decrease in the price of fuel oil from fiscal year 2015 to 2016 based on the February per gallon price and significantly warmer than normal winter temperatures. Finally, the decrease in the student activities function was due to a 15.0 percent budget reduction across all categorical expenditure items coupled with a \$75,000 decrease in interstate student travel.

The largest categorical decrease in the general fund was in non-certified salaries (\$1.4 million) due to the expiration, at June 30, 2015, of the classified employee negotiated agreement. Although negotiations continued into fiscal year 2016 and classified employees received step increases in accordance with past practice, there was no increase on the salary schedule because contract settlement did not occur until after the end of the fiscal year. Other significant decreases in supplies, materials, and media (\$0.9 million) and energy (\$0.8 million) correlate with decreases noted in the functional areas above.

Proprietary Fund

The risk management internal service fund is used by the School District to account for its self-insurance and risk management program. An internal service fund is simply a means of accumulating costs related to a given activity on an accrual basis so that the costs can subsequently be allocated to the benefiting funds in the form of fees and charges. Any surplus or deficit in this fund is taken into account when setting future benefit rates with the idea that the fund should “break even”. The internal service fund had a positive net position at June 30, 2016 of \$722,948, an increase of \$668,019 from fiscal year 2015. Operating revenues decreased \$0.4 million or 1.0 percent from the prior year due to 1) a \$0.4 million drop in the salary base subject to the health benefit rate and 2) a \$0.2 million decrease in errors and omissions

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2016 (cont.)

claims. Errors and Omissions claims are charged to the general fund in the year they are incurred. Operating expenses decreased \$1.1 million or 3.1 percent from the prior year. Although health care costs decreased \$1.7 million, that decrease was offset by a \$0.7 million increase in worker's compensation claim reserve costs.

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 teaching, 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 2016 were \$4.7 million more than the final budget. Actual expenditures on the budgetary basis (excluding other financing uses) for fiscal year 2016 were \$5.4 million less than the final budget.

Significant budget to actual variances of note were:

- Revenues - state sources – were \$0.7 million over budget. State foundation funding exceeded budget by \$0.5 million due to a difference of 191 students between the projected student count for the fiscal year 2016 budget and the actual official student count. PERS and TRS on-behalf payments made by the State to our defined-benefit plan were over budget by \$0.3 million. Because the final allocation of on-behalf payments is received after the end of the fiscal year no budget true-up is possible.
- Revenues - federal sources – were \$4.0 million over budget due to higher than anticipated impact aid payments for fiscal year 2016 (\$0.2 million) and an increase in payments related to prior year applications (\$3.5 million).
- Total expenditures – were under budget by \$5.4 million. All but two of the functional areas had positive budget variances. A review of overall categorical variances show the largest were in non-certificated salaries (\$1.4 million), employee benefits (\$1.7 million) and energy (\$1 million). The non-certificated salaries variance was due to the expiration, at June 30, 2015, of the classified employee negotiated agreement. Non-certificated salary budgets were increased for fiscal year 2016 in anticipation of a contract settlement. Although negotiations continued into fiscal year 2016 and classified employees received step increases in accordance with past practice, there was no increase on the salary schedule because contract settlement did not occur until after the end of the fiscal year. The employee benefits variance occurred because the benefit rate was set too high relative to final health costs for the year and the energy variance was due to an

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2016 (cont.)

approximate 40 percent decrease in the price of fuel oil from fiscal year 2015 to 2016 based on the February per gallon price and significantly warmer than normal winter temperatures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School District's investment in capital assets for its governmental activities was \$4.6 million as of June 30, 2016 (net of accumulated depreciation and amortization). This investment in capital assets includes machinery, equipment and software. The Borough owns the land and buildings. Table 7 details capital assets by asset type.

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

	2016	2015	Increase (Decrease)	Percent Increase (Decrease)
Machinery and equipment	\$ 3,927,906	\$ 3,393,423	\$ 534,483	15.8%
Intangibles (software)	652,268	719,071	(66,803)	-9.3%
Total	\$ 4,580,174	\$ 4,112,494	\$ 467,680	11.4%

Additional information on the School District's capital assets can be found in Note 6 on pages 51 and 52 of this report.

Debt Administration

The School District's long-term obligations include \$4.1 million for compensated absences, a decrease of \$21,677 or 0.5 percent from the prior year due to the payout and use of leave outpacing the value of leave earned. Long-term obligations also include \$4.4 million for insurance claims and reserves, a decrease of \$0.3 million or 5.8 percent from prior year. Claims and reserves include such items as claims payable and accrued self-insurance reserves. The decrease in claims and reserves, reported in the risk management internal service fund, is due mostly to a decrease in estimated incurred but not reported claims (\$0.6 million) offset by a decrease in expected stop loss reimbursements (\$0.3 million). Finally, the PERS and TRS net pension liability increased \$63.5 million or 73.4 percent. The increase was due to a change in the methodology used for allocating the NPL to each employer within the two plans. In fiscal year 2015 actual contributions were used. In fiscal year 2016 the actuarial method was used. This method looks at contributions from fiscal year 2017 to the projected fully funded year of fiscal year 2039, and then present values them (assigns a value in the current fiscal year to the total future contributions). Additional information about long-term obligations can be found in Note 9 on page 53, Note 12 on pages 55 through 56 and Note 14 on pages 57 through 71 of this report, respectively, and in the risk management internal service fund financial statements on pages 36 through 38.

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 54 of this report.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis
June 30, 2016

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 School District's budget is comprised of over 87 percent in salaries and employee benefits, and includes three bargaining units and one exempt management group. The School District completed negotiations with all three bargaining units during the 2016-17 fiscal year. All employee groups received step increases. The salary increases for fiscal year 2017 range from 1 percent for principal and exempt management groups to 1.5 percent for the support staff (classified) group. Certified staff received no salary scale increase for fiscal year 2017 but an additional step was added to specified columns on the salary schedule.
- In anticipation of potential significant financial exposure to the School District due to the excise tax associated with the Affordable Care Act, the Joint Health Insurance Committee made plan design adjustments to mitigate the financial impact of such a tax. The committee's efforts were designed to also provide cost containment within the health plan. Plan design changes were in place in time to provide for open enrollment with plan changes going into effect January 1, 2017. The School District will continue to analyze the plan performance to quantify the financial impact of the design changes.
- The State of Alaska continues to face a significant fiscal challenge directly related to low oil prices as well as comparatively reduced oil production. The State is again facing multi-billion dollar deficits in the current and ensuing years. Education is the single largest expense in the State's unrestricted general fund, at over 32 percent. The potential for significant decreases in the funding level through the State's education foundation funding system is a continued possibility. In the 2016-17 general fund budget State revenues comprise right at 66 percent of the total anticipated revenue. Any decrease in funding level from the State will have significant impact on the School District's operating fund.
- The Fairbanks North Star Borough School District Board of Education and the State Board of Education have both approved a new charter school application. Boreal Sun Charter School is slated to open in the fall of 2017. This additional alternative school will require a shift in the expenditures allocation of School District resources to provide funding for a new site.

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:

Lisa Pearce
Chief Financial Officer
Fairbanks North Star Borough School District
Department of Administrative Services
520 5th Avenue
Fairbanks, Alaska 99701
Phone (907) 452-2000
lisa.pearce@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, 2016

(With comparative totals for 2015)

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
 <u>ASSETS</u>		
Equity in central treasury cash	\$ 36,643,094	\$ 26,900,472
Accounts receivable	8,155,965	8,706,780
Due from Fairbanks North Star Borough	66,138	22,476
Inventories	918,697	906,091
Prepaid items	2,070	199,272
Machinery and equipment	11,022,535	10,080,595
Less accumulated depreciation	(7,094,629)	(6,687,172)
Intangible assets, net of amortization	652,268	719,071
Total assets	<u>50,366,138</u>	<u>40,847,585</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred outflows related to pensions	<u>34,332,671</u>	<u>7,679,304</u>
 <u>LIABILITIES</u>		
Accounts payable	895,947	846,892
Accrued payroll and liabilities	1,055,823	1,885,494
Unearned revenue	415,142	333,938
Due to Fairbanks North Star Borough		30,526
Due to external groups and agencies	30,628	
Long-term liabilities (See Note 9):		
Due within one year	7,758,266	7,986,757
Due in more than one year	150,758,514	87,312,605
Total liabilities	<u>160,914,320</u>	<u>98,396,212</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows related to pensions	<u>2,927,869</u>	<u>10,368,062</u>
 <u>NET POSITION</u>		
Investment in capital assets	4,580,174	4,112,494
Restricted for:		
Grant-funded programs	1,670,850	1,416,526
Student allotments	88,780	35,108
Unrestricted deficit	<u>(85,483,184)</u>	<u>(65,801,513)</u>
Total net position	<u>\$ (79,143,380)</u>	<u>\$ (60,237,385)</u>

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Statement of Activities For the Year Ended June 30, 2016 (With comparative totals for 2015)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 107,399,957	\$ 47,332	\$ 17,730,512	\$ 187,727	\$ (89,434,386) \$ (82,459,220)
Special education instruction	33,322,750		6,431,279		(26,891,471) (21,954,144)
Special education support services - students	11,205,400		1,025,245		(10,180,155) (9,033,738)
Support services - students	16,503,860	189,497	3,053,606		(13,260,757) (11,690,811)
Support services - instruction	14,110,870	29,006	2,284,087		(11,797,777) (9,329,805)
School administration	8,555,778		1,133,776		(7,422,002) (6,761,954)
School administration support services	7,154,047		280,342		(6,873,705) (5,492,761)
District administration	2,170,832		160,759		(2,010,073) (1,969,600)
District administration support services	14,310,514		806,160		(13,504,354) (10,640,015)
Operations and maintenance of plant	28,728,249		858,685	32,683	(27,836,881) (23,610,197)
Student activities	4,969,652		2,597,156		(2,372,496) (2,657,796)
Student transportation - to and from school	11,891,808		12,273,131		381,323 53,668
Food services	6,591,827	1,352,523	3,627,318		(1,611,986) (1,031,676)
Total governmental activities	\$ 266,915,544	\$ 1,618,358	\$ 52,262,056	\$ 220,410	(212,814,720) (186,578,049)
General revenues:					
Grants and contributions not restricted to specific programs:					
Borough direct appropriation					55,369,000 49,906,000
Foundation program					118,214,578 117,696,672
Other state revenue					1,982,685 6,498,660
Federal impact aid					17,012,673 17,420,489
Other					721,453 953,584
Miscellaneous					608,336 554,027
Total general revenues					193,908,725 193,029,432
Change in net position					(18,905,995) 6,451,383
Net position - beginning					(60,237,385) 24,943,010
Restatement-GASB 68 implementation (see note 15)					(91,631,778)
Net position - beginning, as restated at July 1, 2014					(60,237,385) (66,688,768)
Net position - ending					\$ (79,143,380) \$ (60,237,385)

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, 2016
 (With comparative totals for 2015)

	<u>General</u>	<u>Federal Programs Special Revenue</u>	<u>Student Transportation Special Revenue</u>
<u>ASSETS</u>			
Equity in central treasury cash	\$ 30,244,553	\$ 2,158	\$ 2,712,168
Accounts receivable:			
Local	211,955	43,347	
State		3,388,634	
Federal	11,747	315,125	
Due from other funds	5,338,611		
Due from Fairbanks North Star Borough	14,539		
Inventories	441,937		
Prepaid items	2,070		
Total assets	<u>\$ 36,265,412</u>	<u>\$ 3,749,264</u>	<u>\$ 2,712,168</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 570,093	\$ 29,745	\$ 211,579
Accrued payroll and liabilities	1,055,823		
Unearned revenue			
Due to other funds		3,717,361	
Due to Fairbanks North Star Borough			
Due to external groups and agencies	27,541	1,038	
Total liabilities	<u>1,653,457</u>	<u>3,748,144</u>	<u>211,579</u>
Fund balances:			
Nonspendable	444,007		
Restricted	88,780	1,120	1,271,748
Committed			
Assigned	18,653,930		1,228,841
Unassigned	15,425,238		
Total fund balances	<u>34,611,955</u>	<u>1,120</u>	<u>2,500,589</u>
Total liabilities and fund balances	<u>\$ 36,265,412</u>	<u>\$ 3,749,264</u>	<u>\$ 2,712,168</u>

See accompanying notes to the basic financial statements

State Programs Special Revenue	Nonmajor Governmental	Total Governmental Funds	
		2016	2015
\$ 811,438	\$ 1,790,098	\$ 35,560,415	\$ 26,409,104
1,932	235	257,469	503,594
102,887	5,409	3,496,930	3,511,721
		326,872	415,937
		5,338,611	4,931,193
25,093	26,506	66,138	22,476
	476,760	918,697	906,091
		2,070	199,272
<u>\$ 941,350</u>	<u>\$ 2,299,008</u>	<u>\$ 45,967,202</u>	<u>\$ 36,899,388</u>

\$	\$ 8,052	\$ 819,469	\$ 762,765
		1,055,823	1,885,494
411,456	3,686	415,142	333,938
129,912	1,491,338	5,338,611	4,931,193
			30,526
2,000	49	30,628	
<u>543,368</u>	<u>1,503,125</u>	<u>7,659,673</u>	<u>7,943,916</u>

	476,760	920,767	1,105,363
397,982		1,759,630	1,451,634
	1,576,893	1,576,893	1,634,796
	202,143	20,084,914	21,591,027
	(1,459,913)	13,965,325	3,172,652
<u>397,982</u>	<u>795,883</u>	<u>38,307,529</u>	<u>28,955,472</u>
<u>\$ 941,350</u>	<u>\$ 2,299,008</u>	<u>\$ 45,967,202</u>	<u>\$ 36,899,388</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, 2016

Total fund balances for governmental funds	\$ 38,307,529
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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 fair 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 fair market 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	\$ 11,022,535	
Accumulated depreciation to date	(7,094,629)	
Intangible assets, net of amortization	<u>652,268</u>	
		4,580,174

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	722,948
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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, 2016 are:

Compensated absences	(4,101,143)	
Net pension liability	<u>(150,057,690)</u>	
		(154,158,833)

Deferred outflows related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.	34,332,671
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Deferred inflows related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.	<u>(2,927,869)</u>
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Total net position of governmental activities	<u>\$ (79,143,380)</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, 2016
(With comparative totals for 2015)

	<u>General</u>	<u>Federal Programs Special Revenue</u>	<u>Student Transportation Special Revenue</u>
Revenues:			
Local sources	\$ 56,432,022	\$ 11,268	\$
State sources	134,804,170		12,259,136
Federal sources	<u>17,326,772</u>	<u>11,554,936</u>	
Total revenues	<u>208,562,964</u>	<u>11,566,204</u>	<u>12,259,136</u>
Expenditures:			
Current:			
Instruction	90,384,267	4,295,779	
Special education instruction	24,508,848	3,488,353	
Special education support services - students	9,756,127		
Support services - students	11,646,107	1,605,024	
Support services - instruction	10,682,419	1,314,489	
School administration	7,523,471		
School administration support services	5,552,526		
District administration	1,821,104		
District administration support services	10,881,394	840,431	
Operations and maintenance of plant	23,616,160		
Student activities	2,202,643		
Student transportation - to and from school			11,785,369
Food services		<u>22,306</u>	
Total current	<u>198,575,066</u>	<u>11,566,382</u>	<u>11,785,369</u>
Capital outlay			
Total expenditures	<u>198,575,066</u>	<u>11,566,382</u>	<u>11,785,369</u>
Excess (deficiency) of revenues over expenditures	<u>9,987,898</u>	<u>(178)</u>	<u>473,767</u>
Other financing sources (uses):			
Proceeds from sale of capital assets			
Transfers in			
Transfers out	<u>(351,196)</u>		
Total other financing sources (uses)	<u>(351,196)</u>		
Net change in fund balances	9,636,702	(178)	473,767
Fund balances - beginning	<u>24,975,253</u>	<u>1,298</u>	<u>2,026,822</u>
Fund balances - ending	<u>\$ 34,611,955</u>	<u>\$ 1,120</u>	<u>\$ 2,500,589</u>

See accompanying notes to the basic financial statements

State Programs Special Revenue	Nonmajor Governmental	Total Governmental Funds	
		2016	2015
\$	\$	\$	\$
263,180	4,191,235	60,634,525	55,606,475
	20,000	147,346,486	348,429,223
	3,440,848	32,322,556	33,536,223
263,180	7,652,083	240,303,567	437,571,921
186,149	980	94,867,175	223,441,209
		27,997,201	50,484,786
		9,756,127	19,726,865
261,617	164,636	13,677,384	26,237,222
	53,765	12,050,673	17,963,049
		7,523,471	18,710,099
		5,552,526	6,880,327
		1,821,104	3,680,703
8,137		11,729,962	13,057,446
6,008		23,622,168	27,781,546
	2,479,664	4,682,307	7,130,687
		11,785,369	11,968,995
20,527	5,435,493	5,478,326	5,836,841
482,438	8,134,538	230,543,793	432,899,775
	407,717	407,717	707,947
482,438	8,542,255	230,951,510	433,607,722
(219,258)	(890,172)	9,352,057	3,964,199
			5,738
	353,556	353,556	196,808
	(2,360)	(353,556)	(196,808)
	351,196		5,738
(219,258)	(538,976)	9,352,057	3,969,937
617,240	1,334,859	28,955,472	24,985,535
\$ 397,982	\$ 795,883	\$ 38,307,529	\$ 28,955,472

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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, 2016

Net change in fund balances - total governmental funds \$ 9,352,057

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	\$1,252,326	
Less current year depreciation/amortization	<u>(781,887)</u>	
		470,439

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals and donations) is to decrease net position. (2,759)

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. 21,677

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, 2015 measurement date. Contributions made in the fiscal year ending June 30, 2015 are reflected as expenses in the statement of activities in the current year. These consist of:

Contributions subsequent to the measurement date	7,166,350	
Employer contribution expense	(7,395,559)	

Net pension 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		(29,186,219)
-----------------	--	--------------

An internal service fund is used by management to charge the costs of self-insurance and risk management to individual funds. The operating income of the internal service fund is reported with governmental activities.

		<u>668,019</u>
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Change in net position of governmental activities		<u><u>\$ (18,905,995)</u></u>
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See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Statement of Net Position
Proprietary Fund
June 30, 2016
(With comparative totals for 2015)

	Governmental Activities - Risk Management Internal Service Fund Totals	
	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Current assets:		
Equity in central treasury cash	\$ 1,082,679	\$ 491,368
Accounts receivable - local	<u>4,074,694</u>	<u>4,275,528</u>
Total assets	<u><u>\$ 5,157,373</u></u>	<u><u>\$ 4,766,896</u></u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 76,478	\$ 84,127
Current portion of long-term liabilities:		
Claims payable	<u>3,865,589</u>	<u>4,157,532</u>
Total current liabilities	<u><u>3,942,067</u></u>	<u><u>4,241,659</u></u>
Noncurrent liabilities:		
Noncurrent portion of long-term liabilities:		
Claims payable	47,515	53,488
Accrued self-insurance reserves	<u>444,843</u>	<u>416,820</u>
Total noncurrent liabilities	<u><u>492,358</u></u>	<u><u>470,308</u></u>
Total liabilities	<u><u>4,434,425</u></u>	<u><u>4,711,967</u></u>
<u>NET POSITION</u>		
Unrestricted	<u>722,948</u>	<u>54,929</u>
Total net position	<u><u>\$ 722,948</u></u>	<u><u>\$ 54,929</u></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, 2016
(With comparative totals for 2015)

	Governmental Activities - Risk Management Internal Service Fund Totals	
	2016	2015
Operating revenues:		
Revenue from local sources:		
Charges for services	<u>\$ 35,804,338</u>	<u>\$ 36,178,166</u>
Operating expenses:		
Health and life insurance	33,471,228	35,207,953
Workers' compensation insurance	797,447	132,311
Property and other insurance	452,039	461,992
Auto and general liability insurance	<u>415,605</u>	<u>457,785</u>
Total operating expenses	<u>35,136,319</u>	<u>36,260,041</u>
Operating income (loss)	668,019	(81,875)
Total net position - beginning	<u>54,929</u>	<u>136,804</u>
Total net position - ending	<u><u>\$ 722,948</u></u>	<u><u>\$ 54,929</u></u>

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, 2016

(With comparative totals for 2015)

	Governmental Activities - Risk Management Internal Service Fund Total	
	2016	2015
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 35,752,811	\$ 36,133,312
Receipts from employees	4,167,937	4,124,183
Payments to suppliers	(1,000,043)	(1,242,941)
Payments to employees	(110,122)	(198,010)
Payments to Fairbanks North Star Borough	(38,219,272)	(39,866,789)
Net cash provided by (used in) operating activities	591,311	(1,050,245)
Equity in central treasury cash - beginning	491,368	1,541,613
Equity in central treasury cash - ending	<u>\$ 1,082,679</u>	<u>\$ 491,368</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	<u>\$ 668,019</u>	<u>\$ (81,875)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Decrease in accounts receivable - local	200,834	55,346
Increase (decrease) in accounts payable	(7,649)	831
Decrease in claims payable, current portion	(291,943)	(200,282)
Increase (decrease) in claims payable, non-current portion	(5,973)	371
Increase (decrease) in self-insurance reserves	28,023	(824,636)
Total adjustments	<u>(76,708)</u>	<u>(968,370)</u>
Net cash provided by (used in) operating activities	<u>\$ 591,311</u>	<u>\$ (1,050,245)</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, 2016
 (With comparative totals for 2015)

	Totals	
	2016	2015
<u>ASSETS</u>		
Equity in central treasury cash	\$ 25,947	\$ 40,801
<u>LIABILITIES</u>		
Due to external groups	\$ 25,947	\$ 40,801

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, 2016

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 28.5 percent of the School District's annual general fund lapse (defined as the net change in fund balance on the budgetary basis plus any amount designated from fund balance in the original budget to balance revenues and expenditures) be returned to the Borough. The amount of the annual lapse is capped at \$800,000. The School District nets any amounts returned to the Borough against the current year local appropriation. In fiscal years 2015 and 2016 the Borough granted a one-time waiver of the lapse provision of Borough Ordinance 7.04.120E in response to anticipated large School District budget shortfalls for fiscal years 2016 and 2017. 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, 2016 (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 School 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 thirteen 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, administrative center infrastructure, Barnette magnet school art, Woodriver gym upgrades, Ryan school equipment, Ryan middle school

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

art, Ryan middle school replacement art, Ryan middle school replacement, and Two Rivers Interior Renovation.

Proprietary Fund

The School District's internal service fund accounts for self-insurance and risk management services 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. All revenues and expenses are reported as operating revenues and expenses.

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

E. Equity in Central Treasury Cash – Deposits and Investments

All cash resources of the School District are maintained in the Borough's central cash treasury and invested with the following objectives: ensure safety of principal, maintain sufficient liquidity to meet

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

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. Because of anticipated budget shortfalls for fiscal years ended June 30, 2016 and 2017, the Borough granted one-time waivers of the \$800,000 required lapse for fiscal years ended June 30, 2015 and 2016 (see also Note 1A).

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, 2016 (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 estimated fair market 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 four items in this category, all related to pension expense. They are 1) the difference between expected and actual experience, 2) the change in actuarial assumptions, 3) changes in proportion and differences between School District contributions and proportionate share of contributions and 4) pension contributions made subsequent to the net pension liability measurement date of June 30, 2015.

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, all related to pension expense. They are 1) the difference between expected and actual experience, 2) the net difference between projected and actual earnings on pension plan investments, 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, 2016 (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 (the School District's only proprietary fund type) 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

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

Board authorized the Superintendent to assign fund balances through formal action taken at its regular meeting on June 22, 2011.

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

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 (formerly PL-874) 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 2016.

R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension 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, 2015 and revenue equal to the nonemployer pension expense.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (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, 2015, 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 \$2,759 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>\$ 2,759</u>
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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, 2016 local appropriation fund balance was \$1,601,863 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, 2016 (cont.)

Fund Balance Detail

Nonspendable - the following fund balances are nonspendable because they are allocated to:

General fund:

Inventories	\$ 441,937
Prepaid items	2,070
Total	<u>444,007</u>

Nonmajor governmental funds:

Food service special revenue fund - inventories	476,760
Total <i>nonspendable</i>	<u>\$ 920,767</u>

Restricted - the following fund balances are restricted for:

General fund - student allotments	\$ 88,780
Federal programs special revenue fund	1,120
Student transportation special revenue fund	1,271,748
State programs special revenue fund	397,982
Total <i>restricted</i>	<u>\$ 1,759,630</u>

Committed - the following fund balances are committed to:

Nonmajor governmental funds:

Local programs special revenue fund:

Options Child Care	\$ 18,669
Barnette Magnet After School Program	29,022
University Park After School Program	15,550
Nike N7	2,105
Curriculum Staff Development	34,573
Community Donations	77,201
School activities special revenue fund	1,399,773
Total <i>committed</i>	<u>\$ 1,576,893</u>

Assigned - the following fund balances are assigned to:

General fund:

Encumbrances - purchase orders outstanding at June 30, 2016	\$ 1,926,213
Impact aid advance	14,906,614
Subsequent year's expenditures	1,821,103
Total general fund	<u>18,653,930</u>
Student transportation special revenue fund	<u>1,228,841</u>

Nonmajor governmental funds:

Capital projects funds:

Title VIII Construction	172,187
Districtwide School Projects	4,847
Administrative Center Infrastructure	25,109
Total capital projects funds	<u>202,143</u>
Total <i>assigned</i>	<u>\$ 20,084,914</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

Fund Balance Deficit

At June 30, 2016 the Food Service special revenue fund, a non-major fund, had a deficit fund balance of \$983,153. The School District is experiencing a trend of increasing costs in this fund due to the National School Lunch program meal regulations coupled with a continuing decline in student participation. We continue to adjust our meal and pricing strategies in hopes of reducing the deficit in fiscal year 2017.

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.

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 February 2016, 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 397 days or less. As of June 30, 2016, 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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

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, 2016 is as follows:

	Carrying Value of Equity in Central Treasury	Due To/From Other Funds	Reported Equity in Central Treasury
General fund	\$ 35,583,164	\$ (5,338,611)	\$ 30,244,553
Federal programs special revenue fund	(3,715,203)	3,717,361	2,158
Student transportation special revenue fund	2,712,168		2,712,168
State programs special revenue fund	681,526	129,912	811,438
Non-major governmental funds	298,760	1,491,338	1,790,098
Total governmental funds	<u>35,560,415</u>		<u>35,560,415</u>
Risk management internal service fund	<u>1,082,679</u>		<u>1,082,679</u>
Total governmental activities	<u>\$ 36,643,094</u>	<u>\$</u>	<u>\$ 36,643,094</u>
School District agency fund	<u>\$ 25,947</u>	<u>\$</u>	<u>\$ 25,947</u>

NOTE 5: RECEIVABLES

Detail of accounts receivable reported in the statement of net position at June 30, 2016 were as follows:

	General Fund	Federal Programs Special Revenue Fund	State Programs Special Revenue Fund	Nonmajor Governmental Funds	Risk Management Internal Service Fund	Totals
Governmental activities:						
Local	\$ 211,955	\$ 43,347	\$ 1,932	\$ 235	\$ 4,074,694	\$ 4,332,163
State		3,388,634	102,887	5,409		3,496,930
Federal	11,747	315,125				326,872
Total receivables	<u>\$ 223,702</u>	<u>\$ 3,747,106</u>	<u>\$ 104,819</u>	<u>\$ 5,644</u>	<u>\$ 4,074,694</u>	<u>\$ 8,155,965</u>

NOTE 6: 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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

The changes in capital assets by major class for the year ended June 30, 2016, were as follows:

	July 1, 2015 Balance	Additions	Deductions	June 30, 2016 Balance
Governmental activities:				
Machinery and equipment	\$ 10,080,595	\$ 1,162,982	\$ (221,042)	\$ 11,022,535
Less accumulated depreciation	(6,687,172)	(625,740)	218,283	(7,094,629)
Total, net of accumulated depreciation	<u>3,393,423</u>	<u>537,242</u>	<u>(2,759)</u>	<u>3,927,906</u>
 Intangible assets (software)	 1,477,993	 89,344		 1,567,337
Less accumulated amortization	(758,922)	(156,147)		(915,069)
Total, net of accumulated amortization	<u>719,071</u>	<u>(66,803)</u>		<u>652,268</u>
Governmental activities capital assets, net	<u>\$ 4,112,494</u>	<u>\$ 470,439</u>	<u>\$ (2,759)</u>	<u>\$ 4,580,174</u>

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

Instruction	\$ 143,411
Special education instruction	57,499
Special education support services - students	1,135
Support services - students	22,735
Support services - instruction	146,306
School administration	
School administration support services	2,683
District administration	
District administration support services	179,809
Operations and maintenance of plant	191,271
Student activities	9,245
Student transportation service	
Adult and continuing education	
Food services	27,793
Total depreciation/amortization expense	<u>\$ 781,887</u>

NOTE 7: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2016 was as follows:

Due To/From Other Funds

Receivable Fund:	Payable Fund:	Amount
General fund	Federal programs special revenue fund	\$ 3,717,361
General fund	State programs special revenue fund	129,912
General fund	Nonmajor governmental funds	1,491,338
Total interfund receivables/payables		<u>\$ 5,338,611</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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

Interfund Transfers

Transfers Out:		Transfers In:
		Nonmajor Governmental Funds
General fund	\$	351,196
Nonmajor governmental funds		2,360
Total transfers	\$	<u>353,556</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)

Receivable Entity:	Payable Entity:	Amount
Component unit - School District	Primary government (Borough)	<u>\$ 14,539</u>

Amounts due from the 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 various grants passed through the Borough or proceeds of Borough bonds issued for School District facilities.

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 June 30, 2022 unless terminated earlier by mutual written consent of both parties or by the School District if there is insufficient or other lack of funds lawfully appropriated for its performance. Operating 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 2016 was \$307,027.

NOTE 9: GENERAL LONG-TERM LIABILITIES

Long-term liabilities for governmental activities for the year ended June 30, 2016 were as follows:

	July 1, 2015 Balance	Additions	Reductions	June 30, 2016 Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 4,122,820	\$ 4,609,253	\$ (4,630,930)	\$ 4,101,143	\$ 3,892,677
Claims and reserves	4,627,840	36,333,689	(36,603,582)	4,357,947	3,865,589
Net pension liability	86,548,702	63,508,988		150,057,690	
Governmental activity long-term liabilities	<u>\$ 95,299,362</u>	<u>\$ 104,451,930</u>	<u>\$ (41,234,512)</u>	<u>\$ 158,516,780</u>	<u>\$ 7,758,266</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

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

management internal service fund and compensated absences are generally liquidated by the general fund.

