

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR JULY 1, 2012 - JUNE 30, 2013



Fairbanks North Star Borough School District

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, 2013**

**Pete Lewis
Superintendent of Schools**

**Prepared by
Accounting Services Department**

**Michael Fisher
Chief Financial Officer**

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

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INTRODUCTORY SECTION



November 11, 2013

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, 2013, 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 generally accepted accounting principles (GAAP). 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, 2013 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, 2013 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 14,256 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 84 students to a 1,101 student high school.

Our diverse student body includes children from over 50 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 2013 district-wide average was 23.3 students per class at the elementary level (grades K-6), 21.2 at the middle school level (grades 7-8), and 21.2 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: Star of the North Secondary Charter School (grades 9-12), Effie Kokrine Early College Charter School (grades 9-12), Watershed Charter School (grades K-8), and Chinook Montessori Charter School (grades K-8). All operate under ten year charters with terms expiring in 2014, 2015, 2019, and 2021, 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 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 to the budgetary comparison schedules 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 have been 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. The Borough's June unemployment rate was 5.9 percent, compared to a national unemployment rate of 7.8 percent. The Borough's unemployment rate decreased 0.7 percentage points from a year ago while the national average dropped 0.6 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. Alaska's critical oil industry has stopped growing, but hasn't recorded significant losses and continues to be a stabilizing force.

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 \$1.650 billion over the last five years. The local contribution to education represents about 20.8 percent of operating fund revenues for the year ended June 30, 2013, and has increased \$3.977 million or 9.4 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 totals \$1.623 million.

Projected Enrollment

Student enrollments generate a majority of district revenues and also dictate personnel needs, which represent over 87 percent of the School District's 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 declined by about 160 students, or 1.1%, over the five year period ending in fiscal year 2013. In fiscal year 2014 student enrollments have decreased by about 215 students. The fiscal year 2015 official student projections show a slight decrease of 14 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. Our two newest schools, Denali Elementary and Nordale Elementary, were completed and opened for the 2005-06 school year. They replaced two fifty-plus year old schools that have since been demolished. Our next oldest school facility that has not benefited from major renovation or replacement is about 46 years old. Construction and relocation of a new \$12 million Central Kitchen Facility was completed and opened in the fall of 2009. While district-wide school enrollments have declined over the last ten years, enrollments in the North Pole area are nearing capacity. The School District has re-drawn school attendance areas effective for the 2011-12 school year and has also begun preliminary discussions about the feasibility of a new elementary school in the North Pole area.

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 2011, Borough residents approved a \$10.39 million bond proposition for major maintenance at four district schools and a \$9.90 million bond proposition for major renovations of one wing of Ryan Middle School. The bonds are eligible for state reimbursement at 70 percent. In October of 2013, Borough residents approved a \$56.6 million bond proposition which includes \$37.1 million for replacement of unrenovated space at Ryan Middle School, and \$19.4 million for major maintenance at five district schools. The bonds are eligible for state reimbursement at 60 percent and 70 percent respectively. Additionally, 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).

School District Initiatives

The School Board establishes a three year view of primary performance goals and on-going commitments to improve student performance on an annual basis. The primary performance goals approved for 2012-2014 focus on four major areas:

- Student Achievement
- Career Technical Education
- Technology
- 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 five 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 221. 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 87 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, 2012.

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, 2012.

This was the twenty second 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.

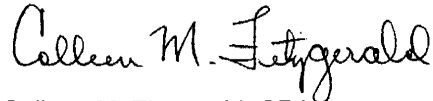
Acknowledgments

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,



Michael Fisher, CPA
Chief Financial Officer



Colleen M. Fitzgerald, CPA
Director of Accounting Services

FAIRBANKS NORTH STAR BOROUGH
SCHOOL DISTRICT

(As of June 30, 2013)

Fairbanks, Alaska

BOARD OF EDUCATION

Kristina Brophy, President
Heidi Haas, Vice-President
John Thies, Treasurer
Sean Rice, Clerk
Lisa Gentry, Member
Sue Hull, Member
Charlie Leonelli, Member
Colonel Thomas Daack, Base Representative
Colonel Ron Johnson, Post Representative
Colby Freel, Student Representative

ADMINISTRATION

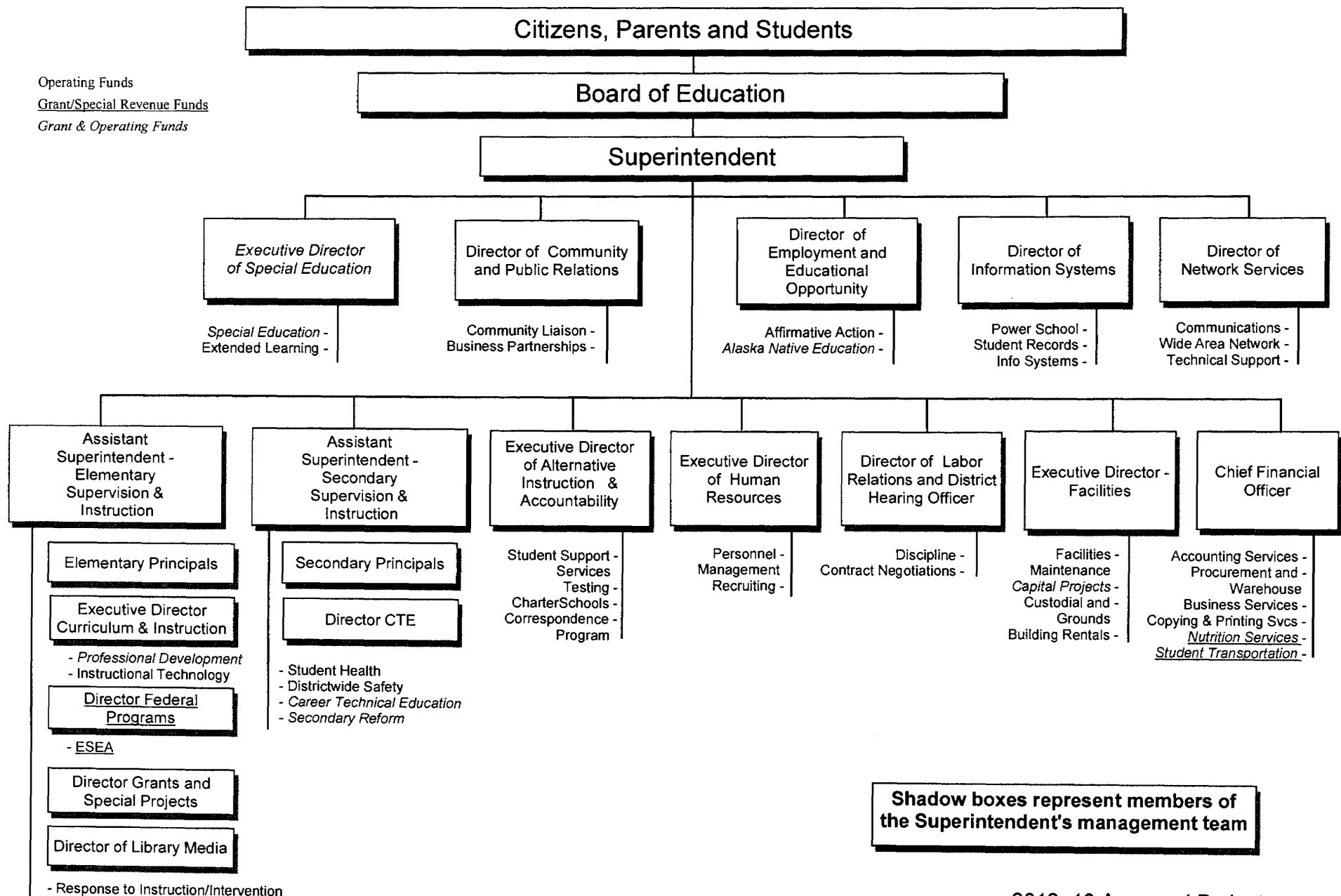
Pete Lewis
Superintendent of Schools

Karen Gaborik
Assistant Superintendent
Secondary Supervision & Instruction

Roxa Hawkins
Assistant Superintendent
Elementary Supervision & Instruction

Michael Fisher
Chief Financial Officer

Fairbanks North Star Borough School District Organization Chart



Association of School Business Officials International



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

**Fairbanks North Star Borough School
District**

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

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



Ron McCulley, CPPB, RSBO
President

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, 2012

Executive Director/CEO

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FINANCIAL SECTION

November 11, 2013

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, 2013, 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 each of the School District's aggregate 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, 2013, as displayed in the School District's basic financial statements. In addition we also have audited the financial statements of the School District's nonmajor governmental funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

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

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

FAX 907-452-6184

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information, as well as the aggregate nonmajor governmental funds, the internal service fund type, and the fiduciary fund type of the Fairbanks North Star Borough School District, as of June 30, 2013, 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, 2013, 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 and budgetary comparison information 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, 2013 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fairbanks North Star Borough School District's financial statements. The accompanying supplemental reports section; the schedule of expenditures of federal awards as required by Office of Management and Budget Circular A-133 (OMB Circular A-133), Audits of States, Local Governments, and Non-Profit Organizations; 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 financial statements. The supplemental reports section; the schedule of expenditures of federal awards as required by Office of Management and Budget Circular A-133 (OMB Circular A-133), Audits of States, Local Governments, and Non-Profit Organizations; and the schedule of state financial assistance as required by *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* have been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2013 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 taken as a whole for the year ended June 30, 2013.