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, 2015 Balance	Additions	Reductions	June 30, 2016 Balance	Due Within One Year
2006, Series I	\$ 6,445,000	\$	\$ (460,000)	\$ 5,985,000	\$ 480,000
2007, Series J	8,425,000		(550,000)	7,875,000	570,000
2007, Series K	2,575,000		(1,255,000)	1,320,000	1,320,000
2008, Series L	8,340,000		(485,000)	7,855,000	505,000
2010, Series M	9,685,000		(495,000)	9,190,000	510,000
2010, Series N	6,862,696		(2,218,440)	4,644,256	2,281,135
2011, Series O	6,560,000		(1,530,000)	5,030,000	1,595,000
2012, Series P	3,550,000		(540,000)	3,010,000	560,000
2012, Series Q	15,945,000		(1,815,000)	14,130,000	1,900,000
2012, Series R	10,030,000		(500,000)	9,530,000	500,000
2012, Series S	14,085,000		(1,335,000)	12,750,000	1,360,000
2016, Series T		57,300,000		57,300,000	1,530,000
	<u>\$ 92,502,696</u>	<u>\$ 57,300,000</u>	<u>\$ (11,183,440)</u>	<u>\$ 138,619,256</u>	<u>\$ 13,111,135</u>

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2017	\$ 13,111,135	\$ 5,811,243
2018	12,548,121	4,999,812
2019	10,605,000	4,505,150
2020	9,215,000	4,047,998
2021	9,620,000	3,646,507
2022-2026	38,840,000	12,475,490
2027-2031	29,185,000	6,086,577
2032-2036	15,495,000	947,175
Total	<u>\$ 138,619,256</u>	<u>\$ 42,519,952</u>

During the year, the Borough paid total principal and interest of \$14,850,360 for school-related debt service.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

NOTE 11: COMMITMENTS

As of June 30, 2016 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	\$ 1,926,213
Federal Programs Special Revenue Fund	1,549
Student Transportation Special Revenue Fund	60,378
	<u>\$ 1,988,140</u>
Nonmajor Governmental Funds:	
Special Revenue Funds	\$ 107,120
Capital Projects Funds	593,661
	<u>\$ 700,781</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, 2016 (cont.)

Changes in the risk management internal service fund liability amounts in fiscal years 2016 and 2015 were:

	Claims Liability 2015-16	Claims Liability 2014-15
July 1	\$ 4,627,840	\$ 5,652,387
Current year claims	36,902,973	37,738,743
Changes in estimates for claims of prior periods	(569,284)	(787,523)
Claims payments	(36,603,582)	(37,975,767)
June 30	<u>\$ 4,357,947</u>	<u>\$ 4,627,840</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, 2016 and 2015 was \$4,074,694 and \$4,275,528, 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 2015-16	Allocated Services 2014-15
Risk management overhead	\$ 541,321	\$ 604,335
Auto/general liability, property and other insurance premiums	865,792	853,951
Workers' compensation insurance premiums	232,412	211,133
Health and workers' compensation claims paid	36,855,962	37,723,420
General/auto liabilities, errors & omissions claims paid	23,175	236,927
Audit	68,359	57,142
	<u>\$ 38,587,021</u>	<u>\$ 39,686,908</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

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). Stand-alone financial statements for either plan can be obtained by writing to the Alaska Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203, by calling 1-800-821-2251, or by sending an email request to doa.drb.accountingsection@alaska.gov. The financial statements are also available on the web at doa.alaska.gov/drb/resources/publications.html. The Borough and the School District participate in the PERS under separate agreements. The following aggregate amounts for the PERS and TRS Defined Benefit Pension Plans as of June 30, 2016 are described in detail later in this note:

	PERS	TRS	Total
Deferred outflows related to pensions	\$ 20,625,971	\$ 13,706,700	\$ 34,332,671
Net pension liability	77,485,110	72,572,580	150,057,690
Deferred inflows related to pensions	1,371,807	1,556,062	2,927,869
Pension expense	21,430,219	25,869,195	47,299,414

A. Alaska Public Employees' Retirement System

Plan Description

The Alaska Public Employees' Retirement System (PERS) was established and is administered by the State of Alaska (State) to provide pension, postemployment healthcare, survivor, and disability benefits to eligible employees. The PERS is governed by the Alaska Retirement Management Board (ARMB). 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 Alaska Teachers' Retirement System (TRS). PERS consists of a defined benefit plan (Tiers I, II, and III) and a defined contribution plan with a component of defined benefit postemployment healthcare (Tier IV). The defined benefit plan is closed to new members. Eligible employees who first enter PERS after June 30, 2006 participate in the defined contribution hybrid plan (Tier IV). Effective July 1, 2008, state legislation changed the defined benefit plan from an agent multiple-employer plan to a cost sharing multiple-employer plan.

The PERS consists of the following:

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

* OPEB = Other Postemployment Benefits

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

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

Defined Benefit Plan Tiers I, II and III (DB Plan)

Benefits Provided

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

Contribution Rates

Employee contribution rates for the PERS DB Plan are 6.75 percent (standard option) or 9.6 percent (alternate option) of eligible compensation. The PERS's funding policy provides for 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 benefit obligations when due. Employer effective contribution rates are 22 percent of annual payroll. Alaska statute requires that the State of Alaska, as a nonemployer contributing entity, contribute an amount each year that when combined with the total employer contributions is sufficient to pay the PERS past service liability at the actuarially determined contribution rate adopted by the ARMB.

The rates for fiscal year ended June 30, 2016 were:

	Employer Statutory Rate	Actuarially Determined Rate		
		Normal Cost Rate	Past Service Rate	Total Rate
Pension	13.25%	2.86%	14.80%	17.66%
Other postemployment healthcare	8.75%	3.19%	6.34%	9.53%
Total PERS contribution rate	<u>22.00%</u>	<u>6.05%</u>	<u>21.14%</u>	<u>27.19%</u>

Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the Defined Contribution Hybrid (DCH) Plan payroll. The DBUL amount is computed as the difference between the statutory employer contribution rate of 22 percent for fiscal year 2016, less the total of the employer contributions for DCH Plan employees for the Defined Contribution Retirement Trust, the Health Reimbursement Arrangement 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. The employer DBUL pension contributions for fiscal year 2016 and 2015, applied as a payment to the PERS DB Plan's unfunded liability, were \$965,981, and \$859,969, respectively.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

Contributions

School District and nonemployer on-behalf pension contributions to the PERS DB Pension Plan for fiscal years ended June 30, 2016 and 2015 were as follows:

	Fiscal Year	
	2016	2015
Employer contributions	\$ 3,576,532	\$ 3,512,945
Nonemployer contributions (on-behalf)	1,406,537	16,140,721
	<u>\$ 4,983,069</u>	<u>\$ 19,653,666</u>

For fiscal year 2015, the State contributed more funding than actuarially required in anticipation that this additional funding would decrease future nonemployer contributions. Legislation enacted by the State appropriated \$1 billion for the State's on-behalf nonemployer contributions for all employers in the PERS DB Plan, resulting in an on-behalf nonemployer contribution rate for fiscal year 2015 of 42.41 percent. The State applied all of its contributions in fiscal year 2015 to the unfunded liability for pension benefits and none to healthcare benefits. The on-behalf nonemployer contribution rate for fiscal year 2016 was 5.19 percent (3.63 percent to pension and 1.56 percent to healthcare).

On-behalf 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 *pension* expenditures and revenue are replaced with nonemployer pension expense as of the measurement date of June 30, 2015 and revenue equal to the nonemployer pension expense.

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

At June 30, 2016 and 2015, the School District reported a liability for its proportionate share of the PERS net pension liability 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:

	Fiscal Year	
	2016	2015
School District's proportionate share of the net pension liability	\$ 77,485,110	\$ 38,961,973
State of Alaska's proportionate share of the net pension liability associated with the School District	20,753,489	34,637,437
Total	<u>\$ 98,238,599</u>	<u>\$ 73,599,410</u>

The net pension liability for fiscal year 2016 was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 which was rolled forward to June 30, 2015. The School District's proportion of the net pension liability for fiscal year 2016 was based on the ratio of the present value of projected future contributions of all participating PERS employers and the State of Alaska to the total present value of projected future contributions for the fiscal years 2017 to 2039 to the plan. This is a change from the prior methodology which used actual contributions for the fiscal year to determine the percentage of allocation of the net pension liability to each employer.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

At the measurement date of June 30, 2015 the School District's proportion was 1.59763 percent, which was an increase of 91.3 percent from its proportion of 0.83535 percent measured as of June 30, 2014. The increase was a result of the allocation methodology change described above.

For the year ended June 30, 2016, the School District recognized total pension expense of \$21,430,219 and revenue of \$2,865,991 equal to the nonemployer portion of total pension expense. At June 30, 2016 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	\$ 90,318	\$
Change in actuarial assumptions	4,530,633	
Net difference between projected and actual earnings on pension plan investments		1,371,807
Changes in proportion and differences between School District contributions and proportionate share of contributions	12,428,488	
School District contributions subsequent to the measurement date	3,576,532	
	<u>\$ 20,625,971</u>	<u>\$ 1,371,807</u>

The School District reported \$3,576,532 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 14,624,423
2018	662,977
2019	(881,019)
2020	1,271,251
	<u>\$ 15,677,632</u>

Actuarial Assumptions

The total net pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation prepared by Buck Consultants, LLC as of June 30, 2014 which was rolled forward to June 30, 2015. The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2013,

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

resulting in changes in actuarial assumptions adopted by the ARMB to better reflect expected future experience. This actuarial valuation used the following actuarial assumptions:

Inflation rate	3.12%
Salary increases	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 an average inflation rate of 3.12% and a real rate of return of 4.88%.
Mortality	Rates based upon the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time. Post-termination mortality rates were based on 95% 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 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 weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class included in the PERS current and expected asset allocation 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	5.35%
Global equity (non-US)	5.55
Private equity	6.25
Fixed income composite	0.80
Real estate	3.65
Alternative equity	4.70

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 PERS 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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

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

The following presents the PERS net pension liability and the School District's proportionate share of the net pension liability as of June 30, 2015, calculated using the discount rate of 8.00 percent, as well as what the PERS and 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%)	Discount Rate (8.00%)	1% Increase (9.00%)
PERS net pension liability	100%	\$ 6,447,683,000	\$ 4,850,014,000	\$ 3,504,942,000
School District's proportionate share of the net pension liability	1.59763%	\$ 103,009,894	\$ 77,485,100	\$ 55,995,883

Pension Plan Fiduciary Net Position

Detailed information about the PERS fiduciary net position is available in the separately issued PERS financial report.

Defined Contribution Hybrid Plan Tier IV (DCH Plan)

Benefits

Employees hired on or after July 1, 2006 participate in the PERS Defined Contribution Hybrid Plan (DCH Plan). The PERS DCH Plan provides pension, healthcare, occupational disability and death benefits. The Defined Contribution Retirement Trust is a defined contribution plan. 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.

Contribution Rates

Employee contribution rates for the PERS DCH Hybrid Plan are set by Alaska Statute at 8.00 percent of eligible compensation. The employer contribution rate is set by Alaska Statute at the same rate as the PERS DB Plan. That rate is the greater of 22.00 percent or the actuarially determined normal cost rate of the PERS DB Plan. The 22.00 percent rate for the PERS DCH Plan for fiscal year ended June 30, 2016 is comprised of five elements: 5.00 percent to each member's individual pension account, 1.68 percent into the retiree medical plan, 0.22 percent for occupational death and disability benefits, 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 (into the employee's Health Reimbursement Arrangement account), and a residual contribution applied as a payment to the PERS DB Plan's unfunded liability. The flat dollar amount per employee for fiscal year 2016 was \$77.10 per pay period for full-time employees and \$1.28 per hour for part-time employees.

Contributions

School District pension contributions to the PERS DCH Hybrid Plan for years ended June 30, 2016 and 2015 were \$798,856 and \$729,934, respectively and employee contributions to the plan were \$1,278,150 and \$1,167,893, respectively.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

Defined Benefit Other Postemployment Benefit (OPEB) Plan

Benefits

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.

Contribution Rates

Employer contribution rates for the PERS DB OPEB Plan are established in concert with the PERS DB Pension Plan rates described earlier in this note. The employer rate for the PERS ARHCT is 8.75% of eligible compensation. Employees do not contribute to the PERS DB OPEB plan.

Contributions

School District contributions to the PERS DB OPEB Plan for fiscal years ended June 30, 2016, 2015 and 2014 were \$2,362,911, \$2,654,200 and \$3,164,938, respectively, equal to the required employer contributions each year. The employer Defined Benefit Unfunded Liability (DBUL) PERS healthcare contributions levied against the PERS Defined Contribution Hybrid (DCH) Plan payroll for fiscal year 2016, 2015 and 2014 were \$638,617, \$652,736 and \$630,757, respectively. On-behalf nonemployer contributions for PERS OPEB for fiscal years ended June 30, 2016, 2015 and 2014 were \$602,318, \$-0- and \$2,185,937, respectively. The on-behalf nonemployer OPEB payments are recorded in the general fund as revenues from state sources and as expenditures. On the government-wide statement of activities they are recorded as expense and program revenue.

Defined Contribution Hybrid (DCH) Other Postemployment Benefit (OPEB) 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 2016. 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.

Contribution Rates

Employer contribution rates to the Retiree Medical Plan and the ODD Plan are 1.68 percent and 0.22 percent, respectively. For the HRA Plan, the employer contribution is a flat dollar amount per

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

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 2016 was \$77.10 per pay period for full-time employees and \$1.28 per hour for part-time employees. Employees do not contribute to the PERS DCH OPEB plan.

Contributions

School District contributions to the PERS DC OPEB plan for fiscal years ended June 30, 2016, 2015 and 2014 were as follows:

	Fiscal Year		
	2016	2015	2014
Defined Contribution OPEB-HRA	\$ 814,379	\$ 687,970	\$ 651,430
Defined Benefit OPEB-Retiree Medical Plan	268,382	242,315	61,883
Defined Benefit OPEB-ODD and Other	35,148	32,117	25,769
	<u>\$ 1,117,909</u>	<u>\$ 962,402</u>	<u>\$ 739,082</u>

B. Alaska Teachers' Retirement System

Plan Description

The Teachers' Retirement System (TRS) was established and is administered by the State of Alaska (State) to provide pension, postemployment healthcare, survivor, and disability benefits to eligible employees. The TRS is governed by the Alaska Retirement Management Board (ARMB). Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. 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. 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:

	Plan Type	Benefits
<i>Defined Benefit Plan Tiers I, II (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 III (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 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>.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

Defined Benefit Plan Tiers I and II (DB Plan)

Benefits Provided

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.

Contribution Rates

Employee contribution rates for the TRS DB Pension Plan are 8.65 percent of eligible compensation. The TRS's funding policy provides for 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 benefit obligations when due. Employer effective contribution rates are 12.56 percent of annual payroll. Alaska statute requires that the State of Alaska, as a nonemployer contributing entity, contribute an amount each year that when combined with the total employer contributions is sufficient to pay the TRS past service liability at the actuarially determined contribution rate adopted by the ARMB.

The rates for fiscal year ended June 30, 2016 were:

	Employer Statutory Rate	Actuarially Determined Rate		
		Normal Cost Rate	Past Service Rate	Total Rate
Pension	7.01%	2.04%	17.14%	19.18%
Other postemployment healthcare	5.55%	2.60%	7.49%	10.09%
Total TRS contribution rate	12.56%	4.64%	24.63%	29.27%

Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the Defined Contribution Hybrid (DCH) Plan payroll. The DBUL amount is computed as the difference between the statutory employer contribution rate of 12.56 percent for fiscal year 2016, less the total of the employer contributions for DCH Plan employees for the Defined Contribution Retirement Trust, the Health Reimbursement Arrangement 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. The employer DBUL pension contributions for fiscal year 2016 and 2015, applied as a payment to the TRS DB Plan's unfunded liability, were \$150,291, and \$123,500, respectively.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

Contributions

School District and nonemployer on-behalf pension contributions to the TRS DB Pension Plan for fiscal years ended June 30, 2016 and 2015 were as follows:

	Fiscal Year	
	2016	2015
Employer contributions	\$ 3,589,818	\$ 3,882,614
Nonemployer contributions (on-behalf)	8,771,467	162,434,441
	<u>\$ 12,361,285</u>	<u>\$ 166,317,055</u>

For fiscal year 2015, the State contributed more funding than actuarially required in anticipation that this additional funding would decrease future nonemployer contributions. Legislation enacted by the State appropriated \$2 billion for the State's on-behalf nonemployer contributions for all employers in the TRS DB Plan, resulting in an on-behalf nonemployer contribution rate for fiscal year 2015 of 255.29 percent (212.24 percent for pension and 43.05 percent for healthcare). The on-behalf contribution rate for fiscal year 2016 was 16.71 percent (11.63 percent for pension and 5.08 percent for healthcare).

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

At June 30, 2016 and 2015, the School District reported a liability for its proportionate share of the TRS net pension liability 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:

	Fiscal Year	
	2016	2015
School District's proportionate share of the net pension liability	\$ 72,572,580	\$ 47,586,729
State of Alaska's proportionate share of the net pension liability associated with the School District	115,994,452	249,903,789
Total	<u>\$ 188,567,032</u>	<u>\$ 297,490,518</u>

The net pension liability for fiscal year 2016 was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 which was rolled forward to June 30, 2015. The School District's proportion of the net pension liability for fiscal year 2016 was based on the ratio of the present value of projected future contributions of all participating TRS employers and the State of Alaska to the total present value of projected future contributions for the fiscal years 2017 to 2039 to the plan. This is a change from the prior methodology which used actual contributions for the fiscal year to determine the percentage of allocation of the net pension liability to each employer.

At the measurement date of June 30, 2015 the School District's proportion was 3.90081 percent, which was an increase of 145.8 percent from its proportion of 1.58672 percent measured as of June 30, 2014. The increase was a result of the allocation methodology change described above.

For the year ended June 30, 2016, the School District recognized total pension expense of \$25,869,195 and revenue of \$15,017,995 equal to the nonemployer portion of total pension expense.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

At June 30, 2016 the School District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$	\$ 116,330
Change in actuarial assumptions	3,204,965	
Net difference between projected and actual earnings on pension plan investments		1,066,277
Changes in proportion and differences between School district contributions and proportionate share of contributions	6,911,917	373,455
School District contributions subsequent to the measurement date	3,589,818	
	<u>\$ 13,706,700</u>	<u>\$ 1,556,062</u>

The School District reported \$3,589,818 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 7,798,630
2018	(10,185)
2019	(919,326)
2020	1,691,701
	<u>\$ 8,560,820</u>

Actuarial Assumptions

The total net pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2014, prepared by Buck Consultants, LLC which was rolled forward to June 30, 2015. The actuarial assumptions used in the June 30, 2014 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 ARMB to better reflect expected future experience.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

This actuarial valuation used the following actuarial assumptions:

Inflation rate	3.12%
Salary increases	Graded by service, from 8.11% to 3.87%
Investment rate of return	8.00%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Mortality	Rates based upon the 2010-2013 actual mortality experience, 68% of male and 65% of female post- termination rates. Deaths are assumed to be non-occupational 85% of the time. Post-termination mortality rates were based on 94% of the male rates and 97% of the female rates of the RP-2000 Mortality Table, 2000 Base Year projected to 2018 with Projection Scale BB, with a 3-year setback for males and a 4-year setback for females.

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 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 weighing the expected future real rates of return by an 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 TRS current and expected asset allocation 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	5.35%
Global equity (non-US)	5.55
Private equity	6.25
Fixed income composite	0.80
Real estate	3.65
Alternative equity	4.70

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 TRS 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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

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

The following presents the TRS net pension liability and the School District's proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, as well as what the TRS and 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%)	Discount Rate (8.00%)	1% Increase (9.00%)
TRS net pension liability	100%	\$ 2,685,169,000	\$ 1,860,451,000	\$ 1,169,348,000
School District's proportionate share of the net pension liability	3.9008058%	\$ 104,743,228	\$ 72,572,580	\$ 45,613,995

Pension Plan Fiduciary Net Position

Detailed information about the TRS fiduciary net position is available in the separately issued TRS financial report.

Defined Contribution Hybrid Plan Tier III (DCH Plan)

Benefits

Employees hired on or after July 1, 2006 participate in the TRS Defined Contribution Hybrid Plan (DCH Plan). The TRS DCH Plan provides pension, healthcare, occupational disability and death benefits. The Defined Contribution Retirement Trust is a defined contribution plan. 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 employers 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.

Contribution Rates

Employee contribution rates for the TRS DCH Hybrid Plan are set by Alaska Statute at 8.00 percent of eligible compensation. The employer contribution rate is set by Alaska Statute at the same rate as the TRS DB Plan. That rate is the greater of 12.56 percent or the actuarially determined normal cost rate of the TRS DB Plan. The 12.56 percent rate for the TRS DCH Plan for fiscal year ended June 30, 2016 is comprised of five elements: 7.00 percent to each member's individual pension account, 2.04 percent into the retiree medical plan, 0.0 percent for occupational death and disability benefits, 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 (into the employee's Health Reimbursement Arrangement account), and a residual contribution applied as a payment to the TRS DB Plan's unfunded liability. The flat dollar amount per employee for fiscal year 2016 was \$77.10 per pay period for full-time employees. The rate for part-time employees is based on the contract percentage worked multiplied by the flat dollar amount per pay period for full-time employees.

Contributions

School District pension contributions to the TRS DCH Plan for years ended June 30, 2016 and 2015 were \$1,819,076 and \$1,613,378, respectively and employee contributions to the plan were \$2,078,946 and \$1,843,858, respectively.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016 (cont.)

Defined Benefit Other Postemployment Benefit (OPEB) 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.

Contribution Rates

Employer contribution rates for the TRS DB OPEB Plan are established in concert with the TRS DB Pension Plan rates described earlier in this note. The employer rate for the TRS ARHCT is 5.55% of eligible compensation. Employees do not contribute to the PERS DB OPEB plan.

Contributions

School District contributions to the TRS DB OPEB Plan for fiscal years ended June 30, 2016, 2015 and 2014 were \$2,843,739, \$2,876,731 and \$3,372,054, respectively, equal to the required employer contributions each year. The employer Defined Benefit Unfunded Liability (DBUL) TRS healthcare contributions levied against the TRS Defined Contribution Hybrid (DCH) Plan payroll for fiscal year 2016, 2015 and 2014 were \$118,944, \$91,322 and \$151,962, respectively. On-behalf nonemployer contributions for TRS OPEB for fiscal years ended June 30, 2016, 2015 and 2014 were \$3,826,856, \$32,951,841 and \$10,613,670, respectively. The on-behalf nonemployer OPEB payments are recorded in the general fund as revenues from state sources and as expenditures. On the government-wide statement of activities they are recorded as expense and program revenue.

Defined Contribution Hybrid (DCH) Other Postemployment Benefit (OPEB) Plan

TRS DCH OPEB plan participants (Tier III) participate in the Retirement 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 2016. 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.

Contribution Rates

Employer contribution rates to the Retiree Medical Plan and the ODD Plan are 2.04 percent and 0.00 percent, respectively. 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 per employee for fiscal year 2016 was \$77.10 per pay period for full-time employees. The rate for part-time employees is based on the contract percentage worked multiplied by the flat dollar amount per pay period for full-time employees. Employees do not contribute to the TRS DC OPEB plan.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2016

Contributions

School District contributions to the TRS DC OPEB plan for fiscal years ended June 30, 2016, 2015 and 2014 were as follows:

	Fiscal Year		
	2016	2015	2014
Defined Contribution OPEB-HRA	\$ 656,327	\$ 608,508	\$ 608,461
Defined Benefit OPEB-Retiree Medical Plan	530,129	470,185	97,322
	<u>\$ 1,186,456</u>	<u>\$ 1,078,693</u>	<u>\$ 705,783</u>

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 2015 the School District adopted provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB 68*. GASB 68, among other accounting and reporting criteria, requires the School District to recognize its proportional share of the PERS and TRS Net Pension Liability (and related deferred inflow/outflow accounts), as of the beginning of the School District's fiscal year. GASB 71 requires that contributions made by the School District to the PERS and TRS after the measurement date for the beginning net pension liability but before the start of the School District's current fiscal year be reported as deferred outflows of resources. As a result of the implementation of these two statements, the School District has recorded an opening balance adjustment in fiscal year ended June 30, 2015 to increase deferred outflows and liabilities and decrease opening net position as follows:

	Governmental Activities
Beginning net position , as previously reported at July 1, 2014	\$ 24,943,010
Deferred outflows of resources - District contributions made July 1, 2013 through June 30, 2014	7,124,166
Net pension liability at June 30, 2013 (measurement date)	<u>(98,755,944)</u>
Beginning net position, as restated, July 1, 2014	<u>\$ (66,688,768)</u>

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.

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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**

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

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

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

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, 2016

	<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:					
Local sources	\$ 56,436,000	\$ 56,436,000	\$ 56,432,022	\$ 56,432,022	\$ (3,978)
State sources	134,075,422	134,075,422	134,804,170	134,804,170	728,748
Federal sources	13,324,300	13,324,300	17,326,772	17,326,772	4,002,472
Total revenues	<u>203,835,722</u>	<u>203,835,722</u>	<u>208,562,964</u>	<u>208,562,964</u>	<u>4,727,242</u>
Expenditures:					
Current:					
Instruction	91,950,723	92,021,155	90,384,267	90,733,783	1,287,372
Special education instruction	25,318,810	25,376,633	24,508,848	24,425,902	950,731
Special education support services - students	9,772,868	9,808,405	9,756,127	9,720,142	88,263
Support services - students	11,431,305	11,442,585	11,646,107	11,762,310	(319,725)
Support services - instruction	11,413,707	11,497,501	10,682,419	10,732,159	765,342
School administration	7,460,022	7,461,315	7,523,471	7,523,471	(62,156)
School administration support services	5,943,164	5,941,040	5,552,526	5,545,549	395,491
District administration	2,111,672	2,135,034	1,821,104	1,843,078	291,956
District administration support services	11,644,533	11,506,187	10,881,394	10,728,687	777,500
Operations and maintenance of plant	24,819,965	24,761,811	23,616,160	23,727,051	1,034,760
Student activities	2,383,883	2,365,179	2,202,643	2,203,689	161,490
Total expenditures	<u>204,250,652</u>	<u>204,316,845</u>	<u>198,575,066</u>	<u>198,945,821</u>	<u>5,371,024</u>
Excess (deficiency) of revenues over expenditures	<u>(414,930)</u>	<u>(481,123)</u>	<u>9,987,898</u>	<u>9,617,143</u>	<u>10,098,266</u>
Other financing uses - transfer out	<u>(351,196)</u>	<u>(351,196)</u>	<u>(351,196)</u>	<u>(351,196)</u>	
Total other financing sources (uses)	<u>(351,196)</u>	<u>(351,196)</u>	<u>(351,196)</u>	<u>(351,196)</u>	
Net change in fund balance	<u>\$ (766,126)</u>	<u>\$ (832,319)</u>	<u>9,636,702</u>	<u>\$ 9,265,947</u>	<u>\$ 10,098,266</u>
Fund balance - beginning			<u>24,975,253</u>		
Fund balance - ending			<u>\$ 34,611,955</u>		

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Federal Programs Special Revenue
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Local sources	\$	\$	\$ 11,268	\$ 11,268	\$ 11,268
Federal sources	14,748,019	15,132,020	11,554,936	11,556,485	(3,575,535)
Total revenues	14,748,019	15,132,020	11,566,204	11,567,753	(3,564,267)
Expenditures:					
Current:					
Instruction	4,443,951	4,904,639	4,295,779	4,297,328	607,311
Special education instruction	3,569,382	5,402,228	3,488,353	3,488,353	1,913,875
Support services - students	1,606,483	1,779,623	1,605,024	1,605,024	174,599
Support services - instruction	1,240,591	1,995,463	1,314,489	1,314,489	680,974
District administration support services	713,342	1,028,960	840,431	840,431	188,529
Food services	22,405	22,405	22,306	22,306	99
Total expenditures	11,596,154	15,133,318	11,566,382	11,567,931	3,565,387
Net change in fund balance	<u>\$ 3,151,865</u>	<u>\$ (1,298)</u>	(178)	<u>\$ (178)</u>	<u>\$ 1,120</u>
Fund balance - beginning			1,298		
Fund balance - ending			<u>\$ 1,120</u>		

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Student Transportation Special Revenue
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2016

	<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>\$ 11,921,400</u>	<u>\$ 11,921,400</u>	<u>\$ 12,259,136</u>	<u>\$ 12,319,514</u>	<u>\$ 398,114</u>
Expenditures:					
Current:					
Student transportation - to and from school	<u>13,057,920</u>	<u>13,057,920</u>	<u>11,785,369</u>	<u>11,845,747</u>	<u>1,212,173</u>
Net change in fund balance	<u>\$ (1,136,520)</u>	<u>\$ (1,136,520)</u>	<u>473,767</u>	<u>\$ 473,767</u>	<u>\$ 1,610,287</u>
Fund balance - beginning			<u>2,026,822</u>		
Fund balance - ending			<u>\$ 2,500,589</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, 2016

	<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>\$ 673,126</u>	<u>\$ 1,022,245</u>	<u>\$ 263,180</u>	<u>\$ 258,422</u>	<u>\$ (763,823)</u>
Expenditures:					
Current:					
Instruction	294,951	304,432	186,149	185,630	118,802
Support services - students	682,640	695,517	261,617	257,378	438,139
Support services - instruction	2,000	2,000			2,000
District administration support services	10,973	11,906	8,137	8,137	3,769
Operations and maintenance of plant	196,010	196,010	6,008	6,008	190,002
Food services	<u>100,072</u>	<u>425,900</u>	<u>20,527</u>	<u>20,527</u>	<u>405,373</u>
Total expenditures	<u>1,286,646</u>	<u>1,635,765</u>	<u>482,438</u>	<u>477,680</u>	<u>1,158,085</u>
Net change in fund balance	<u>\$ (613,520)</u>	<u>\$ (613,520)</u>	<u>(219,258)</u>	<u>\$ (219,258)</u>	<u>\$ 394,262</u>
Fund balance - beginning			<u>617,240</u>		
Fund balance - ending			<u>\$ 397,982</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 ^a

	Fiscal Year ^b	
	2014-15	2015-16
School District's proportion of the net pension liability	0.83535%	1.59763%
School District's proportionate share of the net pension liability	\$ 38,961,973	77,485,110
State of Alaska's proportionate share of the net pension liability associated with the School District	34,637,437	20,753,489
Total	<u>\$ 73,599,410</u>	<u>\$ 98,238,599</u>
School District's covered payroll ^c	\$ 21,055,300	\$ 19,703,788
School District's proportionate share of the net pension liability as a percentage of its covered payroll	185.05%	393.25%
Plan fiduciary net position as a percentage of the total pension liability	62.37%	63.96%

Notes:

^a Data for the prior eight years was not available to report.