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the School District's basic financial statements as of and for the year ended June 30, 2012, (not presented herein), and have issued our report thereon dated November 9, 2012, 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. The accompanying supplementary information for the year ended June 30, 2012, including the supplemental reports section; the schedule of expenditures of federal awards, and the schedule of state financial assistance 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, 2012 financial statements. The supplemental reports section, the schedule of expenditures of federal awards, and the schedule of state financial assistance have been subjected to the auditing procedures applied in the audit of the June 30, 2012 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State 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, 2012. The June 30, 2012 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, 2012 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 November 9, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School District's financial statements for the year ended June 30, 2012, from which such partial information was derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 11, 2013 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 the 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 + Hangelberg LLC

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2013

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, 2013. 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 2013 include the following:

- The School District's assets exceeded its liabilities at June 30, 2013 by \$23.3 million (net position). Of this, \$19 million is unrestricted and available to pay obligations of the district. Included in unrestricted net position is \$13.7 million of Federal impact aid revenue for fiscal year 2014 received in advance in fiscal year 2013.
- Revenues saw a net increase of \$13.5 million. Operating grants and contributions increased \$6.8 million due entirely to an \$8.5 million net increase in State on-behalf payments made to the Teachers' Retirement System (TRS) and the Public Employees' Retirement System (PERS). State Foundation funding increased \$6.6 million and Federal impact aid increased \$0.7 million.
- Expenses saw a net increase of \$8.5 million due entirely to the net increase of \$8.5 million in State on-behalf payments made to the Teachers' Retirement System (TRS) and the Public Employees' Retirement System (PERS). Decreases in most functional expense categories in the current year (excluding the on-behalf payments) were offset by a total increase of \$4.7 million in the special education instruction and special education support services students functional categories.
- Among major funds, the general fund had \$221.8 million in current year revenues and \$221.5 million in expenditures and other financing uses. General fund revenues and expenditures are discussed in more detail in the *Financial Analysis of the School District's Funds* section later in this report.

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 and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or diminishing.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2013 (cont.)

- 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, administration, operations and maintenance, student activities, student transportation service and food services.

The government-wide financial statements can be found on pages 22 and 23 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 26 through 33 of this report.

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 34 through 36 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 37 of this report.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2013 (cont.)

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 39 through 56 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 and the notes to the budgetary schedules. Required supplementary information can be found on pages 58 through 63 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 66 through 149 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 197 through 216 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 assets exceeded liabilities by \$23.3 million as of June 30, 2013, an improvement in our financial position over fiscal year 2012. By far the largest portion of the District's net position is unrestricted and includes \$13.7 million of fiscal year 2014 impact aid received in fiscal year 2013. Net investment in capital assets of \$4.2 million reflect the School District's investment in machinery, equipment and software. The School District uses these capital assets to provide services to its parents and students; consequently, these assets are not available for future spending. The analysis that follows focuses on net position (table 1) and changes in net position (table 2) for the School District's governmental activities.

Table 1
Net Position
Governmental Activities

	2013	2012	Increase (Decrease)	Percentage Change
Assets				
Current and other assets	\$ 32,689,700	\$ 32,555,991	\$ 133,709	0.4%
Capital assets	4,169,278	4,391,797	(222,519)	-5.1%
Total assets	36,858,978	36,947,788	(88,810)	-0.2%
Liabilities				
Long-term liabilities	9,730,401	10,481,652	(751,251)	-7.2%
Other liabilities	3,835,328	4,693,840	(858,512)	-18.3%
Total liabilities	13,565,729	15,175,492	(1,609,763)	-10.6%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2013 (cont.)

Table 1
Net Position (continued)
Governmental Activities

	2013	2012	Increase (Decrease)	Percentage Change
Net position				
Net investment in capital assets	\$ 4,169,278	\$ 4,391,797	(222,519)	-5.1%
Unrestricted	19,123,971	17,380,499	1,743,472	10.0%
Total net position	\$ 23,293,249	\$ 21,772,296	\$ 1,520,953	7.0%

The following are significant current year transactions that have had an impact on the Statement of Net Position:

- A \$0.8 million increase in accounts receivable due mostly to late receipt of e-rate revenues within 30 days of year-end (\$0.3 million) and an increase in the estimated employee health insurance contribution to be collected in fiscal year 2014 as a result of premium increases and an increase in employees participating in the plan (\$0.4 million).
- A \$0.9 million decrease in other liabilities due to a \$0.5 million decrease in trade accounts payable and a \$0.4 million decrease in payroll liabilities. In fiscal year 2012, a late settlement of the negotiated agreement for teachers resulted in a June payment for retroactive salaries. Normally, all teacher salaries and related payroll liabilities are paid before the end of June. Also, implementation of new financial software in 2012 delayed until July payment for June retirement system contributions.
- A \$0.8 million decrease in long-term liabilities resulting from 1) a \$0.6 million decrease in risk management liabilities (claims and reserves) and 2) a \$0.2 million decrease in compensated absences. Both variances are discussed in more detail in the *Financial Analysis of the School District's Funds – Proprietary Fund* section later in this report.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities on page 23 of this report. Table 2 provides condensed information from the Statement of Activities.

Table 2
Changes in Net Position
Governmental Activities

	2013	2012	Increase (Decrease)	Percentage Change
Revenues:				
Program revenues:				
Charges for services	\$ 1,832,792	\$ 2,127,984	\$ (295,192)	-13.9%
Operating grants and contributions	66,613,379	59,782,158	6,831,221	11.4%
Capital grants and contributions	69,419	378,803	(309,384)	-81.7%
General revenues:				
Borough direct appropriation	46,200,000	46,586,695	(386,695)	-0.8%
Foundation program	119,814,989	113,227,755	6,587,234	5.8%
Other state revenue	4,705,752	4,144,172	561,580	13.6%
Federal impact aid	14,758,858	14,051,688	707,170	5.0%
Other	995,646	1,183,681	(188,035)	-15.9%
Total revenues	254,990,835	241,482,936	13,507,899	5.6%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

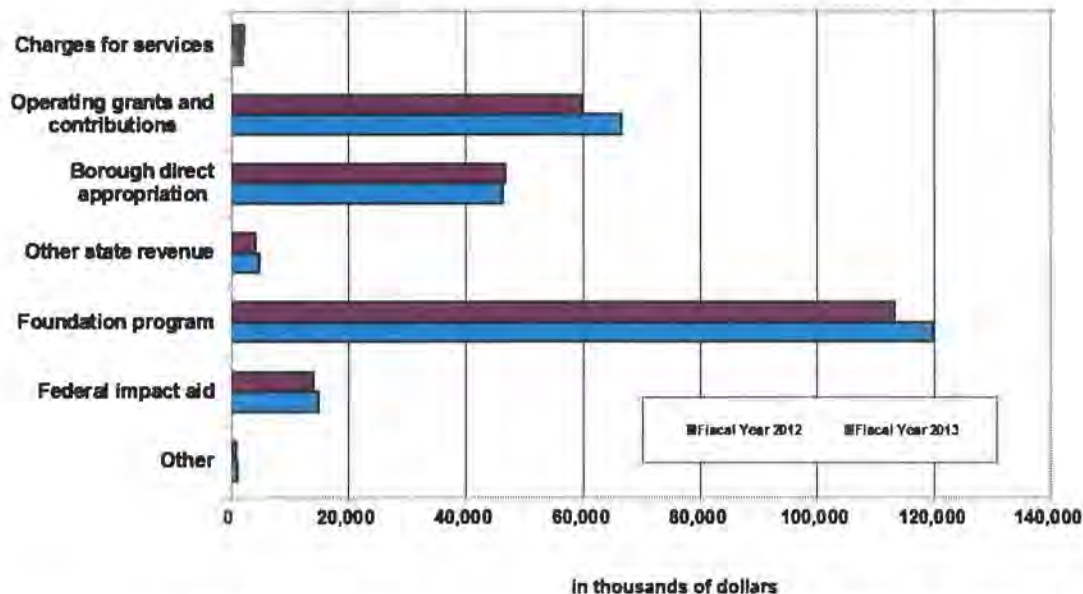
Management's Discussion and Analysis June 30, 2013 (cont.)

Table 2
Changes in Net Position (continued)
Governmental Activities

	2013	2012	Increase (Decrease)	Percentage Change
Expenses:				
Instruction	\$ 111,205,333	\$ 107,518,432	\$ 3,686,901	3.4%
Special education instruction	29,783,855	25,693,963	4,089,892	15.9%
Special education instruction-support services	10,087,672	7,840,679	2,246,993	28.7%
Support services-students	15,353,243	14,645,274	707,969	4.8%
Support services-instruction	12,899,352	13,656,552	(757,200)	-5.5%
School administration	8,384,189	7,683,508	700,681	9.1%
School administration support services	5,645,704	6,109,394	(463,690)	-7.6%
District administration	2,415,563	2,460,180	(44,617)	-1.8%
District administration support services	10,394,306	11,302,391	(908,085)	-8.0%
Operations and maintenance of plant	25,334,946	26,259,233	(924,287)	-3.5%
Student activities	5,182,117	5,004,579	177,538	3.5%
Student transportation service	11,382,622	11,222,482	160,140	1.4%
Food services	5,400,980	5,510,680	(109,700)	-2.0%
Total expenses	\$ 253,469,882	\$ 244,907,347	\$ 8,562,535	3.5%
Increase (decrease) in net position	\$ 1,520,953	\$ (3,424,411)	\$ 4,945,364	-144.4%
Ending net position	\$ 23,293,249	\$ 21,772,296	\$ 1,520,953	7.0%

Figure A-1 presents a comparative chart of governmental activities revenues for fiscal year 2013 and 2012.

Figure A-1, Governmental Activities Revenues for Fiscal Year 2013 and 2012



Changes in revenues are discussed in more detail in the *Financial Analysis of the School District's Funds* section later in this MD&A.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2013 (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

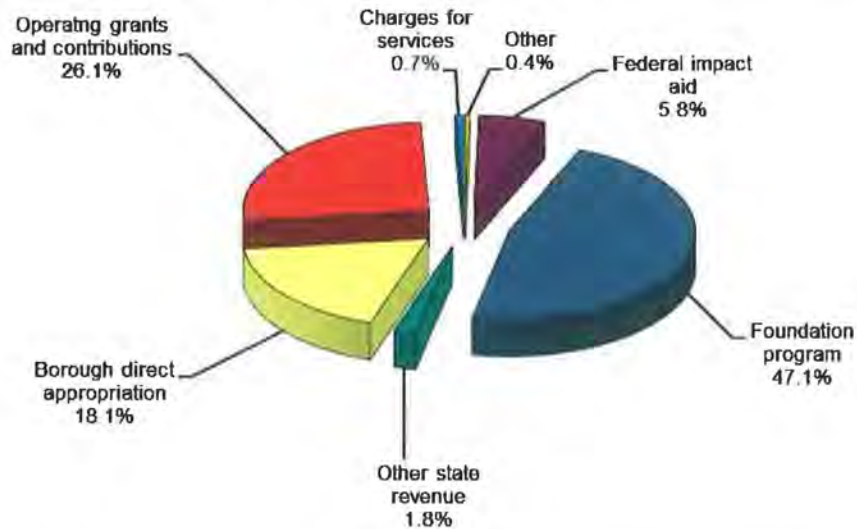
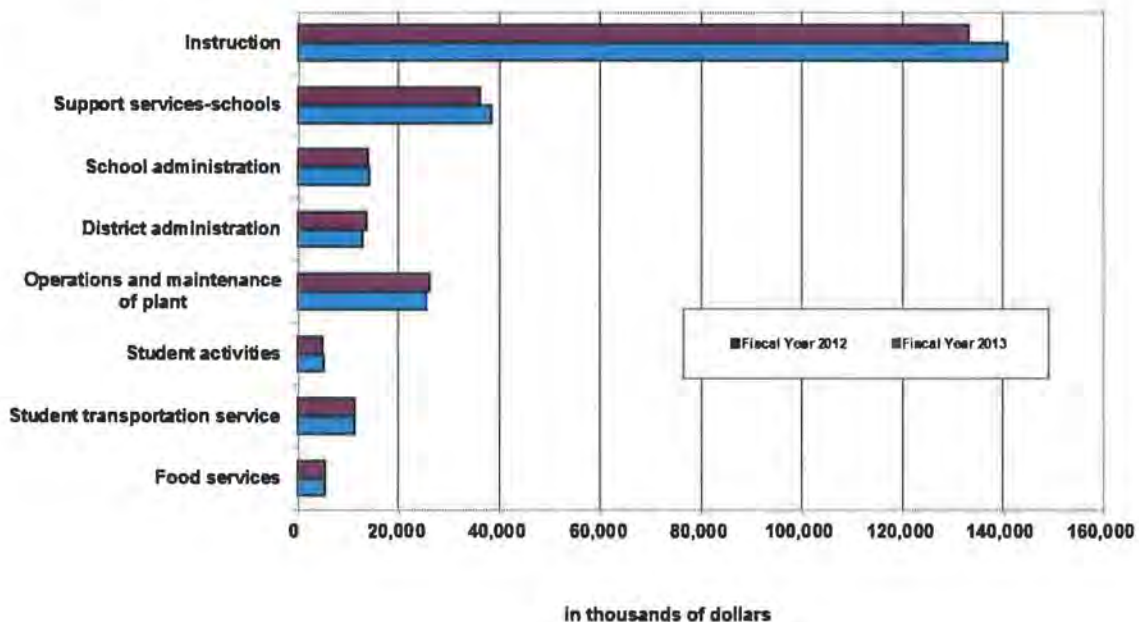


Figure A-3 presents a comparative chart of governmental activities expenses for fiscal year 2013 and 2012.

Figure A-3, Governmental Activities Expenses for Fiscal Year 2013 and 2012



FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2013 (cont.)

The cost of all governmental activities in the current year was \$253 million, a 3.5 percent increase over the prior year. The following significant increases are worth noting:

- Net increase in State on-behalf payments made to the Teachers' Retirement System (TRS) and the Public Employees' Retirement System (PERS) of \$8.5 million mostly due to 1) increases in our salary base and 2) increases in the legislative appropriation for on-behalf funding for the defined benefit plans (25.91 percent for PERS and 32.77 percent for TRS). Changes to actuarially determined rates for the defined benefit plans increased from fiscal year 2012 by 2.4 and 7.0 percentage points for PERS and TRS, respectively, and there was no change in the required employer statutory rate.
- Increase in self-insured health care costs of \$2.2 million or 7.8 percent. Initial assessments of this increase point to a nation-wide trend that is influenced in part by inflation, an aging workforce and government healthcare reform.
- Increase in certified and non-certified staff salaries of \$1.9 million due to negotiated 1.75 percent increases for the teachers' and classified staff bargaining units, 4 percent increase for the principals' bargaining unit and a Board approved 1 percent increase for exempt management employees. In addition, the aforementioned employee groups received salary/wage table step movement as applicable.

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

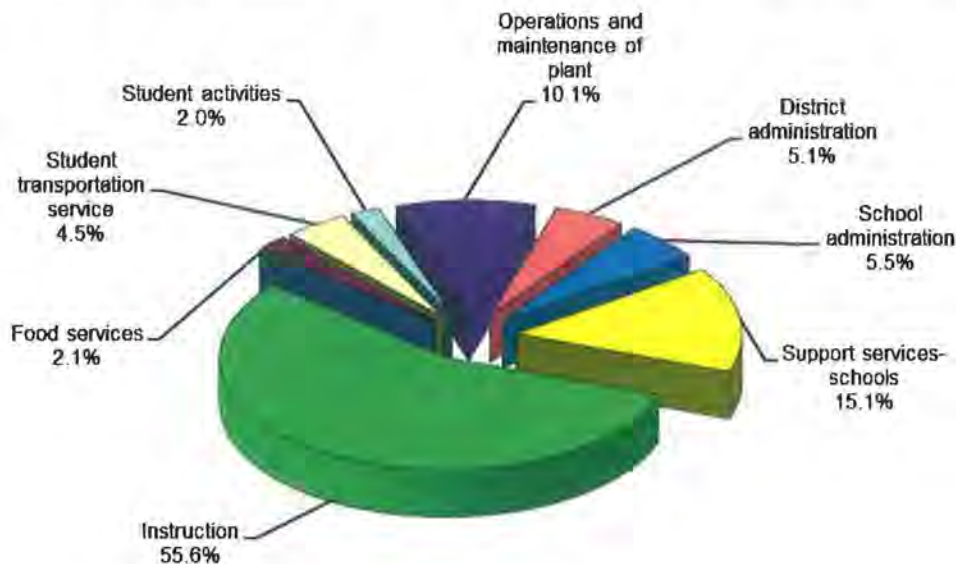


Table 3 condenses the total expenses of the School District's main functional categories – instruction, support services - schools, school administration, district administration, operations and maintenance of plant, student activities, student transportation service, and food services, as well as each 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 by state foundation funding, other state revenue, federal impact aid and by the taxpayers for each of these functions. 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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2013 (cont.)

Table 3
Net Cost of Governmental Activities

	2013		2012	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 140,989,188	\$ 105,487,215	\$ 133,212,395	\$ 103,358,296
Support services - schools	38,340,267	29,068,278	36,142,505	26,970,877
School administration	14,029,893	11,819,065	13,792,902	12,144,875
District administration	12,809,869	11,827,009	13,762,571	12,430,050
Operations and maintenance of plant	25,334,946	24,071,088	26,259,233	25,260,152
Student activities	5,182,117	2,556,084	5,004,579	2,372,214
Student transportation service	11,382,622	(424,133)	11,222,482	(218,459)
Food services	5,400,980	549,686	5,510,680	305,397
Total	<u>\$ 253,469,882</u>	<u>\$ 184,954,292</u>	<u>\$ 244,907,347</u>	<u>\$ 182,618,402</u>

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

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

Governmental Funds

The focus of the School District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's net resources available for spending at the end of the fiscal year. As of the current fiscal year, the School District's governmental funds reported combined ending fund balance of \$25 million, an increase of \$0.5 million or 2.1 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.O. on page 44 of this report.

Approximately \$3.5 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 (student transportation) or 3) committed to specific programs (school activities). The remaining \$21.5 million is assigned to specific purposes. Fund balance in the general fund is assigned 1) for the purpose of liquidating fiscal year 2013 contracts and purchase orders in fiscal year 2014 (\$2.2 million), 2) for the fiscal year 2014 annual federal impact aid payment received in advance in fiscal year 2013 (\$13.7 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 (\$2.6 million). Fund balance in the student transportation special revenue fund is assigned for student transportation funding shortfalls expected in subsequent years (\$1.2 million).