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

^b The amount presented for each fiscal year was determined as of the PERS pension plan measurement date that occurred one year prior.

^c 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 ^a

	Fiscal Year	
	2014-15	2015-16
Contractually required contribution	\$ 3,512,945	\$ 3,576,532
Contributions in relation to the contractually required contribution	(3,512,945)	(3,576,532)
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>
School District's covered payroll ^b	\$ 21,055,300	\$ 19,703,788
Contributions as a percentage of covered-employee payroll	16.68%	18.15%

Note:

^a Data for the prior eight years was not available to report.

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

^b 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 Proportionate Share of the Net Pension Liability
Teachers' Retirement System
Defined Benefit Pension Plan
Last Ten Fiscal Years ^a

	Fiscal Year ^b	
	2014-15	2015-16
School District's proportion of the net pension liability	1.58672024%	3.90080580%
School District's proportionate share of the net pension liability	\$ 47,586,729	72,572,580
State of Alaska's proportionate share of the net pension liability associated with the School District	249,903,789	115,994,452
Total	\$ 297,490,518	\$ 188,567,032
School District's covered payroll ^c	\$ 52,103,588	\$ 49,079,783
School District's proportionate share of the net pension liability as a percentage of its covered payroll	91.33%	147.87%
Plan fiduciary net position as a percentage of the total pension liability	55.70%	73.82%

Notes:

^a Data for the prior eight years was not available to report.

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

^b The amount presented for each fiscal year was determined as of the PERS pension plan measurement date that occurred one year prior.

^c 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 ^a

	Fiscal Year	
	2014-15	2015-16
Contractually required contribution	\$ 3,882,614	\$ 3,589,818
Contributions in relation to the contractually required contribution	(3,882,614)	(3,589,818)
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>
School District's covered payroll ^b	\$ 52,103,588	\$ 49,079,783
Contributions as a percentage of covered payroll	7.45%	7.31%

Note:

^a Data for the prior eight years was not available to report.

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

^b Covered payroll is defined as the payroll on which contributions to a pension plan are based.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Required Supplementary Information June 30, 2016

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, 2016, 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, 2016 (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	\$ 208,562,964	\$ 11,567,753	\$ 12,319,514	\$ 258,422
Basis difference		(1,549)	(60,378)	4,758
Revenues reported on the basis of GAAP	<u>\$ 208,562,964</u>	<u>\$ 11,566,204</u>	<u>\$ 12,259,136</u>	<u>\$ 263,180</u>
Expenditures reported on the basis of budgeting	\$ 199,297,017	\$ 11,567,931	\$ 11,845,747	\$ 477,680
Add expenditures on prior year encumbrances	1,555,458			4,758
Deduct current year encumbrances	(1,926,213)	(1,549)	(60,378)	
Expenditures reported on the basis of GAAP	<u>\$ 198,926,262</u>	<u>\$ 11,566,382</u>	<u>\$ 11,785,369</u>	<u>\$ 482,438</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Required Supplementary Information June 30, 2016

Expenditures in Excess of Appropriations

For the year ended June 30, 2016, expenditures exceeded budget, in annually approved budgets, for the following major fund:

General Fund:

Support services - students	\$	319,725
School administration		62,156

Expenditures exceeded budget in the support services – students functional area due mainly to use of average salary to budget for certificated positions. The number of employees with annual salaries in excess of the average was particularly high in this function. Expenditures exceeded budget in the school administration function due to a severe weather closure across the School District that resulted in an extra day of pay for all principals. In both cases the budget was not adjusted at year-end to allow for the overages.

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, 2016
(With comparative totals for 2015)

<u>ASSETS</u>	<u>Totals</u>	
	<u>2016</u>	<u>2015</u>
Equity in central treasury cash	\$ 30,244,553	\$ 21,205,671
Accounts receivable:		
Local	211,955	454,721
Federal	11,747	202,745
Due from other funds	5,338,611	4,931,193
Due from Fairbanks North Star Borough	14,539	12,104
Inventories	441,937	425,380
Prepaid items	2,070	199,272
Total assets	<u>\$ 36,265,412</u>	<u>\$ 27,431,086</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 570,093	\$ 539,813
Accrued payroll and liabilities	1,055,823	1,885,494
Due to Fairbanks North Star Borough		30,526
Due to external groups and agencies	27,541	
Total liabilities	<u>1,653,457</u>	<u>2,455,833</u>
Fund balance:		
Nonspendable:		
Inventories	441,937	425,380
Prepaid items	2,070	199,272
Restricted:		
Student allotments	88,780	35,108
Assigned to:		
Encumbrances	1,926,213	1,658,795
Impact aid advance	14,906,614	16,402,515
Subsequent year's expenditures	1,821,103	1,911,426
Unassigned	15,425,238	4,342,757
Total fund balance	<u>34,611,955</u>	<u>24,975,253</u>
Total liabilities and fund balance	<u>\$ 36,265,412</u>	<u>\$ 27,431,086</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, 2016
(With comparative totals for 2015)

	Totals	
	2016	2015
Revenues:		
Revenue from local sources:		
Borough direct appropriation	\$ 55,369,000	\$ 49,906,000
E-rate revenue	407,354	635,436
Other local revenue	608,336	501,725
Tuition from students	47,332	44,280
Total local sources	<u>56,432,022</u>	<u>51,087,441</u>
Revenue from state sources:		
Foundation program	118,214,578	117,696,672
QSI grant	419,888	419,961
Supplemental aid		4,479,736
TRS on-behalf	12,598,052	195,386,281
PERS on-behalf	2,008,855	16,140,721
On-base schools	1,450,000	1,450,000
Other state revenue	112,797	148,963
Total state sources	<u>134,804,170</u>	<u>335,722,334</u>
Revenue from federal sources:		
Direct	421,556	474,596
Through the State of Alaska - Impact Aid	16,905,216	17,264,041
Total federal sources	<u>17,326,772</u>	<u>17,738,637</u>
Total revenues	<u>208,562,964</u>	<u>404,548,412</u>
Expenditures - current:		
Instruction:		
Salaries and fringe benefits:		
Certificated salaries	51,060,788	50,986,855
Non-certificated salaries	3,402,254	4,336,614
Employee benefits	32,409,956	157,528,823
Total salaries and fringe benefits	<u>86,872,998</u>	<u>212,852,292</u>
Materials, supplies, services and other:		
Professional and technical services	580,286	653,578
Staff travel	19,420	18,843
Student travel	154,318	128,409
Utility services	9,376	11,246
Other purchased services	268,367	407,764
Supplies, materials and media	2,240,970	3,564,677
Other expenses	7,725	3,155
Total materials, supplies, services and other	<u>3,280,462</u>	<u>4,787,672</u>
Capital outlay - equipment	<u>230,807</u>	<u>64,970</u>
Total instruction	<u>90,384,267</u>	<u>217,704,934</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, 2016
(With comparative totals for 2015)

	Totals	
	2016	2015
Special education instruction:		
Salaries and fringe benefits:		
Certificated salaries	\$ 7,918,638	\$ 7,663,527
Non-certificated salaries	5,465,422	5,433,380
Employee benefits	8,275,408	30,774,354
Total salaries and fringe benefits	<u>21,659,468</u>	<u>43,871,261</u>
Materials, supplies, services and other:		
Professional and technical services	1,948,404	1,590,153
Staff travel	234	312
Student travel	2,329	3,441
Utility services	5,229	6,789
Other purchased services	308,264	332,494
Supplies, materials and media	511,519	900,348
Tuition and stipends	32,712	46,451
Other expenses	10	
Total materials, supplies, services and other	<u>2,808,701</u>	<u>2,879,988</u>
Capital outlay - other	<u>40,679</u>	
Total special education instruction	<u>24,508,848</u>	<u>46,751,249</u>
Special education support services - students:		
Salaries and fringe benefits:		
Certificated salaries	3,727,055	3,966,517
Non-certificated salaries	1,439,100	1,302,666
Employee benefits	3,046,073	13,032,225
Total salaries and fringe benefits	<u>8,212,228</u>	<u>18,301,408</u>
Materials, supplies, services and other:		
Professional and technical services	1,285,964	1,110,019
Staff travel	52,448	95,915
Student travel	11,390	8,101
Other purchased services	7,022	12,616
Supplies, materials and media	181,635	194,038
Other expenses	5,440	4,768
Total materials, supplies, services and other	<u>1,543,899</u>	<u>1,425,457</u>
Total special education support services - students	<u>9,756,127</u>	<u>19,726,865</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, 2016
(With comparative totals for 2015)

	Totals	
	2016	2015
Support services - students:		
Salaries and fringe benefits:		
Certificated salaries	\$ 3,440,049	\$ 3,647,797
Non-certificated salaries	3,496,876	3,689,479
Employee benefits	4,448,345	16,274,148
Total salaries and fringe benefits	<u>11,385,270</u>	<u>23,611,424</u>
Materials, supplies, services and other:		
Professional and technical services	89,180	269,139
Staff travel	4,612	10,976
Student travel	2,359	9,154
Other purchased services	13,447	4,148
Supplies, materials and media	148,688	191,636
Other expenses	2,551	2,988
Total materials, supplies, services and other	<u>260,837</u>	<u>488,041</u>
Total support services - students	<u>11,646,107</u>	<u>24,099,465</u>
Support services - instruction:		
Salaries and fringe benefits:		
Certificated salaries	2,034,975	2,000,599
Non-certificated salaries	2,790,472	3,024,257
Employee benefits	3,036,673	10,040,461
Total salaries and fringe benefits	<u>7,862,120</u>	<u>15,065,317</u>
Materials, supplies, services and other:		
Professional and technical services	757,900	623,936
Staff travel	116,881	110,900
Utility services	264,259	275,134
Other purchased services	9,411	4,506
Supplies, materials and media	1,374,637	656,069
Other expenses	502	
Total materials, supplies, services and other	<u>2,523,590</u>	<u>1,670,545</u>
Equipment	266,700	166,685
Other capital outlay	30,009	
Total support services - instruction	<u>10,682,419</u>	<u>16,902,547</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, 2016
(With comparative totals for 2015)

	Totals	
	2016	2015
School administration:		
Salaries and fringe benefits:		
Certificated salaries	\$ 4,608,598	\$ 4,649,152
Non-certificated salaries	33,883	61,715
Employee benefits	2,832,064	13,929,201
Total salaries and fringe benefits	<u>7,474,545</u>	<u>18,640,068</u>
Materials, supplies, services and other:		
Professional and technical services	75	60
Staff travel	24,163	41,419
Supplies, materials and media	1,452	1,832
Other expenses	23,236	26,720
Total materials, supplies, services and other	<u>48,926</u>	<u>70,031</u>
Total school administration	<u>7,523,471</u>	<u>18,710,099</u>
School administration support services:		
Salaries and fringe benefits:		
Non-certificated salaries	2,928,077	3,040,537
Employee benefits	1,902,843	3,151,606
Total salaries and fringe benefits	<u>4,830,920</u>	<u>6,192,143</u>
Materials, supplies, services and other:		
Professional and technical services	2,041	8,376
Staff travel	2,091	1,854
Student travel	882	471
Utility services	534,925	545,579
Other purchased services	18,989	11,306
Supplies, materials and media	154,663	107,867
Other expenses	8,015	4,055
Total materials, supplies, services and other	<u>721,606</u>	<u>679,508</u>
Capital outlay - equipment		<u>8,676</u>
Total school administration support services	<u>5,552,526</u>	<u>6,880,327</u>
District administration:		
Salaries and fringe benefits:		
Certificated salaries	472,721	592,012
Non-certificated salaries	505,391	526,317
Employee benefits	589,452	2,252,602
Total salaries and fringe benefits	<u>1,567,564</u>	<u>3,370,931</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, 2016
(With comparative totals for 2015)

	Totals	
	2016	2015
District administration (continued):		
Materials, supplies, services and other:		
Professional and technical services	\$ 124,722	\$ 180,064
Staff travel	20,169	28,989
Student travel		86
Utility services	4,874	5,297
Other purchased services	30,094	17,860
Supplies, materials and media	43,425	50,469
Other expenses	30,256	27,007
Total materials, supplies, services and other	<u>253,540</u>	<u>309,772</u>
Total district administration	<u>1,821,104</u>	<u>3,680,703</u>
District administration support services:		
Salaries and fringe benefits:		
Certificated salaries	46,604	45,747
Non-certificated salaries	4,907,280	4,765,023
Employee benefits	3,234,125	5,039,869
Total salaries and fringe benefits	<u>8,188,009</u>	<u>9,850,639</u>
Materials, supplies, services and other:		
Professional and technical services	796,911	745,788
Staff travel	59,598	65,092
Utility services	96,565	171,161
Other purchased services	180,557	141,887
Insurance and bond premiums	1,001,862	1,038,033
Supplies, materials and media	611,374	398,137
Other expenses	199,207	306,795
Indirect costs	(566,883)	(621,811)
Total materials, supplies, services and other	<u>2,379,191</u>	<u>2,245,082</u>
Equipment	254,859	339,913
Other capital outlay	59,335	
Total district administration support services	<u>10,881,394</u>	<u>12,435,634</u>
Operations and maintenance of plant:		
Salaries and fringe benefits:		
Non-certificated salaries	8,936,245	9,049,377
Employee benefits	5,781,725	9,082,553
Total salaries and fringe benefits	<u>14,717,970</u>	<u>18,131,930</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, 2016

(With comparative totals for 2015)

	Totals	
	2016	2015
Operations and maintenance of plant (continued):		
Materials, supplies, services and other:		
Professional and technical services	\$ 47,135	\$ 46,232
Staff travel	5,838	3,772
Utility services	834,029	804,940
Energy	4,798,677	5,628,797
Other purchased services	1,246,053	1,217,835
Insurance and bond premiums	400,300	415,118
Supplies, materials and media	1,296,552	1,382,261
Other expenses	1,898	349
Total materials, supplies, services and other	<u>8,630,482</u>	<u>9,499,304</u>
Capital outlay - equipment	<u>267,708</u>	<u>135,612</u>
Total operations and maintenance of plant	<u>23,616,160</u>	<u>27,766,846</u>
Student activities:		
Salaries and fringe benefits:		
Certificated salaries	633,286	721,859
Non-certificated salaries	607,613	666,751
Employee benefits	406,114	2,318,530
Total salaries and fringe benefits	<u>1,647,013</u>	<u>3,707,140</u>
Materials, supplies, services and other:		
Professional and technical services	174,011	173,241
Staff travel	6,282	3,514
Student travel	170,964	394,377
Other purchased services	78,088	115,871
Supplies, materials and media	61,196	117,099
Other expenses	65,089	66,859
Total materials, supplies, services and other	<u>555,630</u>	<u>870,961</u>
Total student activities	<u>2,202,643</u>	<u>4,578,101</u>
Total expenditures	<u>198,575,066</u>	<u>399,236,770</u>
Excess of revenues over expenditures	<u>9,987,898</u>	<u>5,311,642</u>
Other financing sources (uses):		
Proceeds from sale of capital assets		5,738
Transfers out	(351,196)	(196,808)
Total other financing sources (uses)	<u>(351,196)</u>	<u>(191,070)</u>
Net change in fund balance	9,636,702	5,120,572
Fund balance - beginning	<u>24,975,253</u>	<u>19,854,681</u>
Fund balance - ending	<u>\$ 34,611,955</u>	<u>\$ 24,975,253</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, 2016

	<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:					
Borough direct appropriation	\$ 55,369,000	\$ 55,369,000	\$ 55,369,000	\$ 55,369,000	\$
E-rate revenue	500,000	500,000	407,354	407,354	(92,646)
Other local revenue	567,000	542,000	608,336	608,336	66,336
Tuition from students		25,000	47,332	47,332	22,332
Total local sources	56,436,000	56,436,000	56,432,022	56,432,022	(3,978)
Revenue from state sources:					
Foundation program	117,729,689	117,729,688	118,214,578	118,214,578	484,890
QSI grant	416,200	416,200	419,888	419,888	3,688
TRS on-behalf	12,504,779	12,504,780	12,598,052	12,598,052	93,272
PERS on-behalf	1,839,754	1,839,754	2,008,855	2,008,855	169,101
On-base schools	1,450,000	1,450,000	1,450,000	1,450,000	
Other state revenue	135,000	135,000	112,797	112,797	(22,203)
Total state sources	134,075,422	134,075,422	134,804,170	134,804,170	728,748
Revenue from federal sources:					
Direct	304,560	304,560	421,556	421,556	116,996
Through the State of Alaska	13,019,740	13,019,740	16,905,216	16,905,216	3,885,476
Total federal sources	13,324,300	13,324,300	17,326,772	17,326,772	4,002,472
Total revenues	203,835,722	203,835,722	208,562,964	208,562,964	4,727,242
Expenditures - current:					
Instruction:					
Salaries and fringe benefits:					
Certificated salaries	50,754,458	50,569,411	51,060,788	51,060,788	(491,377)
Non-certificated salaries	3,485,258	3,585,881	3,402,254	3,402,254	183,627
Employee benefits	32,897,621	32,893,287	32,409,956	32,409,956	483,331
Total salaries and fringe benefits	87,137,337	87,048,579	86,872,998	86,872,998	175,581
Materials, supplies, services and other:					
Professional and technical services	789,000	866,456	580,286	609,876	256,580
Staff travel	58,450	28,714	19,420	19,420	9,294
Student travel	159,889	173,903	154,318	154,318	19,585
Utility services	21,555	21,555	9,376	9,376	12,179
Other purchased services	630,286	558,648	268,367	275,268	283,380
Supplies, materials and media	3,113,906	3,187,190	2,240,970	2,620,253	566,937
Other expenses	300	4,111	7,725	7,725	(3,614)
Total materials, supplies, services and other	4,773,386	4,840,577	3,280,462	3,696,236	1,144,341
Capital outlay - equipment	40,000	131,999	230,807	164,549	(32,550)
Total instruction	91,950,723	92,021,155	90,384,267	90,733,783	1,287,372

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, 2016

	Budgeted Amounts		Actual	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final			
Special education instruction:					
Salaries and fringe benefits:					
Certificated salaries	\$ 8,205,415	\$ 7,997,801	\$ 7,918,638	\$ 7,918,638	\$ 79,163
Non-certificated salaries	5,789,282	5,810,282	5,465,422	5,465,422	344,860
Employee benefits	8,724,258	8,757,616	8,275,408	8,275,408	482,208
Total salaries and fringe benefits	22,718,955	22,565,699	21,659,468	21,659,468	906,231
Materials, supplies, services and other:					
Professional and technical services	1,603,700	1,859,145	1,948,404	1,865,079	(5,934)
Staff travel	1,500		234	234	(234)
Student travel	1,800	2,064	2,329	2,329	(265)
Utility services	6,825	6,825	5,229	5,229	1,596
Other purchased services	307,027	314,527	308,264	308,359	6,168
Supplies, materials and media	679,003	536,693	511,519	511,803	24,890
Tuition and stipends		45,980	32,712	32,712	13,268
Other expenses		10	10	10	
Total materials, supplies, services and other	2,599,855	2,765,244	2,808,701	2,725,755	39,489
Capital outlay - equipment		45,690	40,679	40,679	5,011
Total special education instruction	25,318,810	25,376,633	24,508,848	24,425,902	950,731
Special education support services - students:					
Salaries and fringe benefits:					
Certificated salaries	4,415,161	3,662,144	3,727,055	3,727,055	(64,911)
Non-certificated salaries	1,243,621	1,398,992	1,439,100	1,439,100	(40,108)
Employee benefits	3,573,213	3,160,231	3,046,073	3,046,073	114,158
Total salaries and fringe benefits	9,231,995	8,221,367	8,212,228	8,212,228	9,139
Materials, supplies, services and other:					
Professional and technical services	218,413	1,320,139	1,285,964	1,259,964	60,175
Staff travel	56,000	57,500	52,448	52,448	5,052
Student travel	6,000	11,210	11,390	11,390	(180)
Other purchased services	24,000	9,000	7,022	7,022	1,978
Supplies, materials and media	227,460	180,189	181,635	174,676	5,513
Other expenses	9,000	9,000	5,440	2,414	6,586
Total materials, supplies, services and other	540,873	1,587,038	1,543,899	1,507,914	79,124
Total special education support services - students	9,772,868	9,808,405	9,756,127	9,720,142	88,263
Support services - students:					
Salaries and fringe benefits:					
Certificated salaries	3,107,735	3,119,616	3,440,049	3,440,049	(320,433)
Non-certificated salaries	3,628,000	3,629,160	3,496,876	3,496,876	132,284
Employee benefits	4,226,675	4,233,359	4,448,345	4,448,345	(214,986)
Total salaries and fringe benefits	10,962,410	10,982,135	11,385,270	11,385,270	(403,135)

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, 2016

	Budgeted Amounts			Actual on Budgetary Basis	Variance with Final Budget
	Original	Final	Actual		
Support services - students (continued):					
Materials, supplies, services and other:					
Professional and technical services	\$ 145,300	\$ 143,199	\$ 89,180	\$ 201,208	\$ (58,009)
Staff travel	5,600	6,600	4,612	4,612	1,988
Student travel	2,500	3,500	2,359	2,359	1,141
Other purchased services	7,500	13,410	13,447	13,133	277
Supplies, materials and media	303,929	289,604	148,688	153,177	136,427
Other expenses	4,066	4,137	2,551	2,551	1,586
Total materials, supplies, services and other	468,895	460,450	260,837	377,040	83,410
Total support services - students	11,431,305	11,442,585	11,646,107	11,762,310	(319,725)
Support services - instruction:					
Salaries and fringe benefits:					
Certificated salaries	2,171,581	2,171,581	2,034,975	2,034,975	136,606
Non-certificated salaries	3,069,326	3,134,679	2,790,472	2,790,472	344,207
Employee benefits	3,250,960	3,257,020	3,036,673	3,036,673	220,347
Total salaries and fringe benefits	8,491,867	8,563,280	7,862,120	7,862,120	701,160
Materials, supplies, services and other:					
Professional and technical services	933,377	799,208	757,900	739,715	59,493
Staff travel	34,550	137,260	116,881	116,881	20,379
Utility services	322,200	322,200	264,259	264,259	57,941
Other purchased services	92,621	12,351	9,411	9,411	2,940
Supplies, materials and media	1,260,792	1,384,427	1,374,637	1,442,562	(58,135)
Other expenses	300	775	502	502	273
Total materials, supplies, services and other	2,643,840	2,656,221	2,523,590	2,573,330	82,891
Equipment	278,000	278,000	266,700	266,700	11,300
Other capital outlay			30,009	30,009	(30,009)
Total capital outlay	278,000	278,000	296,709	296,709	(18,709)
Total support services - instruction	11,413,707	11,497,501	10,682,419	10,732,159	765,342
School administration:					
Salaries and fringe benefits:					
Certificated salaries	4,537,200	4,537,200	4,608,598	4,608,598	(71,398)
Non-certificated salaries			33,883	33,883	(33,883)
Employee benefits	2,838,926	2,838,926	2,832,064	2,832,064	6,862
Total salaries and fringe benefits	7,376,126	7,376,126	7,474,545	7,474,545	(98,419)
Materials, supplies, services and other:					
Professional and technical services	2,000	2,000	75	75	1,925
Staff travel	52,800	54,093	24,163	24,163	29,930
Supplies, materials and media	5,000	5,000	1,452	1,452	3,548
Other expenses	24,096	24,096	23,236	23,236	860
Total materials, supplies, services and other	83,896	85,189	48,926	48,926	36,263
Total school administration	7,460,022	7,461,315	7,523,471	7,523,471	(62,156)

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, 2016

	Budgeted Amounts		Actual	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final			
School administration support services:					
Salaries and fringe benefits:					
Non-certificated salaries	\$ 3,153,711	\$ 3,124,203	\$ 2,928,077	\$ 2,928,077	\$ 196,126
Employee benefits	2,048,316	2,046,999	1,902,843	1,902,843	144,156
Total salaries and fringe benefits	5,202,027	5,171,202	4,830,920	4,830,920	340,282
Materials, supplies, services and other:					
Professional and technical services	6,200	2,501	2,041	2,041	460
Staff travel	2,200	3,392	2,091	2,091	1,301
Student travel		27	882	882	(855)
Utility services	583,956	584,686	534,925	534,925	49,761
Other purchased services	11,500	17,912	18,989	16,608	1,304
Supplies, materials and media	131,039	151,688	154,663	150,067	1,621
Other expenses	6,242	9,632	8,015	8,015	1,617
Total materials, supplies, services and other	741,137	769,838	721,606	714,629	55,209
Total school administration support services	5,943,164	5,941,040	5,552,526	5,545,549	395,491
District administration:					
Salaries and fringe benefits:					
Certificated salaries	460,422	477,022	472,721	472,721	4,301
Non-certificated salaries	483,048	483,048	505,391	505,391	(22,343)
Employee benefits	606,764	590,164	589,452	589,452	712
Total salaries and fringe benefits	1,550,234	1,550,234	1,567,564	1,567,564	(17,330)
Materials, supplies, services, and other:					
Professional and technical services	119,100	137,462	124,722	145,840	(8,378)
Staff travel	31,500	31,500	20,169	20,169	11,331
Utility services	5,400	5,400	4,874	4,874	526
Other purchased services	33,718	33,718	30,094	30,125	3,593
Supplies, materials and media	44,050	57,050	43,425	44,250	12,800
Other expenses	327,670	319,670	30,256	30,256	289,414
Total materials, supplies, services, and other	561,438	584,800	253,540	275,514	309,286
Total district administration	2,111,672	2,135,034	1,821,104	1,843,078	291,956
District administration support services:					
Salaries and fringe benefits:					
Certificated salaries	37,910	37,910	46,604	46,604	(8,694)
Non-certificated salaries	5,102,590	5,090,425	4,907,280	4,907,280	183,145
Employee benefits	3,370,598	3,370,163	3,234,125	3,234,125	136,038
Total salaries and fringe benefits	8,511,098	8,498,498	8,188,009	8,188,009	310,489

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, 2016

	<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>			
District administration support services (continued):					
Materials, supplies, services and other:					
Professional and technical services	\$ 1,080,834	\$ 932,739	\$ 796,911	\$ 762,181	\$ 170,558
Staff travel	23,600	55,191	59,598	59,598	(4,407)
Utility services	334,164	130,552	96,565	96,565	33,987
Other purchased services	255,390	222,398	180,557	182,776	39,622
Insurance and bond premiums	1,153,277	1,153,277	1,001,862	1,001,862	151,415
Supplies, materials and media	583,205	738,491	611,374	634,743	103,748
Other expenses	21,965	38,194	199,207	55,642	(17,448)
Indirect costs	(570,000)	(570,000)	(566,883)	(566,883)	(3,117)
Total materials, supplies, services and other	<u>2,882,435</u>	<u>2,700,842</u>	<u>2,379,191</u>	<u>2,226,484</u>	<u>474,358</u>
Capital outlay - equipment	<u>251,000</u>	<u>247,512</u>	<u>254,859</u>	<u>254,859</u>	<u>(7,347)</u>
Other capital outlay		<u>59,335</u>	<u>59,335</u>	<u>59,335</u>	
Total district administration support services	<u>11,644,533</u>	<u>11,506,187</u>	<u>10,881,394</u>	<u>10,728,687</u>	<u>777,500</u>
Operations and maintenance of plant:					
Salaries and fringe benefits:					
Non-certificated salaries	9,241,746	9,148,094	8,936,245	8,936,245	211,849
Employee benefits	5,970,132	5,995,006	5,781,725	5,781,725	213,281
Total salaries and fringe benefits	<u>15,211,878</u>	<u>15,143,100</u>	<u>14,717,970</u>	<u>14,717,970</u>	<u>425,130</u>
Materials, supplies, services and other:					
Professional and technical services	42,000	39,033	47,135	42,978	(3,945)
Staff travel	6,000	7,167	5,838	5,838	1,329
Utility services	818,952	849,952	834,029	834,029	15,923
Energy	5,806,270	5,796,270	4,798,677	4,798,677	997,593
Other purchased services	1,135,062	1,017,740	1,246,053	1,376,380	(358,640)
Insurance and bond premiums	431,957	442,029	400,300	400,300	41,729
Supplies, materials and media	1,347,396	1,403,524	1,296,552	1,279,557	123,967
Other expenses	450	2,250	1,898	1,898	352
Total materials, supplies, services and other	<u>9,588,087</u>	<u>9,557,965</u>	<u>8,630,482</u>	<u>8,739,657</u>	<u>818,308</u>
Capital outlay - equipment	<u>20,000</u>	<u>60,746</u>	<u>267,708</u>	<u>269,424</u>	<u>(208,678)</u>
Total operations and maintenance of plant	<u>24,819,965</u>	<u>24,761,811</u>	<u>23,616,160</u>	<u>23,727,051</u>	<u>1,034,760</u>
Student activities:					
Salaries and fringe benefits:					
Certificated salaries	1,144,223	794,262	633,286	633,286	160,976
Non-certificated salaries	160,959	501,022	607,613	607,613	(106,591)
Employee benefits	506,953	505,098	406,114	406,114	98,984
Total salaries and fringe benefits	<u>1,812,135</u>	<u>1,800,382</u>	<u>1,647,013</u>	<u>1,647,013</u>	<u>153,369</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, 2016

	<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>			
Student activities (continued):					
Materials, supplies, services and other:					
Professional and technical services	\$ 140,782	\$ 162,599	\$ 174,011	\$ 180,761	\$ (18,162)
Staff travel	4,500	5,023	6,282	6,282	(1,259)
Student travel	230,124	193,112	170,964	170,964	22,148
Other purchased services	53,803	59,577	78,088	78,088	(18,511)
Supplies, materials and media	93,039	86,980	61,196	54,862	32,118
Other expenses	49,500	57,506	65,089	65,719	(8,213)
Total materials, supplies, services and other	571,748	564,797	555,630	556,676	8,121
Total student activities	2,383,883	2,365,179	2,202,643	2,203,689	161,490
Total expenditures	204,250,652	204,316,845	198,575,066	198,945,821	5,371,024
Excess (deficiency) of revenues over expenditures	(414,930)	(481,123)	9,987,898	9,617,143	10,098,266
Other financing uses - transfer out	(351,196)	(351,196)	(351,196)	(351,196)	
Total other financing sources (uses)	(351,196)	(351,196)	(351,196)	(351,196)	
Net change in fund balance	\$ (766,126)	\$ (832,319)	9,636,702	\$ 9,265,947	\$ 10,098,266
Fund balance - beginning			24,975,253		
Fund balance - ending			<u>\$ 34,611,955</u>		