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2013 (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

	<u>2013</u>
Total fund balances - governmental funds - at June 30, 2013	\$ 24,965,477
Cost of capital assets (net of accumulated depreciation/amortization)	4,169,278
Internal service fund net deficit	(1,433,379)
Long-term liabilities (compensated absences)	(4,408,127)
Total net position at June 30, 2013	<u><u>\$ 23,293,249</u></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 \$20.5 million, down \$0.3 million or 1.3 percent from last fiscal year. Although revenues increased in the general fund \$15.8 million or 7.7 percent, expenditures increased \$14.1 million or 6.8 percent. An analysis of the changes follows later in this document.
- 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 subsidize transportation services not covered by state funding. Fund balance in this fund increased \$429,156 or 29.5 percent from the prior year due to an increase in funding of \$0.4 million provided by the State legislature in fiscal year 2013. Because of additional funding in fiscal years 2012 and 2013, a projected use of assigned fund balance of \$1.2 million was not necessary.

Table 5 presents a summary of general fund revenues.

Table 5
General Fund Revenues

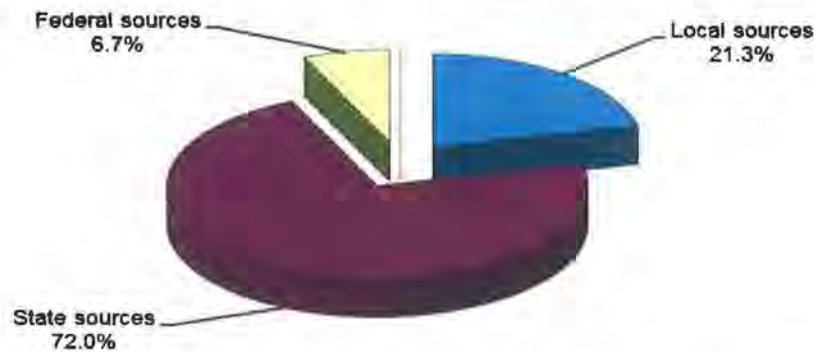
	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Local sources	\$ 47,230,182	\$ 47,797,979	\$ (567,797)	-1.2%
State sources	159,791,967	144,143,669	15,648,298	10.9%
Federal sources	14,758,858	14,051,688	707,170	5.0%
Other financing sources	3,430	3,315	115	3.5%
Total	<u><u>\$ 221,784,437</u></u>	<u><u>\$ 205,996,651</u></u>	<u><u>\$ 15,787,786</u></u>	<u><u>7.7%</u></u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2013 (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 for general school operations which totaled \$46.2 million in fiscal year 2013, a \$0.4 million decrease from last year. Although the original appropriation increased \$0.4 million, that increase was offset by the required \$0.8 million general fund lapse returned to the Borough at year-end. The increase in revenues from state sources was due to increases in foundation funding (\$6.6 million), a supplemental State aid appropriation in lieu of a permanent increase in foundation funding (\$0.5 million) and on-behalf payments made to our PERS and TRS defined benefit plans (\$8.5 million). The increase in foundation funding was due to 1) increased categorical funding for special needs children (\$2.7 million) and 2) a change in state law which reduced the offset in state funding based on a community's ability to fund education (\$3.2 million). The increase in State on-behalf payments was due to 1) increases in our salary base and 2) increases in the legislative appropriation for on-behalf funding for the defined benefit plans (25.91 percent for PERS and 32.77 percent for TRS).

Table 6 presents a summary of general fund expenditures.

Table 6
General Fund Expenditures

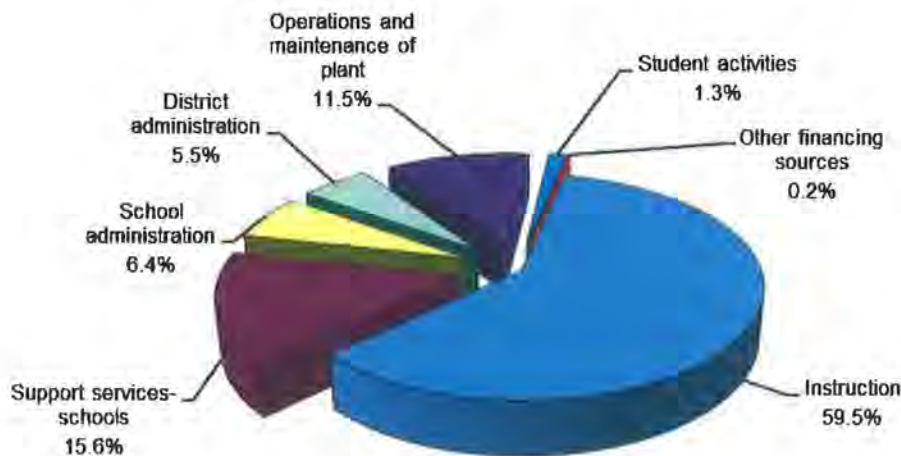
	2013	2012	Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 131,949,415	\$ 121,391,119	\$ 10,558,296	8.7%
Support services - schools	34,561,754	30,900,893	3,660,861	11.8%
School administration	14,118,484	13,654,689	463,795	3.4%
District administration	12,147,591	12,357,386	(209,795)	-1.7%
Operations and maintenance of plant	25,455,301	25,959,798	(504,497)	-1.9%
Student activities	2,889,827	2,657,168	232,659	8.8%
Transfers to other funds	394,136	481,000	(86,864)	-18.1%
Total	<u>\$ 221,516,508</u>	<u>\$ 207,402,053</u>	<u>\$ 14,114,455</u>	<u>6.8%</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2013 (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, expenditures increased in all functional areas in fiscal year 2013 except district administration, operations and maintenance of plant, and transfers to other funds. By far the largest increase was in the instruction function (\$10.5 million) due to 1) increases in on-behalf payments made to our PERS and TRS defined benefit plans (\$6.2 million), 2) increase in certified staff salaries due to negotiated 1.75 percent increases for the teacher's bargaining unit in addition to the value of salary/wage table step movement (\$2.3 million), and 3) an increase of 1 percentage point in our health benefit rate coupled with an additional charge from the risk management internal service fund to partially cover the deficit (\$1.6 million).

The largest categorical increases in the general fund were in employee benefits as a result of increases in on-behalf payments made to our PERS and TRS defined benefit plans (\$8.5 million) and an increase in the health benefit rate (\$2.4 million) and certificated and non-certificated salaries due to negotiated salary increases (\$3.4 million).

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 deficit net position at June 30, 2013 of \$1.4 million, a decrease of \$1.1 million from fiscal year 2012. Operating revenues of the fund increased \$2.9 million or 9.3 percent from the prior year. The increase was due to an increase in the health benefit rate of 1 percentage point and an additional charge of \$2 million to the general fund over and above the budgeted health benefit rate because of the projected deficit in the risk management internal service fund. An additional charge of \$1.2 million was also recorded in fiscal year 2012. Operating expenses decreased \$0.5 million or 1.4 percent from the prior year. Although health care costs increased \$0.7 million, that increase was offset by a reduction in our required incurred but not reported claims reserve (\$0.6 million) and an increase in the estimated employee share of costs recoverable in fiscal year 2014 (\$0.7 million).

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2013 (cont.)

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

- The original budget includes the cost for all substitutes for teachers, counselors, and library personnel in one appropriated line item in the instruction function. However, actual substitute costs for counselors and library personnel are charged to either support services-students or support services-instruction as incurred. As those costs are known, the budget is adjusted accordingly.
- In the original budget an average salary amount is used to budget for certificated positions. However for some functions, such as special education instruction and support services-students, actual salaries for certain 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 2013 were \$0.9 million more than the final budget. Actual expenditures on the budgetary basis (excluding other financing uses) for fiscal year 2013 were \$2.3 million less than the final budget.

Significant budget to actual variances of note were:

- Revenues - local sources – were under budget by \$0.8 million. Most of this variance was due to the required return of a portion of the local appropriation (\$0.8 million) to the Borough. Borough Ordinance 3.01.060, enacted in fiscal year 2010, requires the first 28.5 percent of the 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 at the end of the fiscal year. An amendment to that ordinance in fiscal year 2012 caps the portion of lapse required to be returned to the Borough at \$800,000. Since the amount of the subsequent year lapse is unknown when the budget is prepared, the School District budgets for the full amount of the local appropriation.
- Revenues - state sources – were \$0.9 million over budget due to 1) an increase in the number of students qualifying for supplemental special education funding (\$1.5 million) offset by 2) TRS on-behalf payments made by the State of Alaska to our defined-benefit plan being under budget by \$0.6 million.
- Total expenditures – were under budget by \$2.3 million. Seven of the eleven functional expenditure categories had expenditures less than budget. Expenditures exceeded budget for instruction, support services – students, school administration and district administration primarily in the employee benefits line item (\$1,247,976). The overages were due to a) additional charges made from the risk management internal service fund at June 30th to partially offset the deficit in that fund (\$1,042,459) and b) state retirement system contributions to the Public Employee Retirement System (PERS) and Teachers' Retirement System (TRS) made on the district's behalf (\$221,090). In addition, those same functional areas experienced overages in the Certificated Salaries line item (\$776,538) due to settlement of the Fairbanks Education Association (FEA) negotiated agreement after the fiscal year 2013 budget was adopted. The FEA agreement included step increases and salary schedule increases for teachers as well as stipends for teachers not eligible for step or column movement.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2013 (cont.)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School District's investment in capital assets for its governmental activities was \$4.2 million as of June 30, 2013 (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

	2013	2012	Increase (Decrease)	Percent Increase (Decrease)
Machinery and equipment	\$ 3,340,083	\$ 3,450,882	\$ (110,799)	-3.2%
Intangibles (software)	829,195	940,915	(111,720)	-11.9%
Total	<u>\$ 4,169,278</u>	<u>\$ 4,391,797</u>	<u>\$ (222,519)</u>	<u>-5.1%</u>

Additional information on the School District's capital assets can be found in Note 6 on page 48 and 49 of this report.

Debt Administration

The School District's long-term obligations include \$4.4 million for compensated absences, a decrease of \$167,052 or 3.7 percent from the prior year due to the payout and use of leave outpacing the value of leave earned by 3 to 1. Long-term obligations also include \$5.3 million for insurance claims and reserves, a decrease of \$0.6 million or 9.9 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 reduction in our required incurred but not reported health claims reserve. Additional information about long-term obligations can be found in Note 9 on page 50 and Note 12 on pages 52 through 53 of this report, respectively, and in the risk management internal service fund financial statements on pages 34 through 36.

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 51 of this report.

ECONOMIC FACTORS AND SUBSEQUENT YEARS' BUDGETS

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

- Two Bills were introduced in the last legislative session that would centralize health insurance for all of Alaska's school employees. SB90 and HB196 would require Alaska's 53 school districts to participate in an insurance program administered by the Alaska Department of Administration. School District operating fund health costs total more than \$30 million dollars and are expected to increase at a rate much faster than general inflation. There is much uncertainty if a mandated insurance pool would increase costs or slow down the rate of expected increases.
- Revenues from state sources are largely dependent on a base allocation per student enrollment. The official student count for 2013-14 showed a decrease of over 210 students from this past year. Additionally, early indications are that the state base student allocation used to fund K-12

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2013

public education will remain unchanged for the fifth year in a row. The base allocation was last changed with a \$100 increase for the 2009-10 school year. Flat or decreasing enrollments and flat state funding, in a time of increasing health and energy costs will make it difficult to balance a budget without negatively impacting educational programs and services.

- There had been widespread public discussions regarding the Department of Defense's proposed relocation of the F-16 fighter squadron at Eielson Air Force Base near Fairbanks to Joint Base Elmendorf Richardson (JBER) in Anchorage. Such a move would have dramatically impacted school enrollments. That proposal will not be implemented, and recent discussions indicate that Eielson Air Force Base is under consideration to house an F-35 squadron. Relocating an F-35 squadron to Eielson would favorably impact school enrollments not only on Eielson Air Force Base, but throughout the community.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, parents, students, investors and creditors with a general overview of School District finances and show 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:

Michael Fisher
Chief Financial Officer
Fairbanks North Star Borough School District
Department of Administrative Services
520 5th Avenue
Fairbanks, Alaska 99701
Phone (907) 452-2000, Fax (907) 451-6160

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, 2013

(With comparative totals for 2012)

Governmental Activities

2013 2012

ASSETS

Equity in central treasury cash	\$ 21,940,989	\$ 22,744,494
Restricted equity in central treasury cash	33,650	575
Accounts receivable	9,554,337	8,720,619
Due from Fairbanks North Star Borough	143,653	54,505
Inventories	936,194	1,008,747
Prepaid items	80,877	27,051
Machinery and equipment	9,455,391	9,415,625
Less accumulated depreciation	(6,115,308)	(5,964,743)
Intangible assets, net of amortization	829,195	940,915
Total assets	\$ 36,858,978	\$ 36,947,788

LIABILITIES

Accounts payable	\$ 1,370,415	\$ 1,881,764
Accrued payroll and liabilities	1,631,263	2,032,143
Unearned revenue	33,650	575
Due to external groups and agencies		6,753
Due to Fairbanks North Star Borough	800,000	772,605
Long-term liabilities (See Note 9):		
Due within one year	7,806,732	8,614,544
Due in more than one year	1,923,669	1,867,108
Total liabilities	13,565,729	15,175,492

NET POSITION

Net investment in capital assets	4,169,278	4,391,797
Unrestricted	19,123,971	17,380,499
Total net position	\$ 23,293,249	\$ 21,772,296

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2013
(With comparative totals for 2012)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2013	2012
Governmental activities:						
Instruction	\$ 111,205,333	\$ 69,392	\$ 26,885,485	\$	\$ (84,250,456)	\$ (83,918,193)
Special education instruction	29,783,855		8,547,096		(21,236,759)	(19,440,103)
Special education support services - students	10,087,672		1,531,524		(8,556,148)	(6,841,605)
Support services - students	15,353,243	19,703	4,441,540		(10,892,000)	(10,471,835)
Support services - instruction	12,899,352	145,416	3,133,806		(9,620,130)	(9,657,437)
School administration	8,384,189		1,802,538		(6,581,651)	(6,364,587)
School administration support services	5,645,704		408,290		(5,237,414)	(5,780,288)
District administration	2,415,563		315,080		(2,100,483)	(2,206,842)
District administration support services	10,394,306		667,780		(9,726,526)	(10,223,208)
Operations and maintenance of plant	25,334,946		1,194,439	69,419	(24,071,088)	(25,260,152)
Student activities	5,182,117		2,626,033		(2,556,084)	(2,372,214)
Student transportation service	11,382,622		11,806,755		424,133	218,459
Community services						5,000
Food services	5,400,980	1,598,281	3,253,013		(549,686)	(305,397)
Total governmental activities	<u>\$ 253,469,882</u>	<u>\$ 1,832,792</u>	<u>\$ 66,613,379</u>	<u>\$ 69,419</u>	<u>(184,954,292)</u>	<u>(182,618,402)</u>
General revenues:						
Grants and contributions not restricted to specific programs:						
Borough direct appropriation					46,200,000	46,586,695
Foundation program					119,814,989	113,227,755
Other state revenue					4,705,752	4,144,172
Federal impact aid					14,758,858	14,051,688
Other					595,346	643,721
Miscellaneous					400,300	539,960
Total general revenues					<u>186,475,245</u>	<u>179,193,991</u>
Change in net position					1,520,953	(3,424,411)
Net position - beginning					21,772,296	25,196,707
Net position - ending					<u>\$ 23,293,249</u>	<u>\$ 21,772,296</u>

See accompanying notes to the basic financial statements

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FUND FINANCIAL STATEMENTS

Governmental Funds:

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

Proprietary Fund:

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

Fiduciary Fund:

Statement of Fiduciary Assets and
Liabilities

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2013
(With comparative totals for 2012)

	<u>General</u>	<u>Federal Programs Special Revenue</u>	<u>Student Transportation Special Revenue</u>
<u>ASSETS</u>			
Equity in central treasury cash	\$ 17,781,953	\$ 311	\$ 1,895,476
Accounts receivable:			
Local	521,369	19,842	
State		4,494,090	
Federal	29,802	314,001	
Due from other funds	4,770,751		
Due from Fairbanks North Star Borough	7,521		
Inventories	492,406		
Prepaid items	80,877		
	<u>\$ 23,684,679</u>	<u>\$ 4,828,244</u>	<u>\$ 1,895,476</u>
Total assets			
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 755,186	\$ 422,512	\$ 11,288
Accrued payroll and liabilities	1,631,263		
Unearned revenue			
Due to other funds		4,405,421	
Due to external groups and agencies			
Due to Fairbanks North Star Borough	800,000		
	<u>3,186,449</u>	<u>4,827,933</u>	<u>11,288</u>
Total liabilities			
Fund balances:			
Nonspendable	573,283		
Restricted		311	655,347
Committed			
Assigned	18,552,099		1,228,841
Unassigned	1,372,848		
	<u>20,498,230</u>	<u>311</u>	<u>1,884,188</u>
Total fund balances			
Total liabilities and fund balances	<u>\$ 23,684,679</u>	<u>\$ 4,828,244</u>	<u>\$ 1,895,476</u>

See accompanying notes to the basic financial statements

Nonmajor Governmental	Total Governmental Funds	
	2013	2012
\$ 2,296,899	\$ 21,974,639	\$ 22,745,069
9,680	550,891	240,640
60,614	4,554,704	4,165,873
	343,803	651,505
	4,770,751	4,712,086
136,132	143,653	54,505
443,788	936,194	1,008,747
	80,877	27,051
<u>\$ 2,947,113</u>	<u>\$ 33,355,512</u>	<u>\$ 33,605,476</u>

\$ 105,803	\$ 1,294,789	\$ 1,808,587
	1,631,263	2,032,143
33,650	33,650	575
224,912	4,630,333	4,544,323
		6,753
	800,000	772,605
<u>364,365</u>	<u>8,390,035</u>	<u>9,164,986</u>

443,788	1,017,071	1,035,798
7,115	662,773	377,814
1,794,550	1,794,550	1,796,551
414,797	20,195,737	21,170,239
(77,502)	1,295,346	60,088
<u>2,582,748</u>	<u>24,965,477</u>	<u>24,440,490</u>
<u>\$ 2,947,113</u>	<u>\$ 33,355,512</u>	<u>\$ 33,605,476</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, 2013

Total fund balances for governmental funds	\$ 24,965,477
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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 expense) to the various functions reported as governmental activities in the statement of activities.