See accompanying notes to the basic financial statements

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FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund
Federal Programs Special Revenue
Combining Balance Sheet
For the Year Ended June 30, 2016
(With comparative totals for 2015)

	<u>Alaska Native Education</u>	<u>Title I-A Basic Grant</u>	<u>Title I-D Golden Heart Academy</u>	<u>Title I-C Migrant Regular</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$	\$	\$	\$
Accounts receivable:				
Local		26		
State		798,051	7,259	63,850
Federal	206,681			
Total assets	<u>\$ 206,681</u>	<u>\$ 798,077</u>	<u>\$ 7,259</u>	<u>\$ 63,850</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 150	\$ 7,542	\$	\$
Due to other funds	206,531	790,535	7,259	63,850
Due to external groups and agencies				
Total liabilities	<u>206,681</u>	<u>798,077</u>	<u>7,259</u>	<u>63,850</u>
Fund balances:				
Restricted				
Total liabilities and fund balances	<u>\$ 206,681</u>	<u>\$ 798,077</u>	<u>\$ 7,259</u>	<u>\$ 63,850</u>

See accompanying notes to the basic financial statements

<u>Carl Perkins Secondary</u>	<u>Title III-A English Language Acquisition</u>	<u>Title I-A Neglected & Delinquent</u>	<u>Migrant Education Summer</u>	<u>Air Force ROTC - North Pole HS</u>	<u>Air Force ROTC- Ben Eielson Jr/Sr</u>
\$	\$	\$	\$	\$	\$
229,376	13,908	19,546	1,594	836	657
<u>\$ 229,376</u>	<u>\$ 13,908</u>	<u>\$ 19,546</u>	<u>\$ 1,594</u>	<u>\$ 836</u>	<u>\$ 657</u>
\$ 39	\$	\$	\$	\$	\$
229,337	13,908	19,546	1,594	836	657
<u>229,376</u>	<u>13,908</u>	<u>19,546</u>	<u>1,594</u>	<u>836</u>	<u>657</u>
<u>\$ 229,376</u>	<u>\$ 13,908</u>	<u>\$ 19,546</u>	<u>\$ 1,594</u>	<u>\$ 836</u>	<u>\$ 657</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund
Federal Programs Special Revenue
Combining Balance Sheet
For the Year Ended June 30, 2016
(With comparative totals for 2015)

	<u>Marines ROTC - West Valley HS</u>	<u>Success Through Education & Cultural Connections</u>	<u>Title VI-B</u>	<u>Preschool Disabled Section 619</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$ 1,038	\$	\$	\$
Accounts receivable:				
Local		4,950		
State			1,099,059	17,816
Federal				
Total assets	<u>\$ 1,038</u>	<u>\$ 4,950</u>	<u>\$ 1,099,059</u>	<u>\$ 17,816</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$	\$	\$ 8,704	\$
Due to other funds		4,950	1,090,355	17,816
Due to external groups and agencies	1,038			
Total liabilities	<u>1,038</u>	<u>4,950</u>	<u>1,099,059</u>	<u>17,816</u>
Fund balances:				
Restricted				
Total liabilities and fund balances	<u>\$ 1,038</u>	<u>\$ 4,950</u>	<u>\$ 1,099,059</u>	<u>\$ 17,816</u>

See accompanying notes to the basic financial statements

<u>Options Child Care Grant</u>	<u>Alaska Community Learning Centers</u>	<u>Title I-A Parent Involvement</u>	<u>Migrant Education Book Program</u>	<u>McKinney Vento Homeless Education</u>	<u>Department of Defense Education Activity</u>
\$ 1,120	\$	\$	\$	\$	\$
	1,609 480,933	5,986	492	5,697	106,951
<u>\$ 1,120</u>	<u>\$ 482,542</u>	<u>\$ 5,986</u>	<u>\$ 492</u>	<u>\$ 5,697</u>	<u>\$ 106,951</u>
\$	\$ 7,009 475,533	\$ 5,986	\$ 492	\$ 5,697	\$ 106,951
	<u>482,542</u>	<u>5,986</u>	<u>492</u>	<u>5,697</u>	<u>106,951</u>
1,120					
<u>\$ 1,120</u>	<u>\$ 482,542</u>	<u>\$ 5,986</u>	<u>\$ 492</u>	<u>\$ 5,697</u>	<u>\$ 106,951</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund
Federal Programs Special Revenue
Combining Balance Sheet
For the Year Ended June 30, 2016
(With comparative totals for 2015)

	<u>Title II-A Teacher & Principal Training</u>	<u>Statewide Mentor Urban Growth Project</u>	<u>ESEA Consolidated Administrative Pool</u>
<u>ASSETS</u>			
Equity in central treasury cash	\$	\$	\$
Accounts receivable:			
Local		36,762	
State	305,617		339,450
Federal			
Total assets	<u>\$ 305,617</u>	<u>\$ 36,762</u>	<u>\$ 339,450</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 6,301	\$	\$
Due to other funds	299,316	36,762	339,450
Due to external groups and agencies			
Total liabilities	<u>305,617</u>	<u>36,762</u>	<u>339,450</u>
Fund balances:			
Restricted			
Total liabilities and fund balances	<u>\$ 305,617</u>	<u>\$ 36,762</u>	<u>\$ 339,450</u>

See accompanying notes to the basic financial statements

Totals	
2016	2015
\$ 2,158	\$ 5,770
43,347	48,638
3,388,634	3,304,662
315,125	213,192
<u>\$ 3,749,264</u>	<u>\$ 3,572,262</u>

\$ 29,745	\$ 27,027
3,717,361	3,543,937
1,038	
<u>3,748,144</u>	<u>3,570,964</u>

1,120	1,298
<u>\$ 3,749,264</u>	<u>\$ 3,572,262</u>

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, 2016
(With comparative totals for 2015)

	<u>Alaska Native Education</u>	<u>Title I-A Basic Grant</u>	<u>Title I-D Golden Heart Academy</u>	<u>Title I-C Migrant Regular</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct	839,653			
Through the State of Alaska		2,922,377	12,822	244,055
Other intermediate agencies				
Total federal sources	<u>839,653</u>	<u>2,922,377</u>	<u>12,822</u>	<u>244,055</u>
Total revenues	<u>839,653</u>	<u>2,922,377</u>	<u>12,822</u>	<u>244,055</u>
Expenditures - current:				
Instruction	798,301	2,778,453	12,191	232,036
Special education instruction				
Support services - students				
Support services - instruction				
District administration support services	41,352	143,924	631	12,019
Food services				
Total expenditures	<u>839,653</u>	<u>2,922,377</u>	<u>12,822</u>	<u>244,055</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

<u>Carl Perkins Secondary</u>	<u>Title III-A English Language Acquisition</u>	<u>Title I-A Neglected & Delinquent</u>	<u>Migrant Education Summer</u>	<u>Air Force ROTC - North Pole HS</u>	<u>Air Force ROTC- Ben Eielson Jr/Sr</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
356,482	21,281	93,341	1,594	10,641	3,022
<u>356,482</u>	<u>21,281</u>	<u>93,341</u>	<u>1,594</u>	<u>10,641</u>	<u>3,022</u>
<u>356,482</u>	<u>21,281</u>	<u>93,341</u>	<u>1,594</u>	<u>10,641</u>	<u>3,022</u>
339,507	20,864	88,744	1,515	10,641	3,022
16,975	417	4,597	79		
<u>356,482</u>	<u>21,281</u>	<u>93,341</u>	<u>1,594</u>	<u>10,641</u>	<u>3,022</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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, 2016
(With comparative totals for 2015)

	Marines ROTC - West Valley HS	Success Through Education & Cultural Connections	Title VI-B	Preschool Disabled Section 619
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct	2,897			
Through the State of Alaska			3,585,532	83,518
Other intermediate agencies		8,002		
Total federal sources	2,897	8,002	3,585,532	83,518
Total revenues	2,897	8,002	3,585,532	83,518
Expenditures - current:				
Instruction	2,897	7,608		
Special education instruction			3,408,948	79,405
Support services - students				
Support services - instruction				
District administration support services		394	176,584	4,113
Food services				
Total expenditures	2,897	8,002	3,585,532	83,518
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

See accompanying notes to the basic financial statements

<u>Options Child Care Grant</u>	<u>Alaska Community Learning Centers</u>	<u>Title I-A Parent Involvement</u>	<u>Migrant Education Book Program</u>	<u>McKinney Vento Homeless Education</u>	<u>Department of Defense Education Activity</u>
<u>\$</u>	<u>\$ 11,268</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
					106,951
	1,492,672	37,725	6,961	25,915	
	<u>1,492,672</u>	<u>37,725</u>	<u>6,961</u>	<u>25,915</u>	<u>106,951</u>
	<u>1,503,940</u>	<u>37,725</u>	<u>6,961</u>	<u>25,915</u>	<u>106,951</u>
178	1,430,428	35,867	6,961	24,639	106,951
	73,512	1,858		1,276	
<u>178</u>	<u>1,503,940</u>	<u>37,725</u>	<u>6,961</u>	<u>25,915</u>	<u>106,951</u>
(178)					
1,298					
<u>\$ 1,120</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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, 2016
(With comparative totals for 2015)

	<u>Title II-A Teacher & Principal Training</u>	<u>Statewide Mentor Urban Growth Project</u>	<u>ESEA Consolidated Administration Pool</u>	<u>Fresh Fruit & Vegetable Program</u>
Revenues:				
Revenue from local sources:				
Other local revenue	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Revenue from federal sources:				
Direct				
Through the State of Alaska	867,396		662,779	22,306
Other intermediate agencies		147,014		
Total federal sources	<u>867,396</u>	<u>147,014</u>	<u>662,779</u>	<u>22,306</u>
Total revenues	<u>867,396</u>	<u>147,014</u>	<u>662,779</u>	<u>22,306</u>
Expenditures - current:				
Instruction				
Special education instruction				
Support services - students				
Support services - instruction	824,678	141,360	348,451	
District administration support services	42,718	5,654	314,328	
Food services				22,306
Total expenditures	<u>867,396</u>	<u>147,014</u>	<u>662,779</u>	<u>22,306</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

Totals	
2016	2015
\$ 11,268	\$ 28,248
963,164	874,549
10,436,756	10,850,183
155,016	204,504
11,554,936	11,929,236
11,566,204	11,957,484
4,295,779	5,184,548
3,488,353	3,733,537
1,605,024	1,415,202
1,314,489	982,832
840,431	599,385
22,306	41,980
11,566,382	11,957,484
(178)	
1,298	1,298
\$ 1,120	\$ 1,298

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, 2016

(With comparative totals for 2015)

	<u>Alaska Native Education</u>	<u>Title I-A Basic Grant</u>	<u>Title I-D Golden Heart Academy</u>	<u>Title I-C Migrant Regular</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct	839,653			
Through the State of Alaska		2,922,377	12,822	244,055
Other intermediate agencies				
Total federal sources	<u>839,653</u>	<u>2,922,377</u>	<u>12,822</u>	<u>244,055</u>
Total revenues	<u>839,653</u>	<u>2,922,377</u>	<u>12,822</u>	<u>244,055</u>
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries	80,390	800,258		
Non-certificated salaries	419,635	788,919	4,860	124,994
Employee benefits	286,013	774,759	2,909	69,291
Total salaries and fringe benefits	<u>786,038</u>	<u>2,363,936</u>	<u>7,769</u>	<u>194,285</u>
Materials, supplies, services and other:				
Professional and technical services	785	49,798	4,422	22,915
Staff travel	5,595	181,424		558
Student travel	316	19,181		
Utility services				
Other purchased services	99	2,277		
Supplies, materials and media	5,468	161,837		14,278
Other expenses				
Indirect costs	41,352	143,924	631	12,019
Total materials, supplies, services and other	<u>53,615</u>	<u>558,441</u>	<u>5,053</u>	<u>49,770</u>
Capital outlay:				
Equipment				
Total expenditures	<u>839,653</u>	<u>2,922,377</u>	<u>12,822</u>	<u>244,055</u>
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

See accompanying notes to the basic financial statements

Carl Perkins Secondary	Title III-A English Language Acquisition	Title I-A Neglected & Delinquent	Migrant Education Summer	Air Force ROTC - North Pole HS	Air Force ROTC- Ben Eielson Jr/Sr
\$	\$	\$	\$	\$	\$
				10,641	3,022
356,482	21,281	93,341	1,594		
356,482	21,281	93,341	1,594	10,641	3,022
356,482	21,281	93,341	1,594	10,641	3,022
4,542	1,223				
	6,065	52,868			
720	2,054	32,987			
5,262	9,342	85,855			
65,130	7,168	2,300			
107,958	60			6,429	1,937
6,663	25				
154,494	4,269	589	1,515	4,212	1,085
16,975	417	4,597	79		
351,220	11,939	7,486	1,594	10,641	3,022
356,482	21,281	93,341	1,594	10,641	3,022
\$	\$	\$	\$	\$	\$

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, 2016

(With comparative totals for 2015)

	<u>Marines ROTC - West Valley HS</u>	<u>Success Through Education & Cultural Connections</u>	<u>Title VI-B</u>	<u>Preschool Disabled Section 619</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct	2,897			
Through the State of Alaska			3,585,532	83,518
Other intermediate agencies		8,002		
Total federal sources	<u>2,897</u>	<u>8,002</u>	<u>3,585,532</u>	<u>83,518</u>
Total revenues	<u>2,897</u>	<u>8,002</u>	<u>3,585,532</u>	<u>83,518</u>
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries			875,482	
Non-certificated salaries		4,706	1,043,097	49,450
Employee benefits		2,878	1,008,428	29,955
Total salaries and fringe benefits		<u>7,584</u>	<u>2,927,007</u>	<u>79,405</u>
Materials, supplies, services and other:				
Professional and technical services			264,946	
Staff travel		14	117,773	
Student travel	676		7,056	
Utility services				
Other purchased services			2,640	
Supplies, materials and media	2,221	10	89,526	
Other expenses				
Indirect costs		394	176,584	4,113
Total materials, supplies, services and other	<u>2,897</u>	<u>418</u>	<u>658,525</u>	<u>4,113</u>
Capital outlay:				
Equipment				
Total expenditures	<u>2,897</u>	<u>8,002</u>	<u>3,585,532</u>	<u>83,518</u>
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

See accompanying notes to the basic financial statements

<u>Options Child Care Grant</u>	<u>Alaska Community Learning Centers</u>	<u>Title I-A Parent Involvement</u>	<u>Migrant Education Book Program</u>	<u>McKinney Vento Homeless Education</u>	<u>Department of Defense Education Activity</u>
\$	\$ 11,268	\$	\$	\$	\$
					106,951
	1,492,672	37,725	6,961	25,915	
	1,492,672	37,725	6,961	25,915	106,951
	1,503,940	37,725	6,961	25,915	106,951
	260,739	12,685			2,228
	605,331	5,893		17,403	33,576
	295,859	1,818		1,915	20,999
	1,161,929	20,396		19,318	56,803
	56,512		492		16,219
	47,481				5,836
	63,289				
	1,456				
178	99,761	15,471	6,469	5,321	28,093
	73,512	1,858		1,276	
178	342,011	17,329	6,961	6,597	50,148
178	1,503,940	37,725	6,961	25,915	106,951
(178)					
1,298					
\$ 1,120	\$	\$	\$	\$	\$

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, 2016

(With comparative totals for 2015)

	<u>Title II-A Teacher & Principal Training</u>	<u>Statewide Mentor Urban Growth Project</u>	<u>ESEA Consolidated Administration Pool</u>	<u>Fresh Fruit & Vegetable Program</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct				
Through the State of Alaska	867,396		662,779	22,306
Other intermediate agencies		147,014		
Total federal sources	<u>867,396</u>	<u>147,014</u>	<u>662,779</u>	<u>22,306</u>
Total revenues	<u>867,396</u>	<u>147,014</u>	<u>662,779</u>	<u>22,306</u>
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries	379,687	95,941	81,771	
Non-certificated salaries	115,217	23,954	306,743	
Employee benefits	<u>226,867</u>	<u>11,391</u>	<u>226,564</u>	
Total salaries and fringe benefits	<u>721,771</u>	<u>131,286</u>	<u>615,078</u>	
Materials, supplies, services and other:				
Professional and technical services	18,207			
Staff travel	78,480	9,050	6,172	
Student travel				
Utility services				
Other purchased services	69		187	
Supplies, materials and media	5,151	1,024	8,203	22,306
Other expenses	1,000		498	
Indirect costs	<u>42,718</u>	<u>5,654</u>	<u>32,641</u>	
Total materials, supplies, services and other	<u>145,625</u>	<u>15,728</u>	<u>47,701</u>	<u>22,306</u>
Capital outlay:				
Equipment				
Total expenditures	<u>867,396</u>	<u>147,014</u>	<u>662,779</u>	<u>22,306</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

Totals	
2016	2015
\$ 11,268	\$ 28,248
963,164	874,549
10,436,756	10,850,183
155,016	204,504
11,554,936	11,929,236
11,566,204	11,957,484
2,594,946	2,344,088
3,602,711	3,568,349
2,995,407	2,838,960
9,193,064	8,751,397
508,894	716,314
560,341	757,698
98,944	170,799
1,456	
11,960	20,758
631,481	906,537
1,498	1,875
558,744	599,385
2,373,318	3,173,366
	32,721
11,566,382	11,957,484
(178)	
1,298	1,298
\$ 1,120	\$ 1,298

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, 2016

	ESEA Consolidated Administration Pool *		
	Support Services - Instruction	District Administration Support Services	Totals 2016
Revenues:			
Revenue from federal sources:			
Through the State of Alaska	\$ 348,451	\$ 314,328	\$ 662,779
Expenditures - current:			
Salaries and fringe benefits:			
Certificated salaries	57,721	24,050	81,771
Non-certificated salaries	163,615	143,128	306,743
Employee benefits	127,115	99,449	226,564
Total salaries and fringe benefits	348,451	266,627	615,078
Materials, supplies, services and other:			
Staff travel		6,172	6,172
Other purchased services		187	187
Supplies, materials and media		8,203	8,203
Other expenses		498	498
Indirect costs		32,641	32,641
Total materials, supplies, services and other		47,701	47,701
Total expenditures	348,451	314,328	662,779
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, 2016

	<u>Budgeted Amounts</u>			<u>Actual on</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Budgetary</u>	<u>Final Budget</u>
Revenues:					
Revenue from local sources:					
Other local revenue	\$	\$	\$ 11,268	\$ 11,268	\$ 11,268
Revenue from federal sources:					
Direct	1,136,649	1,086,649	963,164	963,164	(123,485)
Through the State of Alaska	13,571,370	13,834,719	10,436,756	10,438,305	(3,396,414)
Other intermediate agencies	40,000	210,652	155,016	155,016	(55,636)
	<u>14,748,019</u>	<u>15,132,020</u>	<u>11,554,936</u>	<u>11,556,485</u>	<u>(3,575,535)</u>
Total revenues	<u>14,748,019</u>	<u>15,132,020</u>	<u>11,566,204</u>	<u>11,567,753</u>	<u>(3,564,267)</u>
Expenditures - current:					
Salaries and fringe benefits:					
Certificated salaries	2,672,886	2,833,489	2,594,946	2,594,946	238,543
Non-certificated salaries	3,836,539	3,944,229	3,602,711	3,602,711	341,518
Employee benefits	<u>3,249,982</u>	<u>3,297,079</u>	<u>2,995,407</u>	<u>2,995,407</u>	<u>301,672</u>
Total salaries and fringe benefits	<u>9,759,407</u>	<u>10,074,797</u>	<u>9,193,064</u>	<u>9,193,064</u>	<u>881,733</u>
Materials, supplies, services and other:					
Professional and technical services	443,549	1,851,273	508,894	508,894	1,342,379
Staff travel	359,032	908,483	560,341	560,341	348,142
Student travel	6,752	110,032	98,944	98,944	11,088
Utility services		1,800	1,456	1,456	344
Other purchased services	100,611	21,086	11,960	11,960	9,126
Supplies, materials and media	373,109	1,433,103	631,481	633,030	800,073
Other expenses	1,498	2,599	1,498	1,498	1,101
Indirect costs	<u>552,196</u>	<u>730,145</u>	<u>558,744</u>	<u>558,744</u>	<u>171,401</u>
Total materials, supplies, services and other	<u>1,836,747</u>	<u>5,058,521</u>	<u>2,373,318</u>	<u>2,374,867</u>	<u>2,683,654</u>
Total expenditures	<u>11,596,154</u>	<u>15,133,318</u>	<u>11,566,382</u>	<u>11,567,931</u>	<u>3,565,387</u>
Net change in fund balance	<u>\$ 3,151,865</u>	<u>\$ (1,298)</u>	<u>(178)</u>	<u>\$ (178)</u>	<u>\$ 1,120</u>
Fund balance - beginning			1,298		
Fund balance - ending			<u>\$ 1,120</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, 2016
(With comparative totals for 2015)

	<u>Totals</u>	
	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Equity in central treasury cash	<u>\$ 2,712,168</u>	<u>\$ 2,058,891</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 211,579	\$ 32,069
Fund balance:		
Restricted	1,271,748	797,981
Assigned	<u>1,228,841</u>	<u>1,228,841</u>
Total fund balance	<u>2,500,589</u>	<u>2,026,822</u>
Total liabilities and fund balance	<u>\$ 2,712,168</u>	<u>\$ 2,058,891</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, 2016
 (With comparative totals for 2015)

	Totals	
	2016	2015
Revenues:		
Revenue from state sources	<u>\$ 12,259,136</u>	<u>\$ 12,020,252</u>
Expenditures - current:		
Salaries and fringe benefits:		
Non-certificated salaries	175,083	174,879
Employee benefits	<u>107,455</u>	<u>107,366</u>
Total salaries and fringe benefits	<u>282,538</u>	<u>282,245</u>
Materials, supplies, services and other:		
Professional and technical services	4,499	4,605
Staff travel		1,233
Other purchased services	11,492,990	11,672,909
Supplies, materials and media	<u>5,342</u>	<u>8,003</u>
Total materials, supplies, services and other	<u>11,502,831</u>	<u>11,686,750</u>
Total expenditures	<u>11,785,369</u>	<u>11,968,995</u>
Net change in fund balance	473,767	51,257
Fund balance - beginning	<u>2,026,822</u>	<u>1,975,565</u>
Fund balance - ending	<u><u>\$ 2,500,589</u></u>	<u><u>\$ 2,026,822</u></u>

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Major Governmental Fund
Student Transportation Special Revenue
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual - by Object
For the Year Ended June 30, 2016

	<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:					
Revenue from state sources	<u>\$ 11,921,400</u>	<u>\$ 11,921,400</u>	<u>\$ 12,259,136</u>	<u>\$ 12,319,514</u>	<u>\$ 398,114</u>
Expenditures - current:					
Salaries and fringe benefits:					
Non-certificated salaries	174,876	174,876	175,083	175,083	(207)
Employee benefits	<u>107,250</u>	<u>107,250</u>	<u>107,455</u>	<u>107,455</u>	<u>(205)</u>
Total salaries and fringe benefits	<u>282,126</u>	<u>282,126</u>	<u>282,538</u>	<u>282,538</u>	<u>(412)</u>
Materials, supplies, services and other:					
Professional and technical services	7,000	7,000	4,499	4,499	2,501
Staff travel	4,200	4,200			4,200
Other purchased services	12,755,394	12,755,394	11,492,990	11,553,368	1,202,026
Supplies, materials and media	<u>9,200</u>	<u>9,200</u>	<u>5,342</u>	<u>5,342</u>	<u>3,858</u>
Total materials, supplies, services and other	<u>12,775,794</u>	<u>12,775,794</u>	<u>11,502,831</u>	<u>11,563,209</u>	<u>1,212,585</u>
Total expenditures	<u>13,057,920</u>	<u>13,057,920</u>	<u>11,785,369</u>	<u>11,845,747</u>	<u>1,212,173</u>
Net change in fund balance	<u>\$ (1,136,520)</u>	<u>\$ (1,136,520)</u>	<u>473,767</u>	<u>\$ 473,767</u>	<u>\$ 1,610,287</u>
Fund balance - beginning			<u>2,026,822</u>		
Fund balance - ending			<u>\$ 2,500,589</u>		

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, 2016
(With comparative totals for 2015)

	<u>Staff Development Mini-grants</u>	<u>Alaska Construction Academy</u>	<u>Legislative Small Grants FY13</u>	<u>Classroom Technology Upgrade FY13</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$	\$	\$ 6,082	\$
Accounts receivable:				
Local				
State	5,912	85,240		
Due from Fairbanks North Star Borough				6,814
Total assets	<u>\$ 5,912</u>	<u>\$ 85,240</u>	<u>\$ 6,082</u>	<u>\$ 6,814</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$	\$	\$	\$
Unearned revenue			6,082	
Due to other funds	5,912	85,240		6,814
Due to external groups and agencies				
Total liabilities	<u>5,912</u>	<u>85,240</u>	<u>6,082</u>	<u>6,814</u>
Fund balances:				
Restricted				
Total liabilities and fund balances	<u>\$ 5,912</u>	<u>\$ 85,240</u>	<u>\$ 6,082</u>	<u>\$ 6,814</u>

See accompanying notes to the basic financial statements

<u>Classroom Digital Technology Upgrade</u>	<u>Barnette Digital Classroom Technology</u>	<u>Legislative Small Grants FY15</u>	<u>Student Safety and Security</u>	<u>Capacity Bldg Suicide Prevention</u>	<u>Big Brothers Big Sisters Mentoring</u>
\$	\$	\$	\$ 397,982	\$	\$
		6,094		5,641	1,932
10,030	6,826				
<u>\$ 10,030</u>	<u>\$ 6,826</u>	<u>\$ 6,094</u>	<u>\$ 397,982</u>	<u>\$ 5,641</u>	<u>\$ 1,932</u>
\$	\$	\$	\$	\$	\$
10,030	6,826	6,094		5,641	1,932
<u>10,030</u>	<u>6,826</u>	<u>6,094</u>		<u>5,641</u>	<u>1,932</u>
			397,982		
<u>\$ 10,030</u>	<u>\$ 6,826</u>	<u>\$ 6,094</u>	<u>\$ 397,982</u>	<u>\$ 5,641</u>	<u>\$ 1,932</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund
State Programs Special Revenue
Combining Balance Sheet
For the Year Ended June 30, 2016
(With comparative totals for 2015)

	<u>Fourth R Training</u>	<u>WVHS/NPHS Headbolt Plug-In O&M</u>	<u>Nutritional AK Foods for Schools FY13 thru FY15</u>
<u>ASSETS</u>			
Equity in central treasury cash	\$ 2,000	\$	\$ 405,374
Accounts receivable:			
Local			
State			
Due from Fairbanks North Star Borough		1,423	
Total assets	<u>\$ 2,000</u>	<u>\$ 1,423</u>	<u>\$ 405,374</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Unearned revenue			405,374
Due to other funds		1,423	
Due to external groups and agencies	2,000		
Total liabilities	<u>2,000</u>	<u>1,423</u>	<u>405,374</u>
Fund balances:			
Restricted			
Total liabilities and fund balances	<u>\$ 2,000</u>	<u>\$ 1,423</u>	<u>\$ 405,374</u>

See accompanying notes to the basic financial statements

Totals	
2016	2015
\$ 811,438	\$ 960,690
1,932	
102,887	202,052
25,093	10,372
<u>\$ 941,350</u>	<u>\$ 1,173,114</u>

\$	\$ 11,843
411,456	331,932
129,912	212,099
2,000	
<u>543,368</u>	<u>555,874</u>

<u>397,982</u>	<u>617,240</u>
<u>\$ 941,350</u>	<u>\$ 1,173,114</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, 2016

(With comparative totals for 2015)

	<u>Staff Development Mini-grants</u>	<u>Alaska Construction Academy</u>	<u>Classroom Technology Upgrade FY13</u>	<u>Classroom Digital Technology Upgrade</u>
Revenues:				
Revenue from state sources	<u>\$ 10,615</u>	<u>\$ 123,147</u>	<u>\$ 7,023</u>	<u>\$ 29,764</u>
Expenditures - current:				
Instruction	10,615	117,082	7,023	29,764
Support services - students				
Support services - instruction				
District administration support services		6,065		
Operations and maintenance of plant				
Food service				
Total expenditures	<u>10,615</u>	<u>123,147</u>	<u>7,023</u>	<u>29,764</u>
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

See accompanying notes to the basic financial statements

<u>Barnette Digital Classroom Technology</u>	<u>Legislative Small Grants FY15</u>	<u>Youth Risk Behavior Survey</u>	<u>Student Safety and Security</u>	<u>Capacity Bldg Suicide Prevention</u>	<u>Big Brothers Big Sisters Mentoring</u>
<u>\$ 13,494</u>	<u>\$ 8,589</u>	<u>\$ 22</u>	<u>\$</u>	<u>\$ 25,126</u>	<u>\$ 8,452</u>
13,494	8,171	21	219,258	23,889	8,036
	418	1		1,237	416
<u>13,494</u>	<u>8,589</u>	<u>22</u>	<u>219,258</u>	<u>25,126</u>	<u>8,452</u>
			(219,258)		
			617,240		
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 397,982</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, 2016

(With comparative totals for 2015)

	<u>Ticasuk Security Systems</u>	<u>WVHS/NPHS Headbolt Plug-In O&M</u>	<u>Nutritional AK Foods for Schools FY13 thru FY15</u>
Revenues:			
Revenue from state sources	<u>\$ 10,413</u>	<u>\$ 6,008</u>	<u>\$ 20,527</u>
Expenditures - current:			
Instruction			
Support services - students	10,413		
Support services - instruction			
District administration support services			
Operations and maintenance of plant		6,008	
Food service			20,527
Total expenditures	<u>10,413</u>	<u>6,008</u>	<u>20,527</u>
Net change in fund balances			
Fund balances - beginning			
Fund balances - ending	<u>\$</u>	<u>\$</u>	<u>\$</u>

See accompanying notes to the basic financial statements

Totals	
2016	2015
\$ 263,180	\$ 686,637
186,149	551,693
261,617	560,841
	24,518
8,137	22,427
6,008	14,700
20,527	12,029
482,438	1,186,208
(219,258)	(499,571)
617,240	1,116,811
\$ 397,982	\$ 617,240