Machinery and equipment	\$ 9,455,391	
Accumulated depreciation to date	(6,115,308)	
Intangible assets, net of amortization	829,195	
		4,169,278

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 deficit	(1,433,379)
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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, 2013 are:

Compensated absences	(4,408,127)
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Total net position of governmental activities	\$ 23,293,249
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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, 2013
(With comparative totals for 2012)

	<u>General</u>	<u>Federal Programs Special Revenue</u>	<u>Student Transportation Special Revenue</u>
Revenues:			
Local sources	\$ 47,230,182	\$ 19,703	\$
State sources	159,791,967		11,806,755
Federal sources	<u>14,758,858</u>	<u>13,100,871</u>	
Total revenues	<u>221,781,007</u>	<u>13,120,574</u>	<u>11,806,755</u>
Expenditures:			
Current:			
Instruction	106,480,583	4,518,395	
Special education instruction	25,468,832	4,406,094	
Special education support services - students	10,116,540		
Support services - students	13,521,997	1,906,741	
Support services - instruction	10,923,217	1,663,842	
School administration	8,452,142		
School administration support services	5,666,342		
District administration	2,396,461		
District administration support services	9,751,130	625,191	
Operations and maintenance of plant	25,455,301		
Student activities	2,889,827		
Student transportation service			11,377,599
Food services			
Total current	<u>221,122,372</u>	<u>13,120,263</u>	<u>11,377,599</u>
Capital outlay			
Total expenditures	<u>221,122,372</u>	<u>13,120,263</u>	<u>11,377,599</u>
Excess (deficiency) of revenues over expenditures	<u>658,635</u>	<u>311</u>	<u>429,156</u>
Other financing sources (uses):			
Proceeds from sale of capital assets	3,430		
Transfers in			
Transfers out	<u>(394,136)</u>		
Total other financing sources (uses)	<u>(390,706)</u>		
Net change in fund balances	267,929	311	429,156
Fund balances - beginning	<u>20,230,301</u>		<u>1,455,032</u>
Fund balances - ending	<u>\$ 20,498,230</u>	<u>\$ 311</u>	<u>\$ 1,884,188</u>

See accompanying notes to the basic financial statements

Nonmajor Governmental	Total Governmental Funds	
	2013	2012
\$ 4,089,147	\$ 51,339,032	\$ 52,339,919
879,635	172,478,357	156,325,965
3,310,317	31,170,046	32,813,694
<u>8,279,099</u>	<u>254,987,435</u>	<u>241,479,578</u>
909,242	111,908,220	106,245,188
	29,874,926	25,299,652
	10,116,540	7,765,973
8,000	15,436,738	14,464,374
154,260	12,741,319	13,384,278
	8,452,142	7,604,630
	5,666,342	6,050,059
	2,396,461	2,433,594
4,836	10,381,157	11,153,362
	25,455,301	25,959,798
2,295,594	5,185,421	4,992,296
	11,377,599	11,214,750
<u>5,433,831</u>	<u>5,433,831</u>	<u>5,519,986</u>
<u>8,805,763</u>	<u>254,425,997</u>	<u>242,087,940</u>
39,881	39,881	80,028
<u>8,845,644</u>	<u>254,465,878</u>	<u>242,167,968</u>
<u>(566,545)</u>	<u>521,557</u>	<u>(688,390)</u>
	3,430	3,414
394,136	394,136	481,000
	(394,136)	(481,000)
<u>394,136</u>	<u>3,430</u>	<u>3,414</u>
(172,409)	524,987	(684,976)
<u>2,755,157</u>	<u>24,440,490</u>	<u>25,125,466</u>
<u>\$ 2,582,748</u>	<u>\$ 24,965,477</u>	<u>\$ 24,440,490</u>

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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, 2013

Net change in fund balances - total governmental funds	\$ 524,987
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	\$ 607,782
Less current year depreciation/amortization	<u>(800,366)</u>
	(192,584)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.	(29,935)
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.	167,052
An internal service fund is used by management to charge the costs of self-insurance and risk management to individual funds. The operating gain of the internal service fund is reported with governmental activities.	<u>1,051,433</u>
Change in net position of governmental activities	<u><u>\$ 1,520,953</u></u>

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Statement of Net Position
Proprietary Fund
June 30, 2013
(With comparative totals for 2012)

	Governmental Activities - Risk Management Internal Service Fund Totals	
	2013	2012
<u>ASSETS</u>		
Current assets:		
Accounts receivable - local	\$ 4,104,939	\$ 3,662,601
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 75,626	\$ 73,177
Due to other funds	140,418	167,763
Current portion of long-term liabilities:		
Claims payable	3,753,233	4,446,864
Total current liabilities	3,969,277	4,687,804
Noncurrent liabilities:		
Noncurrent portion of long-term liabilities:		
Claims payable	50,000	45,980
Accrued self-insurance reserves	1,519,041	1,413,629
Total noncurrent liabilities	1,569,041	1,459,609
Total liabilities	5,538,318	6,147,413
<u>NET POSITION</u>		
Unrestricted	(1,433,379)	(2,484,812)
Total net position	\$ (1,433,379)	\$ (2,484,812)

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, 2013
(With comparative totals for 2012)

	Governmental Activities - Risk Management Internal Service Fund Totals	
	2013	2012
Operating revenues:		
Revenue from local sources:		
Charges for services	<u>\$ 33,664,172</u>	<u>\$ 30,787,763</u>
Operating expenses:		
Health and life insurance	30,659,508	31,298,728
Workers' compensation insurance	1,141,060	902,393
Property and other insurance	530,839	367,643
Auto and general liability insurance	<u>281,332</u>	<u>508,178</u>
Total operating expenses	<u>32,612,739</u>	<u>33,076,942</u>
Operating income (loss)	1,051,433	(2,289,179)
Total net position - beginning	<u>(2,484,812)</u>	<u>(195,633)</u>
Total net position - ending	<u><u>\$ (1,433,379)</u></u>	<u><u>\$ (2,484,812)</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, 2013
(With comparative totals for 2012)

	Governmental Activities - Risk Management Internal Service Fund Total	
	2013	2012
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 33,648,720	\$ 30,776,067
Receipts from employees	3,973,402	3,706,919
Payments to suppliers	(1,090,726)	(1,176,329)
Payments to employees	(261,533)	(383,088)
Payments to Fairbanks North Star Borough	(36,242,518)	(34,657,913)
Net cash provided by (used in) operating activities	27,345	(1,734,344)
Cash flows from noncapital financing activities:		
Transfers (to) from other funds	(27,345)	167,763
Net decrease in equity in central treasury cash		(1,566,581)
Equity in central treasury cash - beginning		1,566,581
Equity in central treasury cash - ending	\$	\$
Reconciliation of change in operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 1,051,433	\$ (2,289,179)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Increase in accounts receivable - local	(442,338)	(5,888)
Increase (decrease) in accounts payable	2,449	(6,424)
Increase (decrease) in claims payable, current portion	(693,631)	974,004
Increase in claims payable, non-current portion	4,020	10,510
Increase (decrease) in self-insurance reserves	105,412	(417,367)
Total adjustments	(1,024,088)	554,835
Net cash provided by (used in) operating activities	\$ 27,345	\$ (1,734,344)

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, 2013
 (With comparative totals for 2012)

	Totals	
	2013	2012
<u>ASSETS</u>		
Equity in central treasury cash	\$ 54,177	\$ 53,035
Accounts receivable - local	300	
	<u>\$ 54,477</u>	<u>\$ 53,035</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 2,254	\$ 241
Due to external groups	<u>52,223</u>	<u>52,794</u>
Total liabilities	<u>\$ 54,477</u>	<u>\$ 53,035</u>

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, 2013

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 3.01.060 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 addition, the School District may carry over from one year to the next the unreserved 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.

School construction bond proceeds to purchase furnishings and equipment for new schools are accounted for in the School District's various capital projects 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 co.fairbanks.ak.us/FinancialServices/Documents.htm.

B. Basis of Presentation – Government-wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers, parents or students who purchase, use,

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2013 (cont.)

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.

The School District reports the following 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 programs that are funded by federal sources 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.

Additionally, the School District reports the following fund types:

Governmental Funds

Special revenue funds – account for proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than capital projects. The School District maintains a separate project cost center for each federal and state grant program as well as other local sources of restricted funding. Those cost centers are assigned to the appropriate special revenue fund based on their purpose and funding source. This comprehensive annual financial report includes revenue and expenditure schedules for all grants as required by the *Alaska Department of Education and Early Development Uniform Chart of Accounts and Account Code Descriptions for Public School Districts, 2012 edition*.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2013 (cont.)

Capital projects funds – account for those financial resources that are restricted, committed, or assigned for acquisition, construction, and major maintenance of facilities and equipment. The Borough accounts for most acquisition, construction, and major maintenance projects of school facilities. The School District accounts for expenditures in support of major maintenance projects of school facilities conducted by the Borough as well as our own small maintenance projects.

Proprietary Fund

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

Agency fund – accounts for the assets held by the School District as an agent for various school-related organizations. 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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2013 (cont.)