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, 2016

(With comparative totals for 2015)

	<u>Staff Development Mini-grants</u>	<u>Alaska Construction Academy</u>	<u>Classroom Technology Upgrade FY13</u>	<u>Classroom Digital Technology Upgrade</u>
Revenues:				
Revenue from state sources	\$ 10,615	\$ 123,147	\$ 7,023	\$ 29,764
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries		8,849		
Non-certificated salaries	252			
Employee benefits	24	1,399		
Total salaries and fringe benefits	<u>276</u>	<u>10,248</u>		
Materials, supplies, services and other:				
Professional and technical services		67,749		
Staff travel	10,339	496		
Student travel		155		
Energy				
Other purchased services				
Supplies, materials and media		38,434	7,023	29,764
Indirect costs		6,065		
Total materials, supplies, services and other	<u>10,339</u>	<u>112,899</u>	<u>7,023</u>	<u>29,764</u>
Capital outlay:				
Equipment				
Other capital outlay				
Total capital outlay				
Total expenditures	<u>10,615</u>	<u>123,147</u>	<u>7,023</u>	<u>29,764</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

<u>Barnette Digital Classroom Technology</u>	<u>Legislative Small Grants FY15</u>	<u>Youth Risk Behavior Survey</u>	<u>Student Safety and Security</u>	<u>Capacity Bldg Suicide Prevention</u>	<u>Big Brothers Big Sisters Mentoring</u>
<u>\$ 13,494</u>	<u>\$ 8,589</u>	<u>\$ 22</u>	<u>\$</u>	<u>\$ 25,126</u>	<u>\$ 8,452</u>
					4,872
					2,829
					7,701
				967	
13,494	8,171	21	7,032	2,580	
	418	1	163,224	20,342	335
<u>13,494</u>	<u>8,589</u>	<u>22</u>	<u>170,256</u>	<u>25,126</u>	<u>751</u>
			49,002		
			49,002		
<u>13,494</u>	<u>8,589</u>	<u>22</u>	<u>219,258</u>	<u>25,126</u>	<u>8,452</u>
			(219,258)		
			617,240		
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 397,982</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 Object

For the Year Ended June 30, 2016

(With comparative totals for 2015)

	<u>Ticasuk Security Systems</u>	<u>WVHS/NPHS Headbolt Plug-In O&M</u>	<u>Nutritional AK Foods for Schools FY13 thru FY15</u>
Revenues:			
Revenue from state sources	\$ 10,413	\$ 6,008	\$ 20,527
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			
Student travel			
Energy		6,008	
Other purchased services			
Supplies, materials and media	10,413		20,527
Indirect costs			
Total materials, supplies, services and other	10,413	6,008	20,527
Capital outlay:			
Equipment			
Other capital outlay			
Total capital outlay			
Total expenditures	10,413	6,008	20,527
Net change in fund balances			
Fund balances - beginning			
Fund balances - ending	\$	\$	\$

See accompanying notes to the basic financial statements

Totals	
2016	2015
<u>\$ 263,180</u>	<u>\$ 686,637</u>
8,849	63,837
5,124	11,326
<u>4,252</u>	<u>14,471</u>
<u>18,225</u>	<u>89,634</u>
67,749	91,452
11,802	34,807
155	17,853
6,008	14,700
9,612	4,199
311,748	812,168
<u>8,137</u>	<u>22,427</u>
<u>415,211</u>	<u>997,606</u>
49,002	21,081
<u>49,002</u>	<u>77,887</u>
<u>482,438</u>	<u>98,968</u>
<u>482,438</u>	<u>1,186,208</u>
(219,258)	(499,571)
<u>617,240</u>	<u>1,116,811</u>
<u>\$ 397,982</u>	<u>\$ 617,240</u>

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, 2016

	Budgeted Amounts		Actual	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final			
Revenues:					
Revenue from state sources	\$ 673,126	\$ 1,022,245	\$ 263,180	\$ 258,422	\$ (763,823)
Expenditures-current:					
Salaries and fringe benefits:					
Certificated salaries	5,498	10,000	8,849	8,849	1,151
Non-certificated salaries	22,494	22,994	5,124	5,124	17,870
Employee benefits	13,279	14,724	4,252	4,252	10,472
Total salaries and fringe benefits	41,271	47,718	18,225	18,225	29,493
Materials, supplies, services and other:					
Professional and technical services	108,310	76,534	67,749	66,283	10,251
Staff travel	10,903	21,222	11,802	11,802	9,420
Student travel	2,500	2,500	155	155	2,345
Energy	196,010	196,010	6,008	6,008	190,002
Other purchased services		2,580	9,612	9,612	(7,032)
Supplies, materials and media	734,760	1,095,376	311,748	308,456	786,920
Indirect cost	10,973	11,906	8,137	8,137	3,769
Total materials, supplies, services and other	1,063,456	1,406,128	415,211	410,453	995,675
Capital outlay:					
Equipment	181,919	181,919	49,002	49,002	132,917
Total expenditures	1,286,646	1,635,765	482,438	477,680	1,158,085
Net change in fund balance	\$ (613,520)	\$ (613,520)	(219,258)	\$ (219,258)	\$ 394,262
Fund balance - beginning			617,240		
Fund balance - ending			\$ 397,982		

See accompanying notes to the basic financial statements

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, 2016
(With comparative totals for 2015)

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals</u>	
			<u>2016</u>	<u>2015</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$ 1,587,955	\$ 202,143	\$ 1,790,098	\$ 2,178,082
Accounts receivable:				
Local	235		235	235
State	5,409		5,409	5,007
Due from Fairbanks North Star Borough		26,506	26,506	
Inventories	476,760		476,760	480,711
Total assets	<u>\$ 2,070,359</u>	<u>\$ 228,649</u>	<u>\$ 2,299,008</u>	<u>\$ 2,664,035</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 8,052	\$	\$ 8,052	\$ 152,013
Unearned revenue	3,686		3,686	2,006
Due to other funds	1,464,832	26,506	1,491,338	1,175,157
Due to external groups and agencies	49		49	
Total liabilities	<u>1,476,619</u>	<u>26,506</u>	<u>1,503,125</u>	<u>1,329,176</u>
Fund balances:				
Nonspendable - inventories	476,760		476,760	480,711
Restricted				7
Committed	1,576,893		1,576,893	1,634,796
Assigned		202,143	202,143	389,450
Unassigned	(1,459,913)		(1,459,913)	(1,170,105)
Total fund balances	<u>593,740</u>	<u>202,143</u>	<u>795,883</u>	<u>1,334,859</u>
Total liabilities and fund balances	<u>\$ 2,070,359</u>	<u>\$ 228,649</u>	<u>\$ 2,299,008</u>	<u>\$ 2,664,035</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, 2016
(With comparative totals for 2015)

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>	<u>2016</u>	<u>2015</u>
Revenues:					
Revenue from local sources:					
Food service	\$ 1,352,523	\$	\$ 1,352,523	\$ 1,353,596	
Other local revenue	2,638,302	200,410	2,838,712	3,137,190	
Total local sources	3,990,825	200,410	4,191,235	4,490,786	
Revenue from state sources		20,000	20,000		
Revenue from federal sources:					
Through the State of Alaska	3,440,848		3,440,848	3,868,350	
Total revenues	7,431,673	220,410	7,652,083	8,359,136	
Expenditures:					
Current:					
Instruction	980		980	34	
Support services - students	164,636		164,636	161,714	
Support services - instruction	53,765		53,765	53,152	
Student activities	2,479,664		2,479,664	2,552,586	
Food services	5,435,493		5,435,493	5,782,832	
Total current	8,134,538		8,134,538	8,550,318	
Capital outlay		407,717	407,717	707,947	
Total expenditures	8,134,538	407,717	8,542,255	9,258,265	
Deficiency of revenues over expenditures	(702,865)	(187,307)	(890,172)	(899,129)	
Other financing sources (uses):					
Transfers in	353,556		353,556	196,808	
Transfers out	(2,360)		(2,360)		
Total other financing sources (uses)	351,196		351,196	196,808	
Net change in fund balances	(351,669)	(187,307)	(538,976)	(702,321)	
Fund balances - beginning	945,409	389,450	1,334,859	2,037,180	
Fund balances - ending	\$ 593,740	\$ 202,143	\$ 795,883	\$ 1,334,859	

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, 2016
(With comparative totals for 2015)

	<u>Local Programs</u>	<u>Food Service</u>	<u>School Activities</u>	<u>Totals</u>	
				<u>2016</u>	<u>2015</u>
<u>ASSETS</u>					
Equity in central treasury cash	\$ 180,855	\$	\$ 1,407,100	\$ 1,587,955	\$ 1,645,904
Accounts receivable:					
Local	138		97	235	235
State		5,409		5,409	5,007
Inventories		476,760		476,760	480,711
Total assets	<u>\$ 180,993</u>	<u>\$ 482,169</u>	<u>\$ 1,407,197</u>	<u>\$ 2,070,359</u>	<u>\$ 2,131,857</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$	\$ 628	\$ 7,424	\$ 8,052	\$ 9,285
Unearned revenue	3,686			3,686	2,006
Due to other funds	138	1,464,694		1,464,832	1,175,157
Due to external groups and agencies	49			49	
Total liabilities	<u>3,873</u>	<u>1,465,322</u>	<u>7,424</u>	<u>1,476,619</u>	<u>1,186,448</u>
Fund balances:					
Nonspendable - inventories		476,760		476,760	480,711
Restricted					7
Committed	177,120		1,399,773	1,576,893	1,634,796
Unassigned		(1,459,913)		(1,459,913)	(1,170,105)
Total fund balances	<u>177,120</u>	<u>(983,153)</u>	<u>1,399,773</u>	<u>593,740</u>	<u>945,409</u>
Total liabilities and fund balances	<u>\$ 180,993</u>	<u>\$ 482,169</u>	<u>\$ 1,407,197</u>	<u>\$ 2,070,359</u>	<u>\$ 2,131,857</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, 2016
(With comparative totals for 2015)

	Local Programs	Food Service	School Activities	Totals	
				2016	2015
Revenues:					
Revenue from local sources:					
Food service	\$	\$ 1,352,523	\$	\$ 1,352,523	\$ 1,353,596
Other local revenue	224,248		2,414,054	2,638,302	2,700,105
Total local sources	224,248	1,352,523	2,414,054	3,990,825	4,053,701
Revenue from federal sources:					
Through the State of Alaska	2,833	3,438,015		3,440,848	3,393,873
Total revenues	227,081	4,790,538	2,414,054	7,431,673	7,447,574
Expenditures:					
Current:					
Instruction	980			980	34
Support services - students	164,636			164,636	161,714
Support services - instruction	53,765			53,765	53,152
Student activities			2,479,664	2,479,664	2,552,586
Food services		5,435,493		5,435,493	5,782,832
Total expenditures	219,381	5,435,493	2,479,664	8,134,538	8,550,318
Excess (deficiency) of revenues over expenditures	7,700	(644,955)	(65,610)	(702,865)	(1,102,744)
Other financing sources (uses):					
Transfers in		351,196	2,360	353,556	196,808
Transfers out	(2,360)			(2,360)	
Total other financing sources	(2,360)	351,196	2,360	351,196	196,808
Net change in fund balances	5,340	(293,759)	(63,250)	(351,669)	(905,936)
Fund balances - beginning	171,780	(689,394)	1,463,023	945,409	1,851,345
Fund balances - ending	\$ 177,120	\$ (983,153)	\$ 1,399,773	\$ 593,740	\$ 945,409

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, 2016

(With comparative totals for 2015)

	<u>Youth Service America</u>	<u>Cultural Collaboration Access</u>	<u>Options Child Care</u>	<u>Barnette Magnet After School Program</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$ 7	\$ 20	\$ 18,669	\$ 29,327
Accounts receivable:				
Local				
Total assets	<u>\$ 7</u>	<u>\$ 20</u>	<u>\$ 18,669</u>	<u>\$ 29,327</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Unearned revenue	\$	\$	\$	\$ 305
Due to other funds				
Due to external groups and agencies	<u>7</u>	<u>20</u>		
Total liabilities	<u>7</u>	<u>20</u>		<u>305</u>
Fund balances:				
Restricted				
Committed			<u>18,669</u>	<u>29,022</u>
Total fund balances			<u>18,669</u>	<u>29,022</u>
Total liabilities and fund balances	<u>\$ 7</u>	<u>\$ 20</u>	<u>\$ 18,669</u>	<u>\$ 29,327</u>

See accompanying notes to the basic financial statements

<u>University Park After School Program</u>	<u>Nike N7</u>	<u>YALSA Best Buy Teen Week</u>	<u>Curriculum Staff Development</u>	<u>Rose Urban Rural Exchange</u>	<u>Community Donations</u>
\$ 18,931	\$ 2,105	\$ 22	\$ 34,573	\$	\$ 77,201
				138	
<u>\$ 18,931</u>	<u>\$ 2,105</u>	<u>\$ 22</u>	<u>\$ 34,573</u>	<u>\$ 138</u>	<u>\$ 77,201</u>
\$ 3,381	\$	\$	\$	\$	\$
		22		138	
<u>3,381</u>		<u>22</u>		<u>138</u>	
15,550	2,105		34,573		77,201
15,550	2,105		34,573		77,201
<u>\$ 18,931</u>	<u>\$ 2,105</u>	<u>\$ 22</u>	<u>\$ 34,573</u>	<u>\$ 138</u>	<u>\$ 77,201</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Local Programs

Combining Balance Sheet

June 30, 2016

(With comparative totals for 2015)

	Totals	
	2016	2015
<u>ASSETS</u>		
Equity in central treasury cash	\$ 180,855	\$ 173,786
Accounts receivable:		
Local	138	138
Total assets	<u>\$ 180,993</u>	<u>\$ 173,924</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Unearned revenue	\$ 3,686	\$ 2,006
Due to other funds	138	138
Due to external groups and agencies	<u>49</u>	
Total liabilities	<u>3,873</u>	<u>2,144</u>
Fund balances:		
Restricted		7
Committed	<u>177,120</u>	<u>171,773</u>
Total fund balances	<u>177,120</u>	<u>171,780</u>
Total liabilities and fund balances	<u>\$ 180,993</u>	<u>\$ 173,924</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, 2016

(With comparative totals for 2015)

	<u>Youth Service America</u>	<u>Cultural Collaboration Access</u>	<u>Options Child Care</u>	<u>Barnette Magnet After School Program</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$ (7)	\$ 980	\$ 18,456	\$ 73,895
Revenue from federal sources:				
Through the State of Alaska			2,833	
Total revenues	<u>(7)</u>	<u>980</u>	<u>21,289</u>	<u>73,895</u>
Expenditures				
Current:				
Instruction		980		
Support services - students			2,967	71,051
Support services - instruction				
Total expenditures		<u>980</u>	<u>2,967</u>	<u>71,051</u>
Excess (deficiency) of revenues over expenditures	<u>(7)</u>		<u>18,322</u>	<u>2,844</u>
Other financing uses - transfers out				
Net change in fund balances	<u>(7)</u>		<u>18,322</u>	<u>2,844</u>
Fund balances - beginning	<u>7</u>		<u>347</u>	<u>26,178</u>
Fund balances - ending	<u>\$</u>	<u>\$</u>	<u>\$ 18,669</u>	<u>\$ 29,022</u>

See accompanying notes to the basic financial statements

<u>University Park After School Program</u>	<u>Nike N7</u>	<u>YALSA Best Buy Teen Week</u>	<u>Lowe's Park After School Program</u>	<u>Curriculum Staff Development</u>	<u>Rose Urban Rural Exchange</u>
\$ 85,878	\$ 5,000	\$ 978	\$ 5,000	\$ 29,006	\$ 414
<u>85,878</u>	<u>5,000</u>	<u>978</u>	<u>5,000</u>	<u>29,006</u>	<u>414</u>
81,745	2,895	978	5,000	51,094	414
<u>81,745</u>	<u>2,895</u>	<u>978</u>	<u>5,000</u>	<u>51,094</u>	<u>414</u>
<u>4,133</u>	<u>2,105</u>			<u>(22,088)</u>	
4,133	2,105			(22,088)	
<u>11,417</u>				<u>56,661</u>	
<u>\$ 15,550</u>	<u>\$ 2,105</u>	<u>\$</u>	<u>\$</u>	<u>\$ 34,573</u>	<u>\$</u>

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, 2016

(With comparative totals for 2015)

	<u>Community Donations</u>	<u>Totals</u>	
		<u>2016</u>	<u>2015</u>
Revenues:			
Revenue from local sources:			
Other local revenue	\$ 4,648	\$ 224,248	\$ 235,064
Revenue from federal sources:			
Through the State of Alaska		2,833	4,496
Total revenues	<u>4,648</u>	<u>227,081</u>	<u>239,560</u>
Expenditures			
Current:			
Instruction		980	34
Support services - students		164,636	161,714
Support services - instruction	<u>2,257</u>	<u>53,765</u>	<u>53,152</u>
Total expenditures	<u>2,257</u>	<u>219,381</u>	<u>214,900</u>
Excess (deficiency) of revenues over expenditures	<u>2,391</u>	<u>7,700</u>	<u>24,660</u>
Other financing uses - transfers out	<u>(2,360)</u>	<u>(2,360)</u>	
Net change in fund balances	31	5,340	24,660
Fund balances - beginning	<u>77,170</u>	<u>171,780</u>	<u>147,120</u>
Fund balances - ending	<u><u>\$ 77,201</u></u>	<u><u>\$ 177,120</u></u>	<u><u>\$ 171,780</u></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 Object

For the Year Ended June 30, 2016

(With comparative totals for 2015)

	<u>Youth Service America</u>	<u>Cultural Collaboration Access</u>	<u>Options Child Care</u>	<u>Barnette Magnet After School Program</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$ (7)	\$ 980	\$ 18,456	\$ 73,895
Revenue from federal sources:				
Through the State of Alaska			2,833	
Total revenues	<u>(7)</u>	<u>980</u>	<u>21,289</u>	<u>73,895</u>
Expenditures:				
Current:				
Salaries and fringe benefits:				
Certificated salaries				8,111
Non-certificated salaries				37,927
Employee benefits				21,673
Total salaries and fringe benefits				<u>67,711</u>
Materials, supplies, services and other:				
Professional and technical services		980	475	500
Staff travel			126	
Student travel				
Other purchased services				
Supplies, materials and media			2,366	2,840
Total materials, supplies, services and other		<u>980</u>	<u>2,967</u>	<u>3,340</u>
Total expenditures		<u>980</u>	<u>2,967</u>	<u>71,051</u>
Excess (deficiency) of revenues over expenditures	<u>(7)</u>		<u>18,322</u>	<u>2,844</u>
Other financing uses - transfers out				
Net change in fund balances	<u>(7)</u>		<u>18,322</u>	<u>2,844</u>
Fund balances - beginning	<u>7</u>		<u>347</u>	<u>26,178</u>
Fund balances - ending	<u>\$</u>	<u>\$</u>	<u>\$ 18,669</u>	<u>\$ 29,022</u>

See accompanying notes to the basic financial statements

<u>University Park After School Program</u>	<u>Nike N7</u>	<u>YALSA Best Buy Teen Week</u>	<u>Lowe's Park After School Program</u>	<u>Curriculum Staff Development</u>	<u>Rose Urban Rural Exchange</u>
\$ 85,878	\$ 5,000	\$ 978	\$ 5,000	\$ 29,006	\$ 414
<u>85,878</u>	<u>5,000</u>	<u>978</u>	<u>5,000</u>	<u>29,006</u>	<u>414</u>
13,200	2,500			20,525	
38,953					378
<u>20,652</u>	<u>395</u>			<u>731</u>	<u>36</u>
<u>72,805</u>	<u>2,895</u>			<u>21,256</u>	<u>414</u>
3,619				29,838	
138					
68					
69					
<u>5,046</u>		<u>978</u>	<u>5,000</u>		
<u>8,940</u>		<u>978</u>	<u>5,000</u>	<u>29,838</u>	
<u>81,745</u>	<u>2,895</u>	<u>978</u>	<u>5,000</u>	<u>51,094</u>	<u>414</u>
<u>4,133</u>	<u>2,105</u>			<u>(22,088)</u>	
<u>4,133</u>	<u>2,105</u>			<u>(22,088)</u>	
<u>11,417</u>				<u>56,661</u>	
<u>\$ 15,550</u>	<u>\$ 2,105</u>	<u>\$</u>	<u>\$</u>	<u>\$ 34,573</u>	<u>\$</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, 2016

(With comparative totals for 2015)

	<u>Community Donations</u>	<u>Totals</u>	
		<u>2016</u>	<u>2015</u>
Revenues:			
Revenue from local sources:			
Other local revenue	\$ 4,648	\$ 224,248	\$ 235,064
Revenue from federal sources:			
Through the State of Alaska		2,833	4,496
Total revenues	4,648	227,081	239,560
Expenditures:			
Current:			
Salaries and fringe benefits:			
Certificated salaries		44,336	35,302
Non-certificated salaries		77,258	77,834
Employee benefits		43,487	44,098
Total salaries and fringe benefits		165,081	157,234
Materials, supplies, services and other:			
Professional and technical services		35,412	43,470
Staff travel		264	675
Student travel		68	
Other purchased services		69	
Supplies, materials and media	2,257	18,487	13,521
Total materials, supplies, services and other	2,257	54,300	57,666
Total expenditures	2,257	219,381	214,900
Excess (deficiency) of revenues over expenditures	2,391	7,700	24,660
Other financing uses - transfers out	(2,360)	(2,360)	
Net change in fund balances	31	5,340	24,660
Fund balances - beginning	77,170	171,780	147,120
Fund balances - ending	\$ 77,201	\$ 177,120	\$ 171,780

See accompanying notes to the basic financial statements

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, 2016

	<u>Budgeted Amounts</u>			<u>Actual on</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Budgetary</u>	<u>Variance with</u>
				<u>Basis</u>	<u>Final Budget</u>
Revenues:					
Revenue from local sources:					
Other local revenue	\$ 69,623	\$ 190,643	\$ 224,248	\$ 237,248	\$ 46,605
Revenue from federal sources:					
Through the State of Alaska	4,496	2,833	2,833	2,833	
Total revenues	<u>74,119</u>	<u>193,476</u>	<u>227,081</u>	<u>240,081</u>	<u>46,605</u>
Expenditures:					
Current					
Salaries and fringe benefits:					
Certificated salaries	12,221	21,311	44,336	44,336	(23,025)
Non-certificated salaries	45,027	79,758	77,258	77,258	2,500
Employee benefits	<u>24,365</u>	<u>42,819</u>	<u>43,487</u>	<u>43,487</u>	<u>(668)</u>
Total salaries and fringe benefits	<u>81,613</u>	<u>143,888</u>	<u>165,081</u>	<u>165,081</u>	<u>(21,193)</u>
Materials, supplies, services and other:					
Professional and technical services	1,750	5,594	35,412	48,412	(42,818)
Staff travel		264	264	264	
Student travel	1,796	1,864	68	68	1,796
Other purchased services		69	69	69	
Supplies, materials and media	17,838	156,676	18,487	18,487	138,189
Indirect costs	<u>246</u>	<u>246</u>			<u>246</u>
Total materials, supplies, services and other	<u>21,630</u>	<u>164,713</u>	<u>54,300</u>	<u>67,300</u>	<u>97,413</u>
Total expenditures	<u>103,243</u>	<u>308,601</u>	<u>219,381</u>	<u>232,381</u>	<u>76,220</u>
Excess (deficiency) of revenues over expenditures	<u>(29,124)</u>	<u>(115,125)</u>	<u>7,700</u>	<u>7,700</u>	<u>122,825</u>
Other financing uses - transfer out			(2,360)	(2,360)	(2,360)
Net change in fund balance	<u>\$ (29,124)</u>	<u>\$ (115,125)</u>	<u>5,340</u>	<u>\$ 5,340</u>	<u>\$ 120,465</u>
Fund balance - beginning			171,780		
Fund balance - ending			<u>\$ 177,120</u>		

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Food Service

Balance Sheet

June 30, 2016

(With comparative totals for 2015)

	<u>Totals</u>	
	<u>2016</u>	<u>2015</u>
 <u>ASSETS</u>		
Accounts receivable:		
State	\$ 5,409	\$ 5,007
Inventories	476,760	480,711
Total assets	<u>\$ 482,169</u>	<u>\$ 485,718</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 628	\$ 93
Due to other funds	1,464,694	1,175,019
Total liabilities	<u>1,465,322</u>	<u>1,175,112</u>
Fund balance:		
Nonspendable - inventories	476,760	480,711
Unassigned	(1,459,913)	(1,170,105)
Total fund deficit	<u>(983,153)</u>	<u>(689,394)</u>
Total liabilities and fund balance	<u>\$ 482,169</u>	<u>\$ 485,718</u>

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Nonmajor Special Revenue Fund
Food Service
Statement of Revenues, Expenditures and Changes in Fund Balance - by Function
For the Year Ended June 30, 2016
(With comparative totals for 2015)

	Totals	
	2016	2015
Revenues:		
Revenue from local sources:		
Food service	\$ 1,352,523	\$ 1,353,596
Revenue from federal sources:		
Through the State of Alaska	3,438,015	3,389,377
Total revenues	<u>4,790,538</u>	<u>4,742,973</u>
Expenditures - current:		
Food services	<u>5,435,493</u>	<u>5,782,832</u>
Deficiency of revenues over expenditures	<u>(644,955)</u>	<u>(1,039,859)</u>
Other financing sources - transfers in	<u>351,196</u>	<u>196,808</u>
Net change in fund balance	(293,759)	(843,051)
Fund balance (deficit) - beginning	<u>(689,394)</u>	<u>153,657</u>
Fund deficit - ending	<u><u>\$ (983,153)</u></u>	<u><u>\$ (689,394)</u></u>

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Food Service

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

For the Year Ended June 30, 2016

(With comparative totals for 2015)

	<u>Totals</u>	
	<u>2016</u>	<u>2015</u>
Revenues:		
Revenue from local sources:		
Food service	\$ 1,352,523	\$ 1,353,596
Revenue from federal sources:		
Through the State of Alaska	<u>3,438,015</u>	<u>3,389,377</u>
Total revenues	<u>4,790,538</u>	<u>4,742,973</u>
Expenditures - current:		
Salaries and fringe benefits:		
Non-certificated salaries	1,957,479	1,991,247
Employee benefits	<u>1,117,711</u>	<u>1,117,786</u>
Total salaries and fringe benefits	<u>3,075,190</u>	<u>3,109,033</u>
Materials, supplies, services and other:		
Professional and technical services	23,491	23,647
Staff travel	2,788	10,127
Utility services	13,402	11,329
Energy	165,479	205,982
Other purchased services	1,007	1,125
Supplies, materials and media	2,145,497	2,421,318
Other expenses	<u>271</u>	<u>271</u>
Total materials, supplies, services and other	<u>2,351,935</u>	<u>2,673,799</u>
Capital outlay - equipment	<u>8,368</u>	
Total expenditures	<u>5,435,493</u>	<u>5,782,832</u>
Deficiency of revenues over expenditures	<u>(644,955)</u>	<u>(1,039,859)</u>
Other financing sources - transfers in	<u>351,196</u>	<u>196,808</u>
Net change in fund balance	<u>(293,759)</u>	<u>(843,051)</u>
Fund balance (deficit) - beginning	<u>(689,394)</u>	<u>153,657</u>
Fund deficit - ending	<u>\$ (983,153)</u>	<u>\$ (689,394)</u>

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, 2016

	<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:					
Revenue from local sources:					
Food Service	\$ 1,789,426	\$ 1,789,426	\$ 1,352,523	\$ 1,352,523	\$ (436,903)
Revenue from federal sources:					
Through the State of Alaska	3,639,888	3,635,559	3,438,015	3,433,686	(201,873)
Total revenues	<u>5,429,314</u>	<u>5,424,985</u>	<u>4,790,538</u>	<u>4,786,209</u>	<u>(638,776)</u>
Expenditures - current:					
Salaries and fringe benefits:					
Non-certificated salaries	2,104,060	2,104,060	1,957,479	1,957,479	146,581
Employee benefits	1,190,607	1,190,607	1,117,711	1,117,711	72,896
Total salaries and fringe benefits	<u>3,294,667</u>	<u>3,294,667</u>	<u>3,075,190</u>	<u>3,075,190</u>	<u>219,477</u>
Materials, supplies, services and other:					
Professional and technical services	25,000	25,000	23,491	23,491	1,509
Staff travel	11,000	11,000	2,788	2,788	8,212
Utility services	12,500	12,500	13,402	13,402	(902)
Energy	225,000	225,000	165,479	165,479	59,521
Other purchased services	3,000	3,000	1,007	1,007	1,993
Supplies, materials and media	2,183,943	2,184,614	2,145,497	2,141,168	43,446
Other expenses	400	400	271	271	129
Total materials, supplies, services and other	<u>2,460,843</u>	<u>2,461,514</u>	<u>2,351,935</u>	<u>2,347,606</u>	<u>113,908</u>
Capital outlay - equipment	<u>25,000</u>	<u>20,000</u>	<u>8,368</u>	<u>8,368</u>	<u>11,632</u>
Total expenditures	<u>5,780,510</u>	<u>5,776,181</u>	<u>5,435,493</u>	<u>5,431,164</u>	<u>345,017</u>
Deficiency of revenues over expenditures	<u>(351,196)</u>	<u>(351,196)</u>	<u>(644,955)</u>	<u>(644,955)</u>	<u>(293,759)</u>
Other financing sources - transfers in	<u>351,196</u>	<u>351,196</u>	<u>351,196</u>	<u>351,196</u>	
Net change in fund balance	<u>\$</u>	<u>\$</u>	<u>(293,759)</u>	<u>\$ (293,759)</u>	<u>\$ (293,759)</u>
Fund balance - beginning			<u>(689,394)</u>		
Fund deficit - ending			<u>\$ (983,153)</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, 2016

(With comparative totals for 2015)

	Totals	
	2016	2015
<u>ASSETS</u>		
Equity in central treasury cash	\$ 1,407,100	\$ 1,472,118
Accounts receivable:		
Local	97	97
Total assets	<u>\$ 1,407,197</u>	<u>\$ 1,472,215</u>
<u>LIABILITIES & FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 7,424	\$ 9,192
Fund balance:		
Committed	<u>1,399,773</u>	<u>1,463,023</u>
Total liabilities and fund balance	<u>\$ 1,407,197</u>	<u>\$ 1,472,215</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, 2016
(With comparative totals for 2015)

	Totals	
	2016	2015
Revenues:		
Revenue from local sources:		
Other local revenue	\$ 2,414,054	\$ 2,465,041
Expenditures - current:		
Student activities	2,479,664	2,552,586
Deficiency of revenues over expenditures	(65,610)	(87,545)
Other financing sources - transfers in	2,360	
Net change in fund balance	(63,250)	(87,545)
Fund balance - beginning	1,463,023	1,550,568
Fund balance - ending	\$ 1,399,773	\$ 1,463,023

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, 2016

(With comparative totals for 2015)

	<u>Totals</u>	
	<u>2016</u>	<u>2015</u>
Revenues:		
Revenue from local sources:		
Other local revenue	\$ 2,414,054	\$ 2,465,041
Expenditures - current:		
Salaries and fringe benefits:		
Certificated salaries	8,963	20,850
Non-certificated salaries	23,742	36,527
Employee benefits	5,212	7,313
Total salaries and fringe benefits	<u>37,917</u>	<u>64,690</u>
Materials, supplies, services and other:		
Professional and technical services	67,122	85,274
Staff travel	1,850	4,994
Student travel	1,050,460	1,127,384
Other purchased services	39,563	40,622
Supplies, materials and media	1,237,750	1,190,579
Other expenses	45,002	39,043
Total materials, supplies, services and other	<u>2,441,747</u>	<u>2,487,896</u>
Total expenditures	<u>2,479,664</u>	<u>2,552,586</u>
Deficiency of revenues over expenditures	(65,610)	(87,545)
Other financing sources - transfers in	<u>2,360</u>	
Net change in fund balance	(63,250)	(87,545)
Fund balance - beginning	<u>1,463,023</u>	<u>1,550,568</u>
Fund balance - ending	<u>\$ 1,399,773</u>	<u>\$ 1,463,023</u>

See accompanying notes to the basic financial statements

NONMAJOR CAPITAL PROJECTS FUNDS

**Title VIII Construction
Districtwide School Projects
Administrative Center Infrastructure
Barnette Magnet School Art
Woodriver Gym Upgrades
Ryan School Equipment
Ryan Middle School Art
Ryan Middle School Replacement Art
Ryan Middle School Replacement
Two Rivers Interior Renovation**

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2016
(With comparative totals for 2015)

	<u>Title VIII Construction</u>	<u>Districtwide School Projects</u>	<u>Administrative Center Infrastructure</u>	<u>Barnette Magnet School Art</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$ 172,187	\$ 4,847	\$ 25,109	\$
Due from Fairbanks North Star Borough				11,000
Total assets	<u>\$ 172,187</u>	<u>\$ 4,847</u>	<u>\$ 25,109</u>	<u>\$ 11,000</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$	\$	\$	\$
Due to other funds				11,000
Total liabilities				11,000
Fund balances:				
Assigned	172,187	4,847	25,109	
Total liabilities and fund balances	<u>\$ 172,187</u>	<u>\$ 4,847</u>	<u>\$ 25,109</u>	<u>\$ 11,000</u>

See accompanying notes to the basic financial statements

Woodriver Gym Upgrades	Two Rivers Interior Renovation	Totals	
		2016	2015
\$ 12,243	\$ 3,263	\$ 202,143	\$ 532,178
		26,506	
<u>\$ 12,243</u>	<u>\$ 3,263</u>	<u>\$ 228,649</u>	<u>\$ 532,178</u>
\$ 12,243	\$ 3,263	\$ 26,506	\$ 142,728
<u>12,243</u>	<u>3,263</u>	<u>26,506</u>	<u>142,728</u>
		202,143	389,450
<u>\$ 12,243</u>	<u>\$ 3,263</u>	<u>\$ 228,649</u>	<u>\$ 532,178</u>

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, 2016
(With comparative totals for 2015)

	<u>Title VIII Construction</u>	<u>Districtwide School Projects</u>	<u>Administrative Center Infrastructure</u>	<u>Barnette Magnet School Art</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from state sources				20,000
Revenue from federal sources:				
Through the State of Alaska				
Total revenues				20,000
Expenditures:				
Capital outlay:				
Professional and technical services				
Other purchased services	114,173			
Supplies, materials and media	73,134			
Equipment				
Buildings and improvements purchased				20,000
Total expenditures	187,307			20,000
Net change in fund balances	(187,307)			
Fund balances - beginning	359,494	4,847	25,109	
Fund balances - ending	\$ 172,187	\$ 4,847	\$ 25,109	\$

See accompanying notes to the basic financial statements

Woodriver Gym Upgrades	Ryan School Equipment	Ryan Middle School Replacement	Two Rivers Interior Renovation	Totals	
				2016	2015
\$ 12,683	\$ 46,766	\$ 137,669	\$ 3,292	\$ 200,410	\$ 437,085
				20,000	
					474,477
12,683	46,766	137,669	3,292	220,410	911,562
12,683	29,266	130,309	3,292	114,173	21,124
	17,500	7,360		248,684	251,027
				24,860	413,405
				20,000	22,391
12,683	46,766	137,669	3,292	407,717	707,947
				(187,307)	203,615
				389,450	185,835
\$	\$	\$	\$	\$ 202,143	\$ 389,450

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Nonmajor Capital Projects Funds
Project Length Schedule of Revenues and Expenditures
Beginning of Projects to June 30, 2016

	Title VIII Construction	Barnette Magnet School Art	Woodriver Gym Upgrades	Ryan School Equipment
Project Authorizations:	<u>\$ 844,880</u>	<u>\$ 25,000</u>	<u>\$ 61,364</u>	<u>\$ 228,461</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$ 55,785	\$ 228,229
Revenue from state sources		21,200		
Revenue from federal sources:				
Through the State of Alaska	948,588			
Transfers from other funds				
Total revenues	<u>948,588</u>	<u>21,200</u>	<u>55,785</u>	<u>228,229</u>
Expenditures:				
Capital outlay:				
Professional and technical services	18,669			2,455
Other purchased services	541,498			
Supplies, materials and media	216,234		45,785	200,628
Equipment			10,000	25,146
Buildings and improvements purchased		21,200		
Other capital outlay				
Total expenditures	<u>776,401</u>	<u>21,200</u>	<u>55,785</u>	<u>228,229</u>
Excess of revenues over expenditures	<u>\$ 172,187</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

See accompanying notes to the basic financial statements

Ryan Middle School Art	Ryan Middle School Replacement Art	Ryan Middle School Replacement	Two Rivers Interior Renovation	Project To Date Totals
<u>\$ 76,154</u>	<u>\$ 294,737</u>	<u>\$ 600,000</u>	<u>\$ 12,356</u>	<u>\$ 2,142,952</u>
\$	\$	\$ 137,669	\$ 3,292	\$ 424,975
				21,200
				948,588
		137,669	3,292	1,394,763
				21,124
				541,498
		130,309	3,292	596,248
		7,360		42,506
				21,200
		137,669	3,292	1,222,576
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 172,187</u>

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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, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS</u>				
Equity in central treasury cash	<u>\$ 40,801</u>	<u>\$ 31,119</u>	<u>\$ 45,973</u>	<u>\$ 25,947</u>
<u>LIABILITIES</u>				
Accounts payable	\$	\$ 45,973	\$ 45,973	\$
Due to external groups	<u>40,801</u>	<u>31,119</u>	<u>45,973</u>	<u>25,947</u>
Total liabilities	<u>\$ 40,801</u>	<u>\$ 77,092</u>	<u>\$ 91,946</u>	<u>\$ 25,947</u>

See accompanying notes to the basic financial statements

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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 176-187

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 188-198

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 199

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 200-201

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 202-217

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)

	Fiscal Year			
	2006-07	2007-08	2008-09 ^a	2009-10
Governmental activities:				
Investment in capital assets	\$ 4,080,319	\$ 3,967,368	\$ 2,941,680	\$ 4,180,344
Restricted for:				
Grant-funded programs				
Student allotments				
Unrestricted	<u>18,453,760</u>	<u>18,535,860</u>	<u>20,059,660</u>	<u>20,954,280</u>
Total net position	<u>\$ 22,534,079</u>	<u>\$ 22,503,228</u>	<u>\$ 23,001,340</u>	<u>\$ 25,134,624</u>

Note:

^a The School District decreased the fiscal year 2008-09 net position by \$730,586 due to a change in capitalization threshold from \$2,500 to \$5,000.

^b Beginning net position at July 1, 2014 has been adjusted for the implementation of GASB Statements No. 68 and 71. See Note 15.

Fiscal Year					
2010-11	2011-12	2012-13	2013-14	2014-15 ^b	2015-16
\$ 4,449,676	\$ 4,391,797	\$ 4,169,278	\$ 4,001,914	\$ 4,112,494	\$ 4,580,174
				1,416,526	1,670,850
				35,108	88,780
20,747,031	17,380,499	19,123,971	20,941,096	(65,801,513)	(85,483,184)
<u>\$ 25,196,707</u>	<u>\$ 21,772,296</u>	<u>\$ 23,293,249</u>	<u>\$ 24,943,010</u>	<u>\$ (60,237,385)</u>	<u>\$ (79,143,380)</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year			
	2006-07	2007-08	2008-09	2009-10
Expenses				
Governmental activities:				
Instruction	\$ 77,265,162	\$ 96,385,094	\$ 92,008,786	\$ 96,924,540
Special education instruction	17,856,399	20,936,726	21,632,095	25,847,781
Special education support services - students	2,516,909	3,053,826	3,882,736	4,787,664
Support services - students	10,458,934	12,056,303	12,016,292	13,485,882
Support Services - instruction	9,349,009	10,205,791	10,973,700	12,292,803
School administration	5,915,223	7,354,532	7,066,719	7,283,846
School administration support services	3,989,781	4,164,728	4,084,016	4,774,903
District administration	1,757,915	2,055,996	2,150,747	2,326,390
District administration support services	7,834,722	8,989,152	9,013,588	10,161,958
Operations and maintenance of plant	20,266,837	21,913,361	24,692,687	22,831,870
Student activities	4,665,546	4,889,861	4,869,918	4,969,303
Student transportation - to and from school	8,841,162	9,113,672	9,475,472	9,856,507
Adult and continuing education instruction	567		5,118	321
Community services				
Food services	4,522,847	4,979,963	4,823,175	5,386,119
Interest expense			40,458	46,119
Total expenses	175,241,013	206,099,005	206,735,507	220,976,006
Program Revenues				
Governmental activities:				
Charges for Services:				
Instruction	28,827	39,225	42,227	61,343
Support services - students	55,650	62,002	73,749	66,813
Support services - instruction	86,644	69,246	69,971	77,079
Student transportation - to and from school		18,450	17,300	
Food services	1,863,410	1,973,615	2,162,348	2,010,908
Operating grants and contributions	27,084,712	55,175,797	50,760,894	52,835,590
Capital grants and contributions	676,148	511,057	2,515,129	369,871
Total program revenues	29,795,391	57,849,392	55,641,618	55,421,604
Net expense - governmental activities	(145,445,622)	(148,249,613)	(151,093,889)	(165,554,402)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Grants and contributions not restricted to specific programs:				
Borough direct appropriation	40,022,700	42,222,700	44,222,700	43,339,901
Foundation program	88,513,723	85,688,097	96,001,077	109,730,232
Other state revenue	2,965,437	7,919,269	1,821,871	1,856,765
Federal impact aid	11,405,933	11,118,081	9,596,676	12,005,572
Other	634,592	709,756	295,993	386,120
Miscellaneous	1,734,768	560,859	384,270	369,096
Total general revenues	145,277,153	148,218,762	152,322,587	167,687,686
Change in net position	\$ (168,469)	\$ (30,851)	\$ 1,228,698	\$ 2,133,284

Fiscal Year					
2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
\$ 100,600,464	\$ 107,518,432	\$ 111,205,333	\$ 109,531,681	\$ 122,257,659	\$ 107,399,957
24,870,238	25,693,963	29,783,855	29,236,637	31,589,337	33,322,750
7,376,804	7,840,679	10,087,672	10,551,365	11,614,210	11,205,400
13,959,359	14,645,274	15,353,243	16,554,098	16,113,199	16,503,860
15,414,500	13,656,552	12,899,352	12,079,620	12,093,473	14,110,870
7,164,900	7,683,508	8,384,189	8,712,544	9,734,249	8,555,778
4,908,392	6,109,394	5,645,704	5,724,618	5,627,274	7,154,047
2,205,571	2,460,180	2,415,563	2,125,738	2,368,596	2,170,832
10,700,442	11,302,391	10,394,306	10,503,523	10,876,471	14,310,514
24,374,735	26,259,233	25,334,946	25,259,547	27,052,784	28,728,249
4,959,591	5,004,579	5,182,117	5,293,009	3,052,086	4,969,652
10,010,640	11,222,482	11,382,622	11,785,326	11,974,378	11,891,808
			5,000		
5,399,896	5,510,680	5,400,980	5,418,264	5,910,012	6,591,827
33,227					
231,978,759	244,907,347	253,469,882	252,780,970	270,263,728	266,915,544
43,895	51,492	69,392	62,715	44,280	47,332
116,542	112,795	19,703	188,850	222,709	189,497
41,850	65,844	145,416	38,540	34,860	29,006
1,926,416	1,897,853	1,598,281	1,492,538	1,353,596	1,352,523
54,664,159	59,782,158	66,613,379	68,202,040	81,118,672	52,262,056
69,000	378,803	69,419	126,935	911,562	220,410
56,861,862	62,288,945	68,515,590	70,111,618	83,685,679	54,100,824
(175,116,897)	(182,618,402)	(184,954,292)	(182,669,352)	(186,578,049)	(212,814,720)
45,299,502	46,586,695	46,200,000	47,560,000	49,906,000	55,369,000
112,387,761	113,227,755	119,814,989	117,038,885	117,696,672	118,214,578
1,974,562	4,144,172	4,705,752	4,691,698	6,498,660	1,982,685
14,428,645	14,051,688	14,758,858	13,979,892	17,420,489	17,012,673
739,636	643,721	595,346	508,827	953,584	721,453
348,874	539,960	400,300	539,811	554,027	608,336
175,178,980	179,193,991	186,475,245	184,319,113	193,029,432	193,908,725
\$ 62,083	\$ (3,424,411)	\$ 1,520,953	\$ 1,649,761	\$ 6,451,383	\$ (18,905,995)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year			
	2006-07	2007-08	2008-09	2009-10 ^a
General fund				
Nonspendable				\$ 966,466
Restricted				
Assigned				20,712,010
Unassigned				<u>743,899</u>
Total general fund				<u><u>\$ 22,422,375</u></u>
All other governmental funds				
Nonspendable				\$ 676,166
Restricted				25,736
Committed				2,430,074
Assigned				700,444
Unassigned				<u>(764,901)</u>
Total all other governmental funds				<u><u>\$ 3,067,519</u></u>
General fund				
Reserved	\$ 12,545,992	\$ 11,939,473	\$ 10,824,456	
Unreserved	<u>9,375,513</u>	<u>11,954,019</u>	<u>10,674,176</u>	
Total general fund	<u><u>\$ 21,921,505</u></u>	<u><u>\$ 23,893,492</u></u>	<u><u>\$ 21,498,632</u></u>	
All other governmental funds				
Reserved	\$ 524,990	\$ 617,788	\$ 669,418	
Unreserved, reported in:				
Special revenue funds	2,317,062	2,320,976	2,894,987	
Capital projects funds	<u>1,758,240</u>	<u>2,044,803</u>	<u>510,269</u>	
Total all other governmental funds	<u><u>\$ 4,600,292</u></u>	<u><u>\$ 4,983,567</u></u>	<u><u>\$ 4,074,674</u></u>	

^a In fiscal year 2011, the School District implemented Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and restated fiscal year 2010 balances. Balances prior to fiscal year 2010 reflect fund balance terminology in place at that time.

Fiscal Year					
2010-11 ^a	2011-12	2012-13	2013-14	2014-15	2015-16
\$ 555,592	\$ 602,804	\$ 573,283	\$ 518,791	\$ 624,652	\$ 444,007
				35,108	88,780
21,080,111	19,556,139	18,552,099	15,719,300	19,972,736	18,653,930
	71,358	1,372,848	3,616,590	4,342,757	15,425,238
<u>\$ 21,635,703</u>	<u>\$ 20,230,301</u>	<u>\$ 20,498,230</u>	<u>\$ 19,854,681</u>	<u>\$ 24,975,253</u>	<u>\$ 34,611,955</u>
\$ 499,732	\$ 432,994	\$ 443,788	\$ 625,306	\$ 480,711	\$ 476,760
2,954	377,814	662,773	1,864,874	1,416,526	1,670,850
1,760,378	1,796,551	1,794,550	1,726,030	1,634,796	1,576,893
1,315,325	1,614,100	1,643,638	1,414,676	1,618,291	1,430,984
(88,626)	(11,270)	(77,502)	(500,032)	(1,170,105)	(1,459,913)
<u>\$ 3,489,763</u>	<u>\$ 4,210,189</u>	<u>\$ 4,467,247</u>	<u>\$ 5,130,854</u>	<u>\$ 3,980,219</u>	<u>\$ 3,695,574</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year			
	2006-07	2007-08	2008-09	2009-10
Revenues from local sources:				
Borough direct appropriation	\$ 40,022,700	\$ 42,222,700	\$ 44,222,700	\$ 43,339,901
E-rate revenue	263,343	297,666	295,993	369,002
Food services	1,863,410	1,973,615	2,162,348	2,010,908
Earnings on investments	16			
Other local revenue	3,840,887	3,266,067	3,137,102	3,102,069
Tuition from students				
Total revenue from local sources	<u>45,990,356</u>	<u>47,760,048</u>	<u>49,818,143</u>	<u>48,821,880</u>
Revenue from state sources:				
Foundation program	88,513,723	85,688,097	96,001,077	109,730,232
QSI grant	345,636	342,123	371,871	406,765
Supplemental aid	1,169,801	6,127,146		
TRS on-behalf		26,641,081	19,640,125	16,615,652
PERS on-behalf		2,181,753	3,753,051	1,750,178
On-base schools	1,450,000	1,450,000	1,450,000	1,450,000
Other state revenue	9,522,084	9,641,697	10,169,267	10,576,761
Total revenue from state sources	<u>101,001,244</u>	<u>132,071,897</u>	<u>131,385,391</u>	<u>140,529,588</u>
Revenue from federal sources:				
Direct	12,822,378	12,208,857	13,141,295	13,105,128
Through the State of Alaska and other intermediate agencies	14,018,936	13,818,299	13,494,924	20,647,414
Total revenue from federal sources	<u>26,841,314</u>	<u>26,027,156</u>	<u>26,636,219</u>	<u>33,752,542</u>
Total revenues	<u>\$ 173,832,914</u>	<u>\$ 205,859,101</u>	<u>\$ 207,839,753</u>	<u>\$ 223,104,010</u>

^a Prior to fiscal year 2014-15 all Federal Impact Aid revenue was coded as revenue from federal sources - direct. However, a large portion of this revenue was passed through the State of Alaska. In fiscal years 2014-15 and 2015-16 that portion of Federal Impact Aid passed through the State of Alaska was reclassified as such.

Fiscal Year					
2010-11	2011-12	2012-13	2013-14	2014-15 ^a	2015-16 ^a
\$ 45,299,502	\$ 46,586,695	\$ 46,200,000	\$ 47,560,000	\$ 49,906,000	\$ 55,369,000
725,861	643,721	595,346	508,827	635,436	407,354
1,926,416	1,897,853	1,598,281	1,492,538	1,353,596	1,352,523
3,020,007	3,180,689	2,907,469	3,229,576	3,667,163	3,458,316
	30,961	37,936	24,529	44,280	47,332
50,971,786	52,339,919	51,339,032	52,815,470	55,606,475	60,634,525
112,387,761	113,227,755	119,814,989	117,038,885	117,696,672	118,214,578
412,969	421,134	431,321	426,169	419,961	419,888
	2,162,030	2,711,634	2,671,187	4,479,736	
18,728,033	22,767,876	30,229,983	31,150,634	195,386,281	12,598,052
2,772,197	4,003,866	5,041,243	5,034,322	16,140,721	2,008,855
1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000
10,964,714	12,293,304	12,799,187	15,408,956	12,855,852	12,655,113
146,715,674	156,325,965	172,478,357	173,180,153	348,429,223	147,346,486
15,710,159	15,475,729	15,929,448	14,921,469	1,349,145	1,384,720
18,640,095	17,337,965	15,240,598	13,510,686	32,187,078	30,937,836
34,350,254	32,813,694	31,170,046	28,432,155	33,536,223	32,322,556
<u>\$ 232,037,714</u>	<u>\$ 241,479,578</u>	<u>\$ 254,987,435</u>	<u>\$ 254,427,778</u>	<u>\$ 437,571,921</u>	<u>\$ 240,303,567</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			
	2006-07	2007-08	2008-09	2009-10
Instruction	\$ 78,785,644	\$ 95,429,216	\$ 92,319,548	\$ 97,534,169
Special education instruction	18,108,218	20,768,748	22,307,877	26,434,567
Special education support services - students	2,537,779	3,054,051	3,956,716	4,784,941
Support services - students	10,559,783	11,988,071	12,669,547	13,523,654
Support services - instruction	9,490,060	10,131,281	11,452,623	12,580,996
School administration	6,066,905	7,285,455	7,071,644	7,327,490
School administration support services	3,973,048	4,155,048	4,487,658	4,754,818
District administration	1,783,260	2,101,406	2,223,108	2,302,737
District administration support services	7,789,156	8,838,960	9,470,375	10,516,123
Operations and maintenance of plant	20,043,520	21,775,769	22,049,314	22,678,492
Student activities	4,691,257	4,891,073	4,921,666	4,981,827
Student transportation - to and from school	8,837,951	9,106,723	9,488,016	9,873,929
Adult and continuing education instruction	472		5,118	321
Community services				
Food services	4,280,890	4,719,021	4,829,664	5,252,103
Debt service:				
Interest			40,458	46,119
Principal		318,968	419,967	414,306
Capital outlay	259,075	165,733	3,969,640	186,110
Total expenditures	<u>\$ 177,207,018</u>	<u>\$ 204,729,523</u>	<u>\$ 211,682,939</u>	<u>\$ 223,192,702</u>
Capital expenditures ^a	<u>\$ 531,325</u>	<u>\$ 629,531</u>	<u>\$ 736,938</u>	<u>\$ 1,779,080</u>
Noncapital expenditures	<u>\$ 176,675,693</u>	<u>\$ 204,099,992</u>	<u>\$ 210,946,001</u>	<u>\$ 221,413,622</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.16%	0.22%	0.21%

Notes:

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

Fiscal Year					
2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
\$ 100,456,233	\$ 106,245,188	\$ 111,908,220	\$ 110,458,367	\$ 223,441,209	\$ 94,867,175
24,813,218	25,299,652	29,874,926	29,374,914	50,484,786	27,997,201
7,351,847	7,765,973	10,116,540	10,616,448	19,726,865	9,756,127
13,917,100	14,464,374	15,436,738	16,745,156	26,237,222	13,677,384
14,986,928	13,384,278	12,741,319	12,024,263	17,963,049	12,050,673
7,127,341	7,604,630	8,452,142	8,798,346	18,710,099	7,523,471
4,897,659	6,050,059	5,666,342	5,767,625	6,880,327	5,552,526
2,209,647	2,433,594	2,396,461	2,223,703	3,680,703	1,821,104
10,828,683	11,153,362	10,381,157	10,586,356	13,057,446	11,729,962
24,153,731	25,959,798	25,455,301	24,931,722	27,781,546	23,622,168
4,977,656	4,992,296	5,185,421	5,312,989	7,130,687	4,682,307
10,009,855	11,214,750	11,377,599	11,793,857	11,968,995	11,785,369
			5,000		
5,361,214	5,519,986	5,433,831	5,416,030	5,836,841	5,478,326
33,227					
568,656					
713,647	80,028	39,881	355,897	707,947	407,717
<u>\$ 232,406,642</u>	<u>\$ 242,167,968</u>	<u>\$ 254,465,878</u>	<u>\$ 254,410,673</u>	<u>\$ 433,607,722</u>	<u>\$ 230,951,510</u>
<u>\$ 984,085</u>	<u>\$ 734,274</u>	<u>\$ 607,782</u>	<u>\$ 638,774</u>	<u>\$ 869,935</u>	<u>\$ 1,252,326</u>
<u>\$ 231,422,557</u>	<u>\$ 241,433,694</u>	<u>\$ 253,858,096</u>	<u>\$ 253,771,899</u>	<u>\$ 432,737,787</u>	<u>\$ 229,699,184</u>
0.26%	0.00%	0.00%	0.00%	0.00%	0.00%

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			
	2006-07	2007-08	2008-09	2009-10
Excess (deficiency) of revenues over expenditures	\$ (3,374,104)	\$ 1,129,578	\$ (3,843,186)	\$ (88,692)
Other financing sources (uses):				
Proceeds from sale of capital assets	8,373	31,960	11,260	5,280
Proceeds from insurance recovery	1,049,081			
Issuance of capital leases		1,193,724	528,173	
Transfers in	614,025	3,691,292	1,877,959	718,076
Transfers out	(614,025)	(3,691,292)	(1,877,959)	(718,076)
Total other financing sources (uses)	1,057,454	1,225,684	539,433	5,280
Net change in fund balances	<u>\$ (2,316,650)</u>	<u>\$ 2,355,262</u>	<u>\$ (3,303,753)</u>	<u>\$ (83,412)</u>

Fiscal Year					
2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
\$ (368,928)	\$ (688,390)	\$ 521,557	\$ 17,105	\$ 3,964,199	\$ 9,352,057
4,500	3,414	3,430	2,953	5,738	
1,880,057	481,000	394,136	237,100	196,808	353,556
(1,880,057)	(481,000)	(394,136)	(237,100)	(196,808)	(353,556)
4,500	3,414	3,430	2,953	5,738	
\$ (364,428)	\$ (684,976)	\$ 524,987	\$ 20,058	\$ 3,969,937	\$ 9,352,057

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

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

Calendar Year of Assessed Value	Residential Property	Commercial Property	Industrial Property	Pipeline and Personal Property (a)	Vacant Land
2005	\$ 3,690,431,430	\$ 757,571,240	\$ 699,161,448	\$ 275,302,600	\$ 317,147,285
2006	4,118,775,754	875,014,529	733,298,427	377,817,080	312,650,776
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

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 were disputed beginning in 2006. See Note 17.C (of the Fairbanks North Star Borough CAFR).

(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, 2015. Historically, information for the most recent fiscal year is not available until after the publication date of the School District's CAFR.

Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (b)	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value (c)
\$ 479,593,358	\$ 5,260,020,645	13.219	\$ 5,522,981,852	95.239%
652,965,644	5,764,590,922	12.923	6,102,033,479	94.470%
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%

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Direct:										
Borough areawide	13.219	12.923	12.209	11.287	11.186	11.432	11.294	11.216	11.216	11.356
Overlapping special Borough taxing jurisdictions except service areas										
Non-Areawide	0.425	0.418	0.409	0.400	0.393	0.400	0.511	0.525	0.523	0.493
Solid Waste Collection District	1.167	1.150	1.126	1.103	1.121	1.141	1.194	1.229	1.232	1.300
Borough direct and overlapping except service areas total (a)	14.811	14.491	13.744	12.790	12.700	12.973	12.999	12.970	12.971	13.149
Airway S.A.	1.173	1.120	1.089	1.089	1.207	1.256	1.287	1.324	1.387	1.436
Arctic Fox S.A.	2.089	1.944	1.864	1.804	1.861	1.787	1.708	1.850	1.945	1.967
Aztec S.A.	1.531	1.431	1.339	1.257	1.259	1.319	1.342	1.406	1.469	1.533
Ballaine Lake S.A.	13.268	13.775	12.828	12.413	12.671	13.162	14.920	16.054	17.222	17.670
Bear's Den Road S.A.									0.329	0.356
Becker Ridge S.A.	1.412	1.359	1.346	1.376	1.450	1.486	1.496	1.440	1.509	1.612
Birch Hill S.A.	1.910	1.861	1.832	1.814	1.939	1.995	2.023	2.101	2.195	2.292
Bluebird Road S.A.	2.228	2.187	2.004	2.054	2.333	2.447	2.792	2.883	3.138	3.378
Borda Road S.A.	1.159	1.131	1.067	1.079	1.119	1.171	1.157	1.204	1.253	1.349
Brookside S.A.	0.465	0.457	0.435	0.437	0.479	0.498	0.503	0.526	0.546	0.559
Chena Goldstream Fire S.A.	1.544	1.483	1.434	1.473	1.547	1.603	1.644	2.142	2.241	2.340
Chena Hills Road S.A.	1.032	1.001	0.987	0.985	1.047	1.060	1.076	1.115	1.152	1.197
Chena Hot Springs II S.A.	2.991	0.681	0.888	0.698	0.713	0.732	0.746	0.412	0.312	
Chena Marina S.A.	0.880	0.825	0.792	0.756	0.796	0.830	0.857	0.880	0.966	1.001
Chena Point Road S.A.	2.957	3.176	3.154	2.958	3.064	3.065	3.128	3.247	3.352	3.488
Chena Spur S.A.	1.729	2.354	2.407	2.329	2.606	2.671	2.679	2.837	2.957	3.052
Cleary Summit S.A.	0.365		0.189	0.183	0.190	0.191	0.158	0.132		
College S.A.	1.342	1.292	1.249	1.257	1.391	1.437	1.427	1.457	1.216	1.269
College Hills S.A.	0.881	0.789	0.754	0.785	0.835	0.871	0.912	0.950	1.016	1.011
Cooper Estates S.A.	3.040	2.709	2.717	2.614	2.821	2.899	2.915	3.048	3.087	3.313
Cordes Drive S.A.	1.232	1.150	1.060	1.074	1.112	1.201	1.232	1.283	1.374	1.431
Cripple Creek S.A.	1.691	1.679	1.477	1.520	1.601	1.636	1.668	1.717	1.814	1.904
Deep Forest S.A. (a)	6.017	0.759	0.714	0.707	0.724	0.743	0.758	0.795	0.977	1.026
Diane Subdivision S.A.	0.336	0.322	0.303	0.310	0.333	0.348	0.345	0.357	0.374	0.391
Drake Estates S.A. (b)	1.885	1.783	0.688	0.719	0.762	0.760	0.753	0.777	0.792	0.831
Edanella Heights Road S.A.	1.292	1.281	1.273	1.249	1.388	1.425	1.457	1.485	2.130	2.284
Ester Lump Road S.A.	1.922	1.881	1.710	1.741	1.773	3.093	3.160	3.333	3.550	3.765
Ester Volunteer Fire S.A.	2.492	2.501	2.270	2.384	2.444	2.568	2.619	2.726	2.887	3.033
Fairfields S.A.	0.762	0.707	0.683	0.675	0.713	0.752	0.750	0.789	0.834	0.867
Fairhill S.A.	1.173	1.170	1.163	1.093	1.188	2.255	2.294	2.315	1.156	1.213
Fairwest S.A.	1.939	1.878	1.850	1.789	1.896	1.948	1.903	1.989	2.082	2.119
Garden S.A.	1.136	1.103	1.074	1.035	1.089	1.126	1.099	1.135	1.188	1.244
Golden Valley Road S.A.	2.565	2.695	2.665	4.285	4.483	4.555	4.704	4.945	5.085	5.410
Goldstream Alaska S.A.	1.430	2.294	2.109	2.171	2.246	2.333	2.422	2.435	2.591	2.835
Goldstream Moose Creek S.A. (c)	1.763	1.723	1.586	1.635	1.598	1.682	1.694	1.720	1.758	1.831
Gordon S.A.	1.199	1.167	1.112	1.028	1.096	1.143	1.135	1.158	1.238	1.280
Granola Estates S.A.	1.298	1.323	1.117	1.089	1.239	1.281	1.321	1.441	1.534	1.587
Grieme Road S.A.	3.466	3.486	3.418	3.466	3.780	3.833	3.852	3.899	4.067	4.153
Haystack S.A.	3.219	3.106	2.875	2.901	3.231	3.324	3.615	3.767	3.815	3.974

Tax Levies (In 000's)									
2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
\$74,094	\$79,537	\$82,628	\$82,551	\$86,102	\$92,077	\$93,726	\$94,876	\$98,349	\$103,053
1,543	1,672	1,812	1,921	1,991	2,126	2,773	2,910	3,053	2,987
4,536	4,912	5,319	5,636	6,038	6,422	6,870	7,214	7,562	8,272
10	11	12	12	14	14	15	15	16	17
5	5	5	5	5	6	5	6	6	7
17	19	18	20	21	23	26	28	30	31
22	25	26	26	28	29	34	37	38	41
								1	1
82	90	98	105	113	116	122	128	135	145
75	87	100	104	111	116	122	129	143	151
6	6	6	7	7	8	9	9	10	12
23	25	27	28	29	30	30	32	33	36
7	8	8	9	9	10	10	10	11	11
710	779	853	933	1,007	1,057	1,111	1,498	1,579	1,678
63	71	80	88	95	100	103	109	114	121
1	1	1	1	1	1	1	1		
17	19	20	21	22	24	25	26	30	32
48	60	86	90	95	99	112	124	137	149
23	35	38	39	43	45	47	51	52	56
1		1	1	1	7	1	1		
419	447	474	493	530	544	561	586	481	514
21	22	23	25	27	28	29	31	32	34
18	20	23	24	26	28	29	32	33	35
18	20	21	24	26	27	28	30	31	33
41	46	52	55	62	66	70	74	81	86
46	17	18	19	20	21	21	22	29	30
3	3	3	3	4	4	4	4	4	4
13	15	7	7	8	8	8	9	9	9
26	27	29	31	34	34	36	37	53	57
15	15	17	18	20	35	38	40	42	46
255	277	318	344	379	401	427	457	487	522
14	14	15	15	16	17	17	18	19	20
11	11	12	12	13	25	25	27	13	14
19	21	23	24	26	26	26	27	28	29
20	26	32	36	39	4	43	45	48	51
6	7	7	12	13	15	16	17	18	19
11	22	23	24	26	27	29	30	32	35
36	40	42	45	49	52	54	58	61	65
35	39	47	50	54	57	60	62	66	68
4	4	5	5	6	6	6	8	8	9
11	13	15	16	19	20	22	24	25	25
19	21	27	34	37	38	41	43	46	47

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Herning Hills S.A.	1.376	1.382	1.318	1.258	1.368	1.394	1.441	1.501	1.506	1.571
Hopeless S.A.		0.869	0.833	0.838	0.889	0.941	0.940	0.970	1.014	1.080
Horseshoe Downs S.A.	2.522	2.384	2.278	2.297	2.447	3.376	3.315	3.462	3.745	4.351
Jennifer Drive S.A.	1.745	1.695	1.533	1.554	1.654	1.742	1.816	2.019	2.202	2.328
Jones Road S.A.	1.641	1.570	1.447	1.470	1.522	1.630	1.689	1.737	1.815	1.905
Joy Road S.A.	1.355	1.274	1.186	1.189	1.265	1.271	1.271	1.314	1.313	1.329
Keeney Road S.A.	0.676	0.549	0.552	0.545	0.561	0.616	0.657	0.671	0.714	0.743
Kendall S.A.	0.958	0.939	0.874	0.854	0.903	0.957	1.021	1.045	1.073	1.165
Keystone S.A.	3.203	3.125	3.065	3.002	3.088	3.184	3.328	3.440	3.861	4.065
Kris Kringle S.A.	2.053	1.938	1.871	1.911	2.023	2.091	2.139	2.211	2.315	2.393
Lakloey Hill S.A.	1.074	1.030	0.992	0.933	1.003	1.036	1.059	1.110	1.177	1.214
Lee Lane S.A.	1.684	1.598	1.615	1.561	1.623	1.673	1.641	1.738	1.806	1.888
Loose Moose S.A.	0.901	0.875	0.786	0.808	0.905	1.002	0.982	1.034	1.042	1.086
Martin S.A.	5.857	7.714	8.034	8.555	8.190	8.588	8.833	9.417	9.943	10.323
McCloud S.A.	14.807	14.746	14.787	15.075	15.055	9.972	10.458	10.481	11.409	12.208
McGrath Estates S.A.	1.231	1.207	1.176	1.212	1.302	1.342	1.381	1.431	1.528	1.556
McKinley View S.A.	1.910	1.808	1.644	1.692	1.590	2.831	2.847	2.979	2.969	2.995
Mellow Woods Road S.A.	1.303	1.253	1.161	1.194	1.242	1.329	1.271	1.273	1.346	1.403
Miller Hill Extension S.A.	4.829	4.607	4.354	4.400	4.481	4.808	4.945	4.995	5.357	5.725
Moose Creek S.A.	0.475	0.421	0.434	0.373	0.350	0.344	0.380	0.387	0.344	0.383
Moose Meadows S.A.	0.856	0.818	0.784	0.774	0.829	0.869	0.877	0.910	0.923	0.968
Mt. View S.A.	1.137	1.143	1.083	1.119	1.191	1.297	1.358	1.399	1.504	1.520
Murphy S.A. (d)	1.622	1.571	1.456	1.506	1.564	1.618	1.642	1.692	1.784	1.844
Musk Ox S.A.	1.239	1.174	1.133	1.163	1.290	1.337	1.354	1.390	1.462	1.450
Newby Park S.A.	0.435	0.722	0.656	0.676	0.710	0.758	0.797	0.823	0.853	0.884
North Ridge S.A.	4.552	4.534	4.500	4.009	4.298	4.423	4.507	4.830	4.889	5.120
North Star Fire S.A.	1.316	1.257	1.205	1.153	1.198	1.241	1.258	1.306	1.329	1.399
O'Connor Creek S.A.	16.419	12.475	13.939	9.770	7.831	7.389	8.875	8.893	6.641	7.822
Old Wood Road S.A.	1.666	1.672	1.619	1.733	1.771	1.786	1.790	2.039	2.194	2.328
Our S.A.	0.887	0.929	0.860	0.838	0.828	1.092	1.087	1.209	1.329	1.337
Parkside S.A.	1.538	1.558	1.428	1.446	1.552	1.576	1.602	1.674	1.736	1.784
Peede Country Estates S.A.	1.488	1.402	1.345	1.287	1.409	1.482	1.326	1.357	1.446	1.485
Pine Stream S.A.	0.955	0.902	0.911	0.928	0.981	1.022	1.001	1.034	1.070	1.105
Pleasureland S.A.	0.989	0.976	0.916	0.881	0.962	0.995	0.970	0.998	1.023	1.078
Polar Heights S.A.	1.110	1.027	1.014	0.926	0.926	0.952	1.016	1.027	0.964	1.045
Potlatch S.A. (d)	3.260	2.374	2.277	2.436	4.553	2.705	2.665	2.755	2.885	3.354
Prospect Park S.A.	0.737	1.142	1.083	1.095	1.121	1.140	1.258	1.281	1.371	1.374
Reed Acres Road S.A.	1.302	1.259	1.145	1.146	1.206	1.260	1.355	1.382	1.476	1.521
Ridgecrest S.A.	0.907	0.899	0.890	0.840	0.975	1.078	1.099	1.129	1.172	1.199
Salchaket Heights S.A.	4.444	4.590	4.806	4.966	5.162	3.863	3.972	4.357	4.472	4.690
Scenic Heights S.A.	1.395	1.377	1.370	1.415	1.497	1.589	1.600	1.707	1.759	1.764
Seavy S.A.	0.366	0.349	0.335	0.294	0.299	0.303	0.311	0.320	0.316	0.341
Secluded Acres S.A.	1.428	1.451	1.416	1.310	1.365	1.396	1.452	1.495	1.567	2.190
Serendipity Hill S.A.	3.077	3.029	2.716	2.998	3.069	3.154	2.901	2.976	3.162	3.315
Six-Mile Village Road S.A.	1.280	1.226	1.223	1.167	1.234	1.255	1.232	1.262	1.412	1.495
Smallwood Trail Road S.A.	0.625	0.613	0.600	0.596	0.673	0.742	0.751	0.756	0.794	0.831
Smith Ranch S.A.				1.299	1.372	1.417	1.343	0.249	0.267	0.274
Spring Glade S.A.	0.827	0.826	0.779	0.813	0.850	0.877	0.898	0.926	0.981	1.570

Tax Levies (In 000's)									
2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
\$ 21	\$ 23	\$ 25	\$ 26	\$ 28	\$ 28	\$ 30	\$ 32	\$ 33	\$ 35
	19	20	22	23	24	25	27	28	30
10	11	11	12	13	19	20	26	29	32
4	4	5	5	5	6	6	6	7	7
44	49	53	57	61	64	67	71	75	80
6	6	6	7	8	8	9	9	9	10
2	2	2	2	2	2	3	3	3	3
10	10	10	12	12	13	14	14	15	16
10	11	11	11	12	15	16	17	18	19
11	11	12	12	13	14	15	15	16	17
28	31	33	36	39	39	41	44	46	48
5	5	5	5	6	6	7	7	8	9
5	6	6	7	7	8	8	9	8	9
11	16	21	22	23	29	34	39	42	43
23	24	25	29	31	20	21	23	26	29
55	58	61	65	69	72	74	77	81	86
5	5	5	5	5	8	8	9	9	9
15	16	16	18	18	19	19	19	20	21
41	44	49	51	57	61	64	67	69	73
13	13	14	15	15	16	17	17	17	18
53	59	65	69	74	77	81	86	88	93
24	26	27	28	30	32	34	35	36	37
9	10	11	12	12	14	15	16	16	17
22	23	24	25	41	42	43	45	47	48
9	15	16	17	17	18	19	21	21	22
8	8	10	10	11	11	13	15	16	16
1,135	1,269	1,387	1,484	1,596	1,739	1,831	1,940	2,030	2,146
90	95	106	107	112	118	130	125	128	133
8	8	10	11	12	13	14	16	17	18
3	3	3	4	4	4	4	5	5	6
7	8	9	10	11	12	13	13	14	15
4	5	5	5	5	6	6	8	9	10
18	19	21	22	23	24	25	26	35	37
6	7	7	7	8	8	8	8	9	9
16	17	17	18	19	20	21	21	22	24
11	9	10	15	16	12	12	13	14	16
4	7	8	8	8	8	9	9	10	10
6	7	8	8	8	9	10	10	11	11
2	2	2	2	2	3	3	3	3	3
2	2	2	2	2	4	5	5	5	5
16	17	18	18	19	20	21	23	24	25
8	9	9	9	10	10	10	11	11	12
7	7	7	8	8	8	8	13	14	19
6	6	6	7	7	7	8	8	8	9
8	8	8	9	9	10	10	10	11	11
5	5	5	5	6	7	7	8	8	8
			36	40	45	47	9	9	10
22	24	26	27	29	31	32	34	35	58

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Spruce Acres S.A.	1.633	1.568	1.515	1.470	1.614	1.692	1.610	1.562	1.573	1.629
Steamboat Landing S.A.	1.237	1.171	1.176	1.192	1.307	1.386	1.339	1.385	1.490	1.589
Steese Volunteer Fire S.A.	1.733	1.693	1.628	1.600	1.690	1.739	1.789	1.849	1.893	1.973
Straight Creek S.A.	3.155	3.393	2.963	3.926	3.776	3.867	4.096	3.701	4.050	4.217
Summerwood S.A.	2.357	2.340	2.185	2.258	2.395	2.470	2.560	2.662	2.819	2.922
Summit Drive S.A.	1.483	1.450	1.375	1.381	1.447	1.496	1.542	1.603	1.690	1.710
Sunny Hills Terrace S.A.	2.380	2.355	2.249	2.367	2.498	2.702	2.772	2.946	3.120	3.224
Sunrise S.A.	2.069	2.078	1.865	1.926	2.031	2.136	2.171	2.198	2.381	2.419
Tan Terra S.A.	0.859	1.624	1.559	1.559	1.478	1.553	1.592	1.754	1.885	1.883
Thomas S.A.	2.538	2.442	2.485	2.460	2.759	2.842	2.791	2.861	3.008	3.449
Timberlane Road S.A.	1.420	1.347	1.251	1.274	1.371	1.485	1.464	1.448	1.594	1.642
Tungsten S.A.	2.681	2.687	2.682	2.648	2.814	2.875	2.921	2.992	3.165	3.320
Twenty Three Mile Slough S.A.	3.718	3.887	3.698	3.986	3.977	4.587	3.424	3.557	3.652	3.889
Ullrhaven S.A.	1.758	1.910	1.787	1.658	1.827	1.714	1.706	1.858	2.076	2.153
University Fire S.A.	2.215	2.163	2.108	2.138	2.301	2.370	2.464	2.510	2.643	2.689
University Heights S.A.	1.550	1.533	1.475	1.520	1.617	1.725	1.742	1.755	1.848	1.865
University West Street Lights S.A.	0.468	0.443	0.418	0.419	0.447	0.467	0.472	0.485	0.512	0.527
Vienna Woods S.A.	0.878	0.856	0.815	0.772	0.794	0.815	0.836	0.860	0.809	0.858
Viewpointe S.A.	0.972	0.971	0.956	0.982	1.019	1.056	1.104	1.129	1.201	1.192
Violet Drive S.A.	2.780	2.711	2.667	2.572	2.798	2.912	2.990	3.075	3.265	3.399
Vista Gold Road S.A.	2.580	2.459	2.298	2.390	2.377	2.462	2.549	2.622	2.758	2.888
Vue Crest, S.A.	1.418	1.389	1.310	1.303	1.429	1.479	1.497	1.517	1.587	1.657
Whitman S.A.	1.553	1.485	1.424	1.369	1.442	1.428	1.385	1.562	1.625	1.787
Wildview S.A.	2.776	2.790	2.579	2.651	2.898	2.999	2.975	3.052	3.215	3.359
Woodland S.A.	1.089	0.999	0.980	0.964	1.036	1.073	1.068	1.097	1.152	1.189
Yak Road S.A.	0.900	0.888	0.889	0.900	0.976	0.984	1.009	1.035	1.077	1.117

Overlapping Separate

City Governments

City of Fairbanks	6.804	6.700	6.594	5.991	5.927	5.803	5.843	5.734	5.716	5.549
Borough areawide	<u>13.219</u>	<u>12.923</u>	<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>
City of Fairbanks total (a)	<u>20.023</u>	<u>19.623</u>	<u>18.803</u>	<u>17.278</u>	<u>17.113</u>	<u>17.235</u>	<u>17.137</u>	<u>16.950</u>	<u>16.932</u>	<u>16.905</u>
City of North Pole	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.500	3.500
Borough areawide	13.219	12.923	12.209	11.287	11.186	11.432	11.294	11.216	11.216	11.356
Borough Solid Waste										
Collection District	<u>1.167</u>	<u>1.150</u>	<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>
City of North Pole total (a)	<u>17.386</u>	<u>17.073</u>	<u>16.335</u>	<u>15.390</u>	<u>15.307</u>	<u>15.573</u>	<u>15.488</u>	<u>15.445</u>	<u>15.948</u>	<u>16.156</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., Chena Hot Springs II S.A. and Cleary Summit S.A. do not levy taxes.

Tax Levies (In 000's)									
2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
\$ 5	\$ 6	\$ 6	\$ 6	\$ 7	\$ 7	\$ 7	\$ 7	\$ 8	\$ 8
12	13	15	17	18	19	20	21	23	24
935	1,018	1,097	1,172	1,279	1,380	1,452	1,536	1,619	1,709
9	10	13	18	19	18	19	19	20	21
28	30	32	34	38	39	42	44	46	50
79	89	99	108	115	121	129	137	145	155
25	27	28	30	33	35	36	40	41	43
10	11	11	12	12	13	13	14	15	16
9	19	19	20	27	29	31	35	39	40
10	10	11	11	12	13	13	14	14	15
7	7	7	8	8	9	9	9	10	10
25	26	29	32	42	43	46	49	53	57
19	23	24	29	41	52	43	50	52	59
3	3	4	4	4	4	4	5	5	6
1,727	1,866	2,020	2,135	2,337	2,434	2,590	2,724	2,871	3,005
46	49	52	55	58	62	63	65	67	69
52	57	60	62	66	68	70	72	75	78
16	19	20	21	23	25	25	26	27	28
15	16	17	18	18	19	20	21	23	23
44	48	53	57	61	64	69	74	79	86
29	31	33	35	38	40	42	44	47	49
23	25	27	30	32	33	34	36	38	40
3	3	3	4	4	4	4	5	5	6
131	145	158	171	184	193	202	212	224	236
2	2	2	2	2	2	2	3	3	3
62	66	70	73	78	81	84	87	90	95
11,688	12,619	13,477	13,210	13,701	14,876	14,960	14,945	15,155	15,161
770	815	883	924	959	938	982	980	1,054	1,066

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

Source: Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2015. 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
As Reported by Fairbanks North Star Borough

Principal Taxable Properties
Current Year and Nine Years Ago

Taxpayer	Type of Business	2014		Percentage of Total Assessed Valuation ^a	2005		Percentage of Total Assessed Valuation ^b
		Taxable Assessed Valuation	Rank		Taxable Assessed Valuation	Rank	
Alyeska and related activities	oil transportation	\$ 869,679,750	1	10.30%	\$ 275,302,600	1	5.23%
Fairbanks Gold Mining, Inc. ^c	gold mining	524,981,109	2	6.22%	230,374,288	2	4.38%
Doyon Utilities, LLC	utilities	277,700,122	3	3.29%			
Corvias Military Living (Eielson AFB)	military housing	141,364,005	4	1.67%			
Flint Hills Resources, LLC ^d	oil refining	108,537,918	5	1.29%	141,162,159	3	2.68%
Alaska Communications Systems	communications	49,035,167	6	0.58%	37,923,601	4	0.72%
GCI Cable Fairbanks, Inc.	utilities	40,456,174	7	0.48%			
Wal-Mart	shopping center	33,939,477	8	0.40%	22,362,412	8	0.43%
Westmark Hotel	hotel	33,251,338	9	0.39%	31,674,072	6	0.60%
Fred Meyer Stores, Inc. (west)	shopping center	29,573,561	10	0.35%	21,277,457	10	0.40%
HEBL Housing (Eielson AFB)	military housing				37,107,710	5	0.71%
Alaska Hotel Properties, Inc. ^e	hotel				26,303,374	7	0.50%
North Star Alaska Housing Corp.	military housing				21,670,713	9	0.41%
		<u>\$ 2,108,518,621</u>		<u>24.97%</u>	<u>\$ 845,158,386</u>		<u>16.06%</u>

Notes:

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

^a \$8,444,414,767

^b \$5,260,020,645

^c Fort Knox

^d Williams Alaska Petroleum, Inc. in 2005

^e Fairbanks Princess Riverside Lodge

Source: Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2015. 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 ^{a,c,d}	Net Tax Levy ^b	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Net Levy
2005-06	\$ 74,094,284	\$ 69,496,812	\$ 68,689,017	98.84%	\$ 733,196	\$ 69,422,213	99.89%
2006-07	79,536,709	74,585,658	73,722,859	98.84%	584,937	74,304,796	99.62%
2007-08	82,627,871	77,824,971	76,752,199	98.62%	1,036,609	77,788,807	99.95%
2008-09	82,550,860	77,549,577	76,584,066	98.75%	840,020	77,424,086	99.84%
2009-10	86,102,429	80,813,908	79,648,773	98.56%	1,149,342	80,798,115	99.98%
2010-11	92,077,064	86,709,188	85,643,722	98.77%	1,025,732	86,669,454	99.95%
2011-12	93,725,808	87,756,597	86,666,871	98.76%	609,030	87,275,900	99.45%
2012-13	94,876,332	88,499,301	87,427,560	98.79%	1,018,580	88,446,140	99.94%
2013-14	98,348,591	91,667,611	90,579,521	98.81%	497,920	91,133,661	99.42%
2014-15	103,052,677	95,894,341	93,194,499	97.18%			

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

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

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

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

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

^c For the trans-Alaska pipeline system, taxes levied for a fiscal year are based on State Assessment Review Board (SARB) assessed values. Valuations were disputed beginning in 2006-07. See Note 17.C (of the Fairbanks North Star Borough CAFR).

^d Fiscal years 2008-2010 have not been adjusted for the Superior Court's March 6, 2012 decision increasing the trans-Alaska pipeline system's assessed value. See Note 17.C (of the Fairbanks North Star Borough CAFR).

Source: Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2015. 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

Fiscal Year	Food Services Local Revenue	Cost of Full- Priced Meals		Percentage of Students Eligible for Free or Reduced-Price Meals
		Breakfast	Lunch	
2006-07	\$ 1,863,410	\$ 1.25	\$ 2.50	32%
2007-08	1,973,615	1.25	2.50	36%
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%

Source (non-accounting data): Nutrition Services Department

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Outstanding Debt by Type
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Capital Leases</u>	<u>Percentage of Personal Income^a</u>	<u>Per Capita^a</u>
2006-07			
2007-08	\$ 874,756	0.02%	\$ 9.35
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			

Note:

^a See page 200, 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

<u>Year</u>	<u>Population</u>	<u>Personal Income in 000's</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
	(a)	(a)	(a)	(b)
2004	89,043	\$ 2,907,439	\$ 32,652	6.4%
2005	90,431	3,143,543	34,762	5.8%
2006	90,545	3,382,130	37,353	5.6%
2007	93,545	3,633,888	38,846	5.3%
2008	94,552	3,968,768	41,974	5.8%
2009	95,238	3,974,317	41,730	7.1%
2010	98,190	4,123,897	41,999	6.7%
2011	99,276	4,476,083	45,087	6.5%
2012	100,141	4,609,819	46,033	6.1%
2013	100,436	4,551,027	45,313	5.8%

(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 2013 by the U.S. Department of Commerce's Bureau of Economic Analysis. Personal income and per capita personal income have been restated back to 2003.

Data for calendar year 2014 is not available until April 2016.

Source:

Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2015. 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

Employer	2014			2005		
	Rank	Annual Average Monthly Employment ^a	Percentage of Total Borough Employment	Rank	Annual Average Monthly Employment ^a	Percentage of Total Borough Employment
Government ^b	1	11,500	29.87%	1	11,700	31.12%
Trade, transportation, utilities	2	7,800	20.26%	2	7,600	20.21%
Educational and health services	3	5,200	13.51%	4	4,200	11.17%
Leisure and hospitality	4	4,200	10.91%	3	4,100	10.90%
Construction	5	2,600	6.75%	5	2,900	7.71%
Professional and business services	6	2,300	5.97%	6	2,200	5.85%
Information, other services	7	1,700	4.42%	7	1,900	5.05%
Mining and logging	8	1,400	3.64%	9	1,000	2.66%
Financial activities	9	1,200	3.12%	8	1,400	3.72%
Manufacturing	10	600	1.56%	10	600	1.60%
		<u>38,500</u>	<u>100.00%</u>		<u>37,600</u>	<u>100.00%</u>

Notes:

^a for the 12 months ended December 31

^b federal government 2,900
state government 5,400
local government 3,200

Source: Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2015. 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					
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Personnel by Department						
Board / Superintendent	8.50	8.50	8.50	9.50	8.50	8.50
Administrative Services	39.04	39.04	39.50	38.50	38.50	38.50
Human Resources	16.50	16.50	16.50	15.50	9.00	10.00
Facilities Management	189.60	189.60	189.60	187.60	187.60	187.60
Instruction and Supervision	46.20	27.60	33.30	38.80	37.85	36.85
Personalized Learning ^a		15.20	15.20	13.65	14.40	19.40
Teaching and Learning ^b	4.50	5.50	5.50	5.00	15.25	16.50
Special Education	247.39	249.82	259.32	270.50	343.73	343.73
Information and Technology ^c	34.50	40.50	51.50	43.00	36.50	35.50
Non-Departmental ^d					7.00	7.00
Elementary Schools	509.64	503.14	488.14	494.14	535.14	519.14
Middle Schools	133.00	136.00	142.00	152.00	157.00	158.00
Junior/Senior High School	48.50	49.60	47.10	47.00	47.00	45.50
Senior High Schools	277.50	276.40	274.40	273.00	270.00	259.80
Charter Schools ^e	45.70	46.70	47.00	55.00	56.25	55.00
Total Personnel	1,600.57	1,604.10	1,617.56	1,643.19	1,763.72	1,741.02
Personnel by Employee Type						
Districtwide Administration	4.00	4.00	5.00	5.00	5.00	5.00
Professional Staff	65.54	67.54	68.00	69.65	70.65	66.65
Principals / Assistant Principals	43.00	43.00	43.00	43.00	43.00	43.00
Certified Staff	894.69	902.12	903.42	920.95	951.03	931.83
Support Staff	593.34	587.44	598.14	604.59	694.04	694.54
Total Personnel	1,600.57	1,604.10	1,617.56	1,643.19	1,763.72	1,741.02

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 261 days at seven and a half to eight hours per day.

^a Prior to fiscal year 2016-17 Personalized Learning was known as Student Support Services.

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

^c Prior to fiscal year 2008-09 Research & Accountability was known as Program, Planning & Evaluation. Prior to fiscal year 2016-17 Information and Technology was known as Research & Accountability, Instructional Technology Services, and Technology and Information Systems.

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

^e During fiscal year 2009-10 Watershed Charter School opened, bringing the total number of Charter Schools to four.

Source: Fairbanks North Star Borough School District Approved Budget for fiscal years 2006-07 through 2016-17.

				Budgeted Positions
2012-13	2013-14	2014-15	2015-16	2016-17
8.50	5.00	5.00	5.00	5.00
35.50	32.50	32.50	33.00	31.00
10.00	12.50	13.50	17.50	18.50
172.60	168.60	172.80	171.80	173.80
36.85	35.85	36.05	27.05	27.05
18.80	19.80	19.80	20.85	24.35
14.00	15.00	15.00	42.50	33.00
366.50	381.90	381.40	380.20	377.20
35.50	32.00	33.00	30.00	36.00
6.00	3.00	1.00	1.00	1.00
526.14	519.64	518.64	471.19	478.19
149.20	144.00	139.20	136.20	136.00
45.50	39.50	39.50	37.70	40.00
267.10	245.00	241.50	235.60	233.00
59.02	60.77	61.37	63.79	63.79
<u>1,751.21</u>	<u>1,715.06</u>	<u>1,710.26</u>	<u>1,673.38</u>	<u>1,677.88</u>

5.00	4.00	4.00	4.00	4.00
66.85	64.05	68.05	69.65	70.15
43.00	44.00	43.00	41.00	41.00
950.93	915.40	905.00	890.95	895.95
685.43	687.61	690.21	667.78	666.78
<u>1,751.21</u>	<u>1,715.06</u>	<u>1,710.26</u>	<u>1,673.38</u>	<u>1,677.88</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Operating Statistics Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Employer's Contribution to PERS / TRS</u>	<u>State of Alaska's Contribution to PERS/TRS on Behalf of the School District</u>
2006-07	14,466	\$ 177,207,018	\$ 12,250	9.31%	\$ 21,204,764	\$
2007-08	14,103	204,729,523	14,517	18.51%	14,149,199	28,822,834
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

Notes:

^a Operating expenditures are total expenditures in governmental funds.

^b Each year the Fairbanks North Star Borough School District reports the average number of students enrolled in elementary, middle, and high school classes. Average class size reflects the number of students enrolled in regular classes throughout the district, and does not include self-contained special education classes, bilingual classes, correspondence study, charter schools, or other alternative programs.

Source: Average Class Size: Fairbanks North Star Borough School District 2015-16 Approved Budget
Enrollment: 2015-16 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	Average Class Size ^b			Percentage of Students Eligible for Free or Reduced-Price Meals
			Elementary Schools	Middle Schools	Senior High Schools	
\$	1,466	25.62%	22.6	22.9	23.8	32%
	3,047	108.25%	22.1	21.7	21.4	36%
	2,681	-12.04%	23.5	21.5	22.0	31%
	2,372	-11.56%	23.7	23.6	21.6	31%
	2,687	13.28%	22.9	20.9	21.7	33%
	3,073	14.36%	23.1	20.6	21.6	34%
	3,688	19.56%	23.3	21.2	21.2	35%
	3,814	3.09%	23.6	22.0	23.0	36%
	16,628	335.94%	23.3	22.6	23.5	35%
	2,303	-86.15%	23.3	22.0	23.0	37%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Teacher Salary Information Last Ten School Years

<u>School Year</u>	<u>Entry Level Salary ^a</u>	<u>Maximum Teacher Salary ^b</u>	<u>Average Teacher Salary ^c</u>	<u>Percent of Teachers at Maximum on Column(s) ^d</u>
2006-07	\$ 37,043	\$ 73,715	\$ 59,894	39%
2007-08	37,969	75,558	61,431	41%
2008-09	41,110	80,537 ^e	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%

Notes:

^a Entry level salary represents a teacher with a bachelor's degree and no experience.

^b Maximum teacher salary represents teachers filling a position which requires a master's degree and a certification for a therapist or psychologist position, or teachers who hold a master's degree with National Board Certification.