E. Equity in Central Treasury Cash – Deposits and Investments

All cash funds of the School District are maintained in the Borough's central cash treasury and invested with the following objectives: ensure safety of principal, maintain sufficient liquidity to meet cash flow requirements, and achieve a reasonable market rate of return. Borough central treasury investments are reported at fair value. See Note 4.

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

Restricted equity in central treasury cash, only recorded in the government-wide financial statements, is cash whose use is limited by the legal requirements of grant awards.

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 furnishings or equipment 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 3.01.060E (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, 2013 (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. 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.

L. 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.

M. 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 employee resignations and retirements.

N. 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

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2013 (cont.)

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.

O. 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, or laws or regulations of other governments.

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

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

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

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.

P. 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

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2013 (cont.)

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 2013.

Q. On-Behalf Pension 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.

R. 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, 2012, 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 a 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 and donations) is to decrease net position." The details of this \$29,935 decrease 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.

Proceeds from sale of capital assets	\$ 3,430
Net loss on the disposal of capital assets	<u>26,505</u>
Net adjustment to decrease <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 29,935</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2013 (cont.)

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 designated by the School Board to be used for expenditures in the immediately subsequent fiscal year. At June 30, 2013 local appropriation fund balance was \$5,574,592 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 five 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.

Fund Balance Detail

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

General fund:

Inventories	\$ 492,406
Prepaid items	80,877
Total	<u>573,283</u>

Other governmental funds:

Food service special revenue fund - inventories	443,788
Total <i>nonspendable</i>	<u>\$ 1,017,071</u>

Restricted - the following fund balances are restricted for:

Federal programs special revenue fund	\$ 311
Student transportation special revenue fund	<u>655,347</u>

Nonmajor governmental funds:

Local programs special revenue fund:

Alaskan Coastal Studies	960
Office Max Grant	1,155
Burnley Scholarship	5,000
Total nonmajor governmental funds	<u>7,115</u>
Total <i>restricted</i>	<u>\$ 662,773</u>

Committed - the following fund balances are committed to:

Nonmajor governmental funds:

Local programs special revenue fund:

Curriculum Staff Development	\$ 104,662
Community Donations	65,412
Barnette Magnet After School Program	4,925
School activities special revenue fund	<u>1,619,551</u>
Total <i>committed</i>	<u>\$ 1,794,550</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2013 (cont.)

Assigned - the following fund balances are assigned to:

General fund:

Encumbrances	\$ 2,243,760
Impact aid advance	13,681,769
Subsequent year's expenditures	<u>2,626,570</u>
Total general fund	<u>18,552,099</u>
Student transportation special revenue fund	<u>1,228,841</u>

Nonmajor governmental funds:

Capital project funds:

Title VIII Construction	384,841
Districtwide School Projects	4,847
Other Capital Projects	<u>25,109</u>
Total capital project funds	<u>414,797</u>
Total assigned	<u>\$ 20,195,737</u>

NOTE 4: EQUITY IN CENTRAL TREASURY CASH AND INVESTMENTS

The School District is not authorized to secure direct investments. All cash funds of the School District are maintained in a central cash treasury by the Borough. Chapter 3.04 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 monies, 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 contract requires that WFB sweep the Borough's central treasury accounts daily and invest all available funds in an overnight investment.

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 May 2009, Standard & Poor's assigned its AAAm principal stability fund rating to the Pool. Regulatory oversight of the Pool is established by Alaska Statutes 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, 2013, the fair value of the investments in the Pool approximates the amortized cost at which the investments were reported.

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

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2013 (cont.)

reconciliation of the carrying value to the reported value in the fund financial statements at June 30, 2013 is as follows:

	Carrying Value of Equity in Central Treasury	Due To/From Other Funds	Reported Equity in Central Treasury
General fund	\$ 22,552,704	\$ (4,770,751)	\$ 17,781,953
Federal programs special revenue fund	(4,405,110)	4,405,421	311
Student transportation special revenue fund	1,895,476		1,895,476
Non-major governmental funds	2,071,987	224,912	2,296,899
Total governmental funds	22,115,057	(140,418)	21,974,639
Risk management internal service fund	(140,418)	140,418	
Total governmental activities	\$ 21,974,639	\$	\$ 21,974,639
School District agency fund	\$ 54,177	\$	\$ 54,177

Of total reported equity in central treasury cash in the statement of net position at June 30, 2013, \$21,940,989 is unrestricted and \$33,650 is restricted.

NOTE 5: RECEIVABLES

Detail of accounts receivable reported in the statement of net position at June 30, 2013 were as follows:

	General Fund	Federal Programs Special Revenue Fund	Nonmajor Governmental Funds	Risk Management Internal Service Fund	Totals
Governmental activities:					
Local	\$ 521,369	\$ 19,842	\$ 9,680	\$ 4,104,939	\$ 4,655,830
State		4,494,090	60,614		4,554,704
Federal	29,802	314,001			343,803
Total receivables	\$ 551,171	\$ 4,827,933	\$ 70,294	\$ 4,104,939	\$ 9,554,337

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. In fiscal year 2012 certain adjustments were made to capital asset balances as a result of conversion to new fixed asset software.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2013 (cont.)

The changes in capital assets by major class for the year ended June 30, 2013, were as follows:

	July 1, 2012 Balance	Additions	Deductions	June 30, 2013 Balance
Governmental activities:				
Machinery and equipment	\$ 9,415,625	\$ 598,937	\$ (559,171)	\$ 9,455,391
Less accumulated depreciation	(5,964,743)	(679,801)	529,236	(6,115,308)
Total, net of accumulated depreciation	<u>3,450,882</u>	<u>(80,864)</u>	<u>(29,935)</u>	<u>3,340,083</u>
Intangible assets (software)	1,313,593	8,845		1,322,438
Less accumulated amortization	(372,678)	(120,565)		(493,243)
Total, net of accumulated amortization	<u>940,915</u>	<u>(111,720)</u>		<u>829,195</u>
Governmental activities capital assets, net	<u>\$ 4,391,797</u>	<u>\$ (192,584)</u>	<u>\$ (29,935)</u>	<u>\$ 4,169,278</u>

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

Instruction	\$ 102,414
Special education instruction	57,967
Special education support services - students	230
Support services - students	373
Support services - instruction	252,742
School administration support services	3,263
District administration support services	166,545
Operations and maintenance of plant	172,899
Student activities	6,545
Food services	37,388
Total depreciation/amortization expense	<u>\$ 800,366</u>

NOTE 7: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2013 was as follows:

Due To/From Other Funds

Receivable Fund:	Payable Fund:	Amount
General fund	Federal projects special revenue fund	\$ 4,405,421
General fund	Nonmajor governmental funds	224,912
General fund	Risk management internal service fund	140,418
Total interfund receivables/payables		<u>\$ 4,770,751</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, 2013 (cont.)

Interfund Transfers

Transfers In:	
	Nonmajor Governmental Funds
Transfers Out:	
General fund	<u>\$ 394,136</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>\$ 143,653</u>
Primary government (Borough)	Component unit - School District	<u>\$ 800,000</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. Amounts due to the Borough are for the return of a portion of the Borough direct appropriation pursuant to Borough Ordinance 3.01.060E (see also Note 1A).

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 2013 was \$192,734.

NOTE 9: GENERAL LONG-TERM LIABILITIES

Long-term liabilities for governmental activities for the year ended June 30, 2013 were as follows:

Governmental activities:	July 1, 2012 Balance	Additions	Reductions	June 30, 2013 Balance	Due Within One Year
Compensated absences	\$ 4,575,179	\$ 4,660,055	\$ (4,827,107)	\$ 4,408,127	\$ 4,053,499
Claims and reserves	5,906,473	34,423,981	(35,008,180)	5,322,274	3,753,233
Governmental activity long-term liabilities	<u>\$ 10,481,652</u>	<u>\$ 39,084,036</u>	<u>\$ (39,835,287)</u>	<u>\$ 9,730,401</u>	<u>\$ 7,806,732</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, 2013 (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, 2012 Balance	Additions	Reductions	June 30, 2013 Balance	Due Within One Year
2004, Series G	\$ 9,610,000	\$	\$ (9,610,000)	\$	\$
2005, Series H	10,040,000		(10,040,000)		
2006, Series I	7,715,000		(405,000)	7,310,000	425,000
2007, Series J	9,950,000		(485,000)	9,465,000	510,000
2007, Series K	5,940,000		(1,065,000)	4,875,000	1,130,000
2008, Series L	9,680,000		(430,000)	9,250,000	445,000
2010, Series M	11,115,000		(470,000)	10,645,000	475,000
2010, Series N	13,069,504		(2,006,241)	11,063,263	2,068,936
2011, Series O	10,845,000		(1,390,000)	9,455,000	1,420,000
2012, Series P	5,095,000		(505,000)	4,590,000	510,000
2012, Series Q	21,000,000		(1,625,000)	19,375,000	1,685,000
2012, Series R	11,500,000		(485,000)	11,015,000	490,000
2012, Series S		16,670,000		16,670,000	1,280,000
	<u>\$ 125,559,504</u>	<u>\$ 16,670,000</u>	<u>\$ (28,516,241)</u>	<u>\$ 113,713,263</u>	<u>\$ 10,438,936</u>

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2014	\$ 10,438,936	\$ 4,427,767
2015	10,771,631	4,074,482
2016	11,183,440	3,666,921
2017	11,581,135	3,228,493
2018	10,673,121	2,764,287
2019-2023	36,330,000	8,643,275
2024-2028	18,335,000	2,652,362
2029-2032	4,400,000	311,037
Total	<u>\$ 113,713,263</u>	<u>\$ 29,768,624</u>

During the year, the Borough paid total principal and interest of \$13,742,428 for school-related debt service. In addition, the Borough issued Series S general obligation bonds to refund \$19,650,000 of Series G and H general obligation bonds.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2013 (cont.)