^c Average teacher salary is based on a scattergram of contracted certificated salaries for that school year.

^d The teacher salary schedule has six columns:

1. Bachelor's
2. Bachelor's plus 18 credits
3. Master's or Bachelor's plus 36 credits
4. Master's plus 18 credits
5. Master's plus 36 credits
6. Master's plus specified certification

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

^e Beginning with school year 2008-09 a new column was added to the teacher salary schedule. The M+Spec Cert column is for therapists, psychologists and those teachers and certified staff holding National Board Certification.

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) ^a		AP Exam results		
	Fairbanks	Alaska	Nation	Alaska	Fairbanks	Alaska	Global
2005-06	21.9	21.1	21.1	1,527	1,553	3.05	2.92
2006-07	21.8	21.2	21.2	1,527	1,542	3.08	3.05
2007-08	21.8	21.2	21.1	1,533	1,524	2.94	2.97
2008-09	22.3	21.0	21.1	1,528	1,548	3.03	3.01
2009-10	21.9	21.1	21.0	1,524	1,541	2.97	3.06
2010-11	21.9	21.2	21.1	1,513	1,507	3.02	3.05
2011-12	22.3	21.2	21.1	1,504	1,556	3.14	3.02
2012-13	21.9	21.1	20.9	1,495	1,494	3.18	2.96
2013-14	22.2	21.0	21.0	1,485	1,505	3.17	2.95
2014-15	22.5	21.1	21.0	1,494	1,521	2.91	2.87

Notes:

^a Prior to 2005-06, the SAT test was comprised of reading and math components. In 2005-06, a writing component was added.

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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Miscellaneous Statistical Data June 30, 2016

Number of Personnel ^a

Districtwide administration	4.00
Professional staff	69.65
Principals and assistant principals	41.00
Certified staff	890.95
Support staff	667.78
Number of schools	35

Enrollment ^b

Elementary Schools - District	
Anne Wien	385
Badger Road	501
Barnette	412
Chinook Charter School	152
Denali	383
Hunter	327
Joy	386
Ladd	508
Nordale	337
North Pole Elementary	502
Pearl Creek	493
Salcha	78
Ticasuk Brown	491
Two Rivers	99
University Park	494
Watershed Charter School	200
Weller	466
Woodriver	473
Secondary Schools - District	
Effie Kokrine Charter School	158
Hutchison High	400
Lathrop Senior High	1,032
North Pole Middle	655
North Pole Senior High	721
Randy Smith Middle	328
Ryan Middle	366
Star of the North Charter	196
Tanana Middle	471
West Valley Senior High	1,023
Alternative Learning System	109
Elementary Schools - On-Base	
Anderson	240
Arctic Light	536
Crawford	291
Secondary Schools - On-Base	
Ben Eielson Junior/Senior High	344
B.E.S.T. (Correspondence)	286
Golden Heart Academy	8
Total	<u><u>13,851</u></u>

Sources:

^a Fairbanks North Star Borough School District Approved Budget for fiscal year 2016-17

^b 2015-16 20 Day ADM Official Enrollment as reported to the State of Alaska.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Enrollment History by Grade Level
Last Fifteen Fiscal Years

Year	PK	KG	1	2	3	4	5	6	Total Elem	7	8	Total JR	9	10	11	12	Total SR	Grand Total	Change	Percentage Change
15 Years Actual Enrollments																				
01-02	86	1,031	1,155	1,183	1,147	1,222	1,266	1,201	8,291	1,245	1,171	2,416	1,583	1,168	997	819	4,567	15,274	(279)	-1.8%
02-03	84	1,032	1,086	1,131	1,161	1,145	1,200	1,276	8,115	1,195	1,221	2,416	1,528	1,181	959	945	4,613	15,144	(130)	-0.9%
03-04	86	1,037	1,079	1,070	1,095	1,096	1,107	1,171	7,741	1,227	1,139	2,366	1,486	1,175	951	874	4,486	14,593	(551)	-3.6%
04-05	87	1,104	1,082	1,074	1,076	1,089	1,069	1,123	7,704	1,160	1,167	2,327	1,504	1,202	964	875	4,545	14,576	(17)	-0.1%
05-06	72	1,195	1,108	1,046	1,066	1,058	1,089	1,054	7,688	1,105	1,133	2,238	1,233	1,157	1,138	1,062	4,590	14,516	(60)	-0.4%
06-07	101	1,080	1,230	1,081	1,027	1,049	1,052	1,083	7,703	1,071	1,060	2,131	1,167	1,212	1,057	1,196	4,632	14,466	(50)	-0.3%
07-08	124	1,077	1,080	1,146	1,060	1,008	1,025	1,032	7,552	1,062	1,040	2,102	1,075	1,131	1,104	1,139	4,449	14,103	(363)	-2.5%
08-09	115	1,131	1,143	1,101	1,133	1,050	1,031	1,023	7,727	1,023	1,054	2,077	1,057	1,066	1,235	970	4,328	14,132	29	0.2%
09-10	142	1,121	1,242	1,144	1,147	1,160	1,086	1,046	8,088	1,044	1,045	2,089	1,073	1,018	1,199	930	4,220	14,397	265	1.9%
10-11	125	1,140	1,144	1,227	1,088	1,078	1,150	1,067	8,019	1,037	1,036	2,073	1,040	1,059	1,167	860	4,126	14,218	(179)	-1.2%
11-12	132	1,153	1,191	1,128	1,210	1,059	1,082	1,128	8,083	1,081	1,014	2,095	1,028	1,057	1,189	808	4,082	14,260	42	0.3%
12-13	132	1,162	1,182	1,151	1,142	1,194	1,053	1,062	8,078	1,110	1,083	2,193	1,010	945	1,184	846	3,985	14,256	(4)	0.0%
13-14	116	1,219	1,205	1,134	1,105	1,097	1,130	1,020	8,026	1,015	1,075	2,090	1,040	980	1,045	860	3,925	14,041	(215)	-1.5%
14-15	113	1,122	1,227	1,160	1,077	1,053	1,055	1,081	7,888	995	983	1,978	1,040	987	1,066	803	3,896	13,762	(279)	-2.0%
15-16	110	1,057	1,200	1,222	1,176	1,080	1,028	1,026	7,899	1,089	974	2,063	996	1,013	1,025	855	3,889	13,851	89	0.6%
2016-17 Projected Enrollment																				
16-17	110	1,058	1,090	1,177	1,192	1,154	1,058	954	7,793	1,087	1,060	2,147	878	989	1,175	839	3,881	13,821	30	0.2%

Source:
Actual Enrollments: Historic 20 Day ADM Official Enrollment as reported to the State of Alaska.
Projected Enrollment: 2016-17 Approved Budget

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

**Capital Assets by Type and Function
Last Ten Fiscal Years**

	Fiscal Year			
	2006-07	2007-08	2008-09	2009-10
Capital Assets by Type				
Building improvements	\$ 318,102	\$ 318,102	\$	\$
Machinery and equipment	11,558,422	11,670,579	8,756,504	9,256,859
Intangible assets (software)	205,056	205,056	190,993	1,121,733
Total by type	<u>\$ 12,081,580</u>	<u>\$ 12,193,737</u>	<u>\$ 8,947,497</u>	<u>\$ 10,378,592</u>
Capital Assets by Function				
Instruction	\$ 3,322,276	\$ 3,429,971	\$ 1,830,758	\$ 1,915,692
Special education instruction	107,066	85,634	53,922	585,295
Special education support services-students	29,322	38,257	25,795	25,795
Support services-students	61,717	65,440	30,802	12,721
Support services-instruction	1,521,488	1,659,872	1,325,365	1,810,679
School administration	76,915	43,915	16,268	5,615
School administration support services	77,226	69,306	56,625	56,625
District administration	86,037	99,496	43,200	40,229
District administration support services	2,435,480	2,223,433	1,600,649	1,969,133
Operations and maintenance of plant	3,473,084	3,545,608	3,332,217	3,361,248
Student activities	49,850	78,149	22,006	22,006
Student transportation - to and from school	4,067	4,067		
Adult and continuing education	2,749	2,749		
Community services	2,855	2,855		
Food services	831,448	844,985	609,890	573,554
Total by function	<u>\$ 12,081,580</u>	<u>\$ 12,193,737</u>	<u>\$ 8,947,497</u>	<u>\$ 10,378,592</u>

Source:

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

Fiscal Year					
2010-11	2011-12	2012-13	2013-14	2014-15	2015-2016
\$	\$	\$	\$	\$	\$
8,947,432	9,415,625	9,455,391	9,563,787	10,080,596	11,022,535
1,236,923	1,313,593	1,322,438	1,400,107	1,477,993	1,567,337
<u>\$ 10,184,355</u>	<u>\$ 10,729,218</u>	<u>\$ 10,777,829</u>	<u>\$ 10,963,894</u>	<u>\$ 11,558,589</u>	<u>\$ 12,589,872</u>
\$ 1,901,665	\$ 1,969,249	\$ 1,822,714	\$ 1,833,217	\$ 1,928,436	\$ 2,093,184
584,895	579,708	612,072	612,072	606,877	647,556
25,795	25,795	11,316	17,742	17,742	17,742
12,721	12,722	12,722	97,143	171,852	220,854
1,579,500	1,783,764	1,811,941	1,965,755	2,101,124	2,252,772
56,625	69,334	12,709	12,709	21,385	21,385
28,130	28,130	22,000			
2,041,017	2,211,557	2,229,457	2,116,549	2,448,399	2,783,673
3,334,777	3,377,305	3,516,293	3,556,733	3,650,730	3,932,294
45,676	64,324	69,419	82,917	82,917	82,917
573,554	607,330	657,186	669,057	529,127	537,495
<u>\$ 10,184,355</u>	<u>\$ 10,729,218</u>	<u>\$ 10,777,829</u>	<u>\$ 10,963,894</u>	<u>\$ 11,558,589</u>	<u>\$ 12,589,872</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

School Building Information
Last Ten Fiscal Years

	Fiscal Year				
	2006-07	2007-08	2008-09	2009-10	2010-11
<u>School</u>					
Elementary					
Anderson Elementary					
Square Feet	43,996	43,996	43,996	43,996	43,996
Capacity	372	372	372	372	372
Enrollment	348	294	310	328	328
Anne Wien Elementary					
Square Feet	63,532	63,532	63,532	63,532	63,532
Capacity	553	553	553	553	553
Enrollment	467	470	431	398	372
Arctic Light Elementary					
Square Feet	68,272	68,272	68,272	68,272	68,272
Capacity	596	596	596	596	596
Enrollment	508	533	531	524	475
Badger Road Elementary					
Square Feet	61,686	61,686	61,686	61,686	61,686
Capacity	537	537	537	537	537
Enrollment	577	591	565	550	593
Barnette Elementary ^a					
Square Feet	52,625	52,625	54,895	54,895	54,895
Capacity	396	417	417	417	417
Enrollment	370	379	392	403	408
Crawford Elementary					
Square Feet	63,532	63,532	63,532	63,532	63,532
Capacity	553	553	553	553	553
Enrollment	378	309	280	306	292
Denali Elementary					
Square Feet	49,210	49,210	49,210	49,210	49,210
Capacity	422	422	422	422	422
Enrollment	398	379	395	370	375
Hunter Elementary					
Square Feet	57,047	57,047	57,047	57,047	57,047
Capacity	494	494	494	494	494
Enrollment	317	313	321	350	387
Joy Elementary					
Square Feet	60,642	60,642	60,642	60,642	60,642
Capacity	527	527	527	527	527
Enrollment	372	355	368	384	379
Ladd Elementary					
Square Feet	63,455	63,455	63,455	63,455	63,455
Capacity	553	553	553	553	553
Enrollment	333	305	381	542	499
Nordale Elementary					
Square Feet	49,210	49,210	49,210	49,210	49,210
Capacity	422	422	422	422	422
Enrollment	378	365	396	333	342
North Pole Elementary					
Square Feet	57,154	57,154	57,154	57,154	57,154
Capacity	495	495	495	495	495
Enrollment	516	531	533	532	482

Fiscal Year				
2011-12	2012-13	2013-14	2014-15	2015-16
43,996	43,996	43,996	43,996	43,996
372	372	372	372	372
283	269	252	235	240
63,532	63,532	63,532	63,532	63,532
553	553	553	553	553
385	401	412	411	385
68,272	68,272	68,272	68,272	68,272
596	596	596	596	596
570	569	530	525	536
61,686	61,686	61,686	61,686	61,686
537	537	537	537	537
514	505	496	474	501
54,895	54,895	54,895	54,895	54,895
417	417	417	417	417
404	412	413	409	412
63,532	63,532	63,532	63,532	63,532
553	553	553	553	553
297	301	297	266	291
49,210	49,210	49,210	49,210	49,210
422	422	422	422	422
365	397	402	393	383
57,047	57,047	57,047	57,047	57,047
494	494	494	494	494
392	353	352	324	327
60,642	60,642	60,642	60,642	60,642
527	527	527	527	527
423	443	464	443	386
63,455	63,455	63,455	63,455	63,455
553	553	553	553	553
496	497	539	508	508
49,210	49,210	49,210	49,210	49,210
422	422	422	422	422
344	359	316	312	337
57,154	57,154	57,154	57,154	57,154
495	495	495	495	495
413	453	459	515	502

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

School Building Information
Last Ten Fiscal Years

	Fiscal Year				
	2006-07	2007-08	2008-09	2009-10	2010-11
School					
Elementary (cont.)					
Pearl Creek Elementary					
Square Feet	62,982	62,982	62,982	62,982	62,982
Capacity	548	548	548	548	548
Enrollment	420	410	406	443	479
Salcha Elementary					
Square Feet	13,608	13,608	13,608	13,608	13,608
Capacity	76	76	76	76	76
Enrollment	100	87	97	101	88
Ticasuk Brown Elementary					
Square Feet	63,761	63,761	63,761	63,761	63,761
Capacity	556	556	556	556	556
Enrollment	525	501	516	554	548
Two Rivers Elementary ^a					
Square Feet	22,200	22,200	22,200	22,200	22,200
Capacity	98	98	98	98	98
Enrollment	91	109	99	93	93
University Park Elementary					
Square Feet	64,699	64,699	64,699	64,699	64,699
Capacity	564	564	564	564	564
Enrollment	533	515	489	460	474
Weller Elementary					
Square Feet	65,259	65,259	65,259	65,259	65,259
Capacity	569	569	569	569	569
Enrollment	474	489	502	520	542
Woodriver Elementary					
Square Feet	64,408	64,408	64,408	64,408	64,408
Capacity	561	561	561	561	561
Enrollment	470	443	440	414	446
Secondary					
Ben Eielson Jr. Sr. High					
Square Feet	103,200	103,200	103,200	103,200	103,200
Capacity	616	616	616	616	616
Enrollment	597	547	512	474	472
Howard Luke ^d					
Square Feet	30,856	30,856	30,856	30,856	30,856
Capacity	-	-	-	-	-
Enrollment	-	-	-	-	-
Hutchison High ^c					
Square Feet	87,190	87,190	87,190	87,190	87,190
Capacity	510	510	510	510	510
Enrollment	348	349	362	358	363
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	1,278	1,146	1,186	1,199	1,125

Fiscal Year				
2011-12	2012-13	2013-14	2014-15	2015-16
62,982	62,982	62,982	62,982	62,982
548	548	548	548	548
484	470	479	482	493
13,608	13,608	13,608	13,608	13,608
76	76	76	76	76
83	84	76	68	78
63,761	63,761	63,761	63,761	63,761
556	556	556	556	556
510	545	514	504	491
22,200	22,200	22,200	22,200	22,200
98	98	98	98	98
88	88	97	87	99
64,699	64,699	64,699	64,699	64,699
564	564	564	564	564
525	528	502	503	494
65,259	65,259	65,259	65,259	65,259
569	569	569	569	569
540	485	477	464	466
64,408	64,408	64,408	64,408	64,408
561	561	561	561	561
436	444	438	450	473
103,200	103,200	103,200	103,200	103,200
616	616	616	616	616
436	403	399	353	344
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
363	372	362	386	400
234,412	234,412	234,412	234,412	234,412
1,421	1,421	1,421	1,421	1,421
1,184	1,101	1,074	1,037	1,032

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

School Building Information
Last Ten Fiscal Years

	Fiscal Year				
	2006-07	2007-08	2008-09	2009-10	2010-11
School					
Secondary (cont.)					
North Pole Middle					
Square Feet	113,306	113,306	113,306	113,306	113,306
Capacity	680	680	680	680	680
Enrollment	442	509	599	633	585
North Pole High					
Square Feet	156,362	156,362	156,362	156,362	156,362
Capacity	946	946	946	946	946
Enrollment	885	834	823	814	781
Randy Smith Middle					
Square Feet	74,589	74,589	74,589	74,589	74,589
Capacity	422	422	422	422	422
Enrollment	392	408	366	335	293
Ryan Middle					
Square Feet	99,880	99,880	99,880	99,880	99,880
Capacity	594	594	594	594	594
Enrollment	374	391	361	375	390
Tanana Middle					
Square Feet	101,069	101,069	101,069	101,069	101,069
Capacity	602	602	602	602	602
Enrollment	505	467	503	523	514
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	1,221	1,190	1,095	1,080	1,070

Notes:

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

Fiscal Year				
2011-12	2012-13	2013-14	2014-15	2015-16
113,306	113,306	113,306	113,306	113,306
680	680	680	680	680
652	679	655	664	655
156,362	156,362	156,362	156,362	156,362
946	946	946	946	946
721	729	752	758	721
74,589	74,589	74,589	74,589	74,589
422	422	422	422	422
313	326	338	326	328
99,880	99,880	99,880	99,880	99,880
594	594	594	594	594
396	394	386	350	366
101,069	101,069	101,069	101,069	101,069
602	602	602	602	602
501	513	472	462	471
216,884	216,884	216,884	216,884	216,884
1,314	1,314	1,314	1,314	1,314
1,035	1,019	967	989	1,023

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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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January 12, 2017

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, 2016, 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, 2016, 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 Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, and have issued our report thereon dated January 12, 2017.

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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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
January 12, 2017

January 12, 2017

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, 2016. 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.

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, 2016.

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 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
January 12, 2017

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2016

Federal Grantor/ CFDA Program or Cluster Title/ Pass-through Grantor/ Award Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>U. S. Department of Agriculture</u>			
<u>Child Nutrition Cluster</u>			
<u>School Breakfast Program</u>			
Passed through the State of Alaska Department of Education and Early Development:			
School Breakfast	10.553	MA1601601	\$ 767,532
<u>National School Lunch Program</u>			
Passed through the State of Alaska Department of Education and Early Development:			
School Lunch	10.555	MA1601601	2,670,483
USDA Foods Entitlement (noncash)	10.555		227,939
Subtotal 10.555			<u>2,898,422</u>
Total Child Nutrition Cluster			<u>3,665,954</u>
<u>Child and Adult Care Food Program</u>			
Passed through the State of Alaska Department of Education and Early Development:			
Child Nutrition Services	10.558	MA1633401	2,833
<u>Fresh Fruit & Vegetable Program</u>			
Passed through the State of Alaska Department of Education and Early Development:			
Child Nutrition Services	10.582	FF16FNSD01	4,824
Child Nutrition Services	10.582	FF16FNSD02	17,482
			<u>22,306</u>
Total U.S. Department of Agriculture			<u>\$ 3,691,093</u>
<u>U. S. Department of Defense</u>			
<u>Student Achievement at Military-Connected Schools</u>			
Direct Program:			
DoDEA Student Achievement Grant Program	12.556		\$ 106,951
Total U. S. Department of Defense			<u>\$ 106,951</u>
<u>U. S. Department of Education</u>			
<u>Title I Grants to Local Educational Agencies</u>			
Passed through the State of Alaska Department of Education and Early Development:			
Title I-A Consolidated Administration	84.010	IP16FNSD01	\$ 650,742
Title I-A Basic Grant	84.010	IP16FNSD01	2,922,377
Title I-A Neglected & Delinquent	84.010	ND16FNSD01	93,341
Title I-A Parent Involvement	84.010	IP16FNSD01	37,725
Subtotal 84.010			<u>3,704,185</u>
<u>Migrant Education State Grant Program</u>			
Passed through the State of Alaska Department of Education and Early Development:			
Title I-C Consolidated Administration	84.011	IP16FNSD01	11,495
Title I-C Migrant Education	84.011	IP16FNSD01	244,055
Migrant Ed Book Program	84.011	MB16FNSD01	6,961
Migrant Education Summer	84.011	IP16FNSD01	1,594
Subtotal 84.011			<u>264,105</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, 2016

Federal Grantor/ CFDA Program or Cluster Title/ Pass-through Grantor/ Award Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<i>Title I Program for Neglected and Delinquent Children</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Title I-D Youth Facility	84.013	IP16FNSD01	\$ 12,822
<i>Special Education Cluster (IDEA)</i>			
<i>Special Education Grants to States</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Title VI-B	84.027	SE16FNSD01	3,585,532
<i>Special Education Preschool Grants</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Preschool Disabled Section 619	84.173	SE16FNSD01	83,518
<i>Total Special Education Cluster (IDEA)</i>			<u>3,669,050</u>
<i>Impact Aid</i>			
Direct Program:			
Title VIII Impact Aid	84.041	N/A	111,153
Passed through the State of Alaska Department of Education and Early Development:			
Title VIII Impact Aid	84.041	N/A	18,397,421
Title VIII Impact Aid for Construction	84.041	N/A	187,306
<i>Subtotal 84.041</i>			<u>18,695,880</u>
<i>Vocational Education Basic Grants to States</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Carl Perkins Secondary	84.048	EK16FNSD01	356,482
<i>Indian Education Grants to Local Educational Agencies</i>			
Direct Program:			
Indian Education	84.060	S06A150496	839,653
<i>Education for Homeless Children and Youth</i>			
Passed through the State of Alaska Department of Education and Early Development:			
McKinney-Vento Homeless Education	84.196	FR16FNSD01	25,915
<i>Twenty-First Century Community Learning Centers</i>			
Passed through the State of Alaska Department of Education and Early Development:			
AK Community Learning Centers Program	84.287	AC16FNSD01	1,492,672
<i>Alaska Native Educational Programs</i>			
Passed through the Big Brothers and Big Sisters of Alaska			
Success through Education and Cultural Connections	84.356	NA	8,002

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, 2016

Federal Grantor/ CFDA Program or Cluster Title/ Pass-through Grantor/ Award Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<i>English Language Acquisition Grants</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Title III-A Consolidated Administration	84.365	IP16FNSD01	\$ 541
Title III-A English Language Acquisition	84.365	IP16FNSD01	21,281
<i>Subtotal 84.365</i>			<u>21,822</u>
<i>Improving Teacher Quality State Grants</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Title II-A Teacher & Principal Training	84.367	IP16FNSD01	867,396
<i>Investing in Innovation (i3) Fund</i>			
Passed through the University of Alaska Fairbanks Office of Academic Affairs			
Alaska Statewide Mentor Project Urban Growth	84.411	UAF-13-0029	147,014
Total U. S. Department of Education			<u>\$ 30,104,998</u>
<u>U. S. Department of Health and Human Services</u>			
<i>Child Care and Development Block Grant</i>			
Passed through State of Alaska Department of Health and Social Services:			
Options Child Care Grant	93.575	FNS85276	\$ 178
Total U. S. Department of Health and Human Services			<u>\$ 178</u>
Grand Total - Expenditures of Federal Awards			<u>\$ 33,903,220</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, 2016

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, 2016. 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, 2016. The School District received a restricted Federal indirect cost rate from DEED for fiscal year 2016. 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 fresh fruit and vegetables 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 2016 is listed as an expenditure on the schedule of federal financial assistance.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

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:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
---------------------	---

84.010	Title I Grants to Local Educational Agencies
--------	--

84.027, 84.173	Special Education Cluster
----------------	---------------------------

84.060	Indian Education _Grants to Local Educational Agencies
--------	--

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

\$ 1,017,097

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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January 12, 2017

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 *Governmental 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, 2016, 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, 2016, 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, 2016, and have issued our report thereon dated January 12, 2017.

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.

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

January 12, 2017
Fairbanks, Alaska

January 12, 2017

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, 2016. 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.

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, 2016.

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

January 12, 2017
Fairbanks, Alaska

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Schedule of State Financial Assistance
For the Year Ended June 30, 2016

State Grantor/ Pass-through Grantor/ Award Title	Grant ID Number	State Expenditures
<u>State of Alaska Department of Education and Early Development</u>		
Direct Program:		
Public School Foundation Funding Program *	N/A	\$ 118,214,578
On-Base Schools *	N/A	1,450,000
Quality Schools *	N/A	419,888
Pupil Transportation *	N/A	12,259,136
Youth in Detention	EY16FNSD01	112,797
Youth Risk Behavior Survey	YR15001601	22
Student Safety & Security	NA	219,259
Suicide Awareness, Prevention and Postvention	SP1601601	25,126
Total State of Alaska Department of Education and Early Development		\$ 132,700,806
<u>State of Alaska Department of Administration</u>		
Direct Program:		
Alaska Teachers' Retirement System (TRS) On-Behalf Funding *	N/A	\$ 12,598,052
Alaska Public Employees' Retirement System (PERS) On-Behalf Funding *	N/A	2,008,855
Total State of Alaska Department of Administration		\$ 14,606,907
<u>State of Alaska Department of Commerce, Community and Economic Development-</u>		
<u>Division of Community Advocacy</u>		
Passed through the Fairbanks North Star Borough:		
Designated Legislative Grant Program:		
Senate District D Classroom Technology Upgrade	13-DC-279 160DCT	\$ 7,023
Classroom Digital Technology Upgrade	13-DC-339 160CDT	29,764
Barnette Magnet School Digital Classroom Technology	14-DM-011 S18BAS	13,494
Ticasuk Brown Elementary School Security Systems	14-DM-018 S18TBQ	10,413
Headbolt Electric Plug-in WVH & NPH	AKSAS-61041	6,008
Barnette Magnet School Phase III ART 1%	12-DC-623 D46BMB	20,000
		<u>86,702</u>
<u>Division of Community and Regional Affairs</u>		
Passed through Big Brothers Big Sisters of Alaska:		
Big Brothers, Big Sisters of Alaska (MES)	N/A	<u>8,452</u>
Direct Program:		
Nutritional Alaskan Foods in Schools (FY13 Carryover)	13-NAFS-016	20,527
University Park Elementary Digital Technology & Safety Upgrades	15-DC-382	8,375
Hutchison High School Digital Technology & Safety Upgrades	15-DC-381	214
		<u>29,116</u>
Total State of Alaska Department of Commerce, Community, and Economic Development		\$ 124,270
<u>State of Alaska Department of Labor & Workforce Development</u>		
<u>Division of Business Partnerships</u>		
Passed through the Construction Education Foundation, Inc.		
Alaska Construction Academy FY16	N/A	\$ 123,147
Total State of Alaska Department of Labor & Workforce Development		\$ 123,147
Grand Total - State Financial Assistance		\$ 147,555,130

* State Major Program-FY16

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, 2016

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, 2016. 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, 2016

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: \$ 300,000

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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January 12, 2017

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, 2016, 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 internal service fund and fiduciary fund type as of and for the year ended June 30, 2016, 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, 2016. 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, 2016

Total General Fund Balance (All Classifications): **\$ 34,611,955**

Items Deducted in 4 AAC 09.160:

Encumbrances	\$ 1,926,213	
Inventory	441,937	
Prepaid Expenses	2,070	
Impact Aid	14,906,614	
Student Allotments	88,780	
		17,365,614

Remaining General Fund Balance Subject to 10% Limit: **\$ 17,246,341**

(AS 14.17.505 - "unreserved")

General fund balance as a percentage of current year expenditures:

General fund balance subject to 10%	= \$ 17,246,341	= 8.69%
Current year general fund expenditures	<u>\$ 198,575,066</u>	

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January 12, 2017

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, 2016, 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 internal service fund and fiduciary fund type as of and for the year ended June 30, 2016, 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, 2016 and have issued our report thereon dated January 12, 2017. 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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January 12, 2017

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, 2016. 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, 2016.

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, 2016
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
05-90-125	4,526,000	4,097,052	332	4,097,384

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
K- Refunding*	US Bank NA	449,816	27,921	477,737

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
05-96-102 to 110,114	K- Refunding *	US Bank NA	146,046	9,065	155,111
DR-05-101	2006 I	US Bank NA	245,000	142,656	387,656
DR-07-103 to 105	2007 J	US Bank NA	550,000	356,188	906,188
DR-07-103 to 105	2008 L	US Bank NA	485,000	329,566	814,566
DR-10-103 to 106	2010 M	US Bank NA	495,000	466,199	961,199
05-96-102 to 110,114	N Refunding	US Bank NA	2,218,440	287,674	2,506,114
05-96-102 to 110,114	O Refunding	Bank of New York Mellon Trust	1,474,048	301,265	1,775,313
05-99-141 to 144, 146, 147, 150	P Refunding	Bank of New York Mellon Trust	540,000	95,700	635,700
05-96-102 to 110,114	Q Refunding	Bank of New York Mellon Trust	1,815,000	742,800	2,557,800
DR-12-102 to 106	2012 R	US Bank NA	500,000	297,340	797,340
05-03-102 to 104; DR-05-101	S Refunding	US Bank NA	1,335,000	436,000	1,771,000

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January 12, 2017

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, 2016. 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 (2015-2016 fiscal year). However, in our opinion, except for the average daily membership described in the preceding sentence and the resulting tuition rate (2015-2016 fiscal year), the accompanying report presents fairly, in all material respects, the information required in the related instructions from the State of Alaska, Department of Education and Early Development.

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

Cook & Haugeberg LLC

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STATE OF ALASKA
Department of Education and Early Development (DEED)
Tuition Rate Report
2016-17 Fiscal Year

Fairbanks North Star Borough School District

Local Revenues for Support of Schools:	
Borough contribution to school district general fund	\$ 55,369,000
Direct Expenditures by Borough for School Purposes:	
From: <i>Summary Report of Reimbursable Expenditures</i>	
Capital outlay	332
Bond redemption	13,745,724
Less: State aid for school construction	<u>(10,025,165)</u>
Total expenditures from local sources	<u>59,089,891</u>
Plus:	
Title VIII Impact Aid	16,905,216
On-base tuition	<u>1,450,000</u>
	<u>18,355,216</u>
Total local cost for tuition purposes	<u>\$ 77,445,107</u>
Average daily membership as approved by the DEED for foundation support in FY 2015-16.	13,876.09
Tuition Rate	<u>\$ 5,581.19</u>

Auditor's Certification
See Report of Independent Certified Public Accountant

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