NOTE 11: COMMITMENTS

As of June 30, 2013 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	\$ 2,243,760
Federal Programs Special Revenue Fund	149,614
Student Transportation Special Revenue Fund	134,926
Total	<u>\$ 2,528,300</u>
Nonmajor Governmental Funds:	
Special Revenue Funds	\$ 223,073
Capital Project Funds	234,444
Total	<u>\$ 457,517</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, 2013 (cont.)

Changes in the risk management internal service fund liability amounts in fiscal years 2013 and 2012 were:

	Claims Liability 2012-13	Claims Liability 2011-12
July 1	\$ 5,906,473	\$ 5,339,326
Current year claims	33,267,569	33,908,390
Changes in estimates for claims of prior periods	1,156,412	633,633
Claims payments	(35,008,180)	(33,974,876)
June 30	<u>\$ 5,322,274</u>	<u>\$ 5,906,473</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, 2013 and 2012 was \$4,104,939 and \$3,646,990, 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 2012-13	Allocated Services 2011-12
Risk management overhead	\$ 625,875	\$ 543,022
Auto/general liability, property and other insurance premiums	778,587	823,523
Workers' compensation insurance premiums	204,182	165,242
Health and workers' compensation claims paid	33,520,463	33,042,462
General/auto liabilities, errors & omissions claims paid	21,799	17,178
Audit	51,741	52,082
	<u>\$ 35,202,647</u>	<u>\$ 34,643,509</u>

NOTE 14: RETIREMENT PLANS

Substantially all regular employees of the School District are either members of the Alaska Public Employees' Retirement System (PERS) or the Alaska Teachers' Retirement System (TRS). 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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2013 (cont.)

A. Alaska Public Employees' Retirement System

Plan Description

The Alaska Public Employees' Retirement System (PERS) is established and administered by the State of Alaska (State) to provide pension, postemployment healthcare, survivor, and disability benefits to eligible employees. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. Employee participation 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 plan. Effective July 1, 2008, state legislation changed the defined benefit plan from an agent multiple-employer plan to a cost sharing multiple-employer plan.

Defined Benefit Plan (Tiers I, II and III)

Funding Policy

Employee contribution rates for the defined benefit 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. In accordance with Alaska Statutes, those actuarially determined rates are paid by a combination of periodic employer contributions and a direct contribution by the State.

Effective July 1, 2008 the employer rate is statutorily set at the greater of 22.00 percent or the actuarially determined normal cost rate. When the 22.00 percent exceeds the normal cost rate, the excess is applied to the past service liability of the plan. The PERS total employer/State contribution rate for fiscal year 2013 was 35.84 percent (17.06 percent for defined benefit pension costs and 18.78 percent for postemployment healthcare costs). The normal cost rate portion was 8.67 percent (2.55 percent for defined benefit pension costs and 6.12 percent for postemployment healthcare costs) and the past service rate portion was 27.17 percent (14.51 percent for defined benefit pension costs and 12.66 percent for postemployment healthcare costs).

Plan Contributions

School District contributions to the PERS defined benefit plan for fiscal years ended June 30, 2013, 2012, and 2011 were \$5,149,965, \$5,219,783, and \$5,359,714, respectively, equal to the required employer contributions for each year. On-behalf payments made by the State of Alaska for fiscal year 2013, 2012, and 2011 were \$5,041,243, \$4,003,866, and \$2,772,197, respectively. The on-behalf 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 Plan (Tier IV)

Funding Policy

Employee contribution rates for the defined contribution plan are 8.00 percent of eligible compensation. Effective July 1, 2008, the employer contribution rate is statutorily set at the same rate as the defined benefit plan. That rate is the greater of 22.00 percent or the actuarially determined normal cost rate of the defined benefit plan. The 22.00 percent rate for the defined contribution plan is comprised of five elements: 5.00 percent to each member's individual pension account, 0.48 percent

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2013 (cont.)

into the retiree medical plan, 0.14 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 defined benefit plan's unfunded liability. The flat dollar amount per employee for fiscal year 2013 was \$71.09 per pay period for full-time employees and \$1.18 per hour for part-time employees.

Plan Contributions

School District contributions to the PERS defined contribution plan for years ended June 30, 2013, 2012, and 2011 were \$1,258,214, \$1,151,340, and \$1,010,806, respectively and employee contributions to the plan were \$938,835, \$861,019, and \$738,983, respectively. The employer residual contributions for fiscal year 2013, 2012, and 2011, applied as a payment to the defined benefit plan's unfunded liability, were \$1,324,551, \$1,217,464, and \$1,022,035, respectively.

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. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. Membership in the TRS is compulsory for each certificated employee scheduled to work at least 17.5 hours a week in positions that require teaching certificates as a condition of employment. TRS consists of a cost-sharing multiple-employer defined benefit plan (Tiers I and II) and a defined contribution plan with a component of defined benefit postemployment healthcare (Tier III). The defined benefit plan is closed to new members. Eligible employees who first enter TRS after June 30, 2006 participate in the defined contribution plan.

Defined Benefit Plan (Tier I and II)

Funding Policy

Employee contribution rates for the defined benefit 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 to pay both pension and postemployment healthcare benefits when due. In accordance with Alaska Statutes, those actuarially determined rates are paid by a combination of periodic employer contributions and a direct contribution by the State. Effective July 1, 2008 the employer rate is statutorily set at the greater of 12.56 percent or the actuarially determined normal cost rate. When the 12.56 percent exceeds the normal cost rate, the excess is applied to the past service liability of the plan. The actuarially determined employer/State contribution rate for fiscal year 2013 was 52.67 percent (32.55 percent for pension costs and 20.12 percent for postemployment healthcare costs). The normal cost rate portion was 7.47 percent (3.15 percent for pension costs and 4.32 percent for postemployment healthcare costs) and the past service rate portion was 45.20 percent (29.40 percent for pension costs and 15.80 percent for postemployment healthcare costs).

Plan Contributions

School District contributions to the TRS defined benefit plan for fiscal years ended June 30, 2013, 2012, and 2011 were \$7,234,005, \$7,374,940, and \$7,607,419, respectively, equal to the required employer contributions for each year. On-behalf payments made by the State of Alaska for fiscal year 2013, 2012 and 2011 were \$30,229,983, \$22,767,876, and \$18,728,033, respectively. The on-behalf 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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2013

Defined Contribution Plan (Tier III)

Funding Policy

Employee contribution rates for the defined contribution plan are 8.00 percent of eligible compensation. Effective July 1, 2008, the employer contribution rate is statutorily set at the same rate as the defined benefit plan. That rate is the greater of 12.56 percent or the actuarially determined normal cost rate of the defined benefit plan. The 12.56 percent rate for the defined contribution plan is comprised of four elements: 7.00 percent to each member's individual pension account, 0.49 percent into the retiree medical plan, a flat dollar amount per employee based on 3.00 percent of the 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 defined benefit plan's unfunded liability. The flat dollar amount per employee for fiscal year 2013 was \$71.09 per pay period for full-time employees. The rate for part-time employees is based on the contract percentage worked multiplied by the flat dollar amount per pay period for full-time employees.

Plan Contributions

School District contributions to the TRS defined contribution plan for years ended June 30, 2013, 2012, and 2011 were \$1,947,632, \$1,755,806, and \$1,486,241, respectively, and employee contributions to the plan were \$1,488,170, \$1,328,273, and \$1,080,781, respectively. The employer residual contributions for fiscal year 2013, 2012, and 2011, applied as a payment to the defined benefit plan's unfunded liability, were \$389,467, \$330,009, and \$210,781, respectively.

NOTE 15: CONTINGENCIES

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

The Alaska Division of Retirement and Benefits recently raised concerns about Medicare eligibility of certain teachers who received letters of doubtful status in the spring of 1987 but were ultimately retained for the subsequent school year. There is a question about whether there was a break in service for the teachers and how that may affect their Medicare eligibility. Although the matter has not been studied sufficiently to know its potential outcome there is the possibility the School District could be responsible for a significant Medicare tax liability.

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**

Notes to Budgetary Comparison Schedules

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, 2013

	<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	\$ 48,079,800	\$ 48,079,800	\$ 47,230,182	\$ 47,230,182	\$ (849,618)
State sources	158,851,920	158,851,920	159,791,967	159,791,967	940,047
Federal sources	13,956,280	13,956,280	14,758,858	14,758,858	802,578
Total revenues	<u>220,888,000</u>	<u>220,888,000</u>	<u>221,781,007</u>	<u>221,781,007</u>	<u>893,007</u>
Expenditures:					
Current:					
Instruction	107,153,075	105,398,202	106,480,583	106,310,420	(912,218)
Special education instruction	26,028,455	25,763,201	25,468,832	25,249,188	514,013
Special education support services - students	9,593,721	10,877,568	10,116,540	10,079,672	797,896
Support services - students	12,563,044	13,278,816	13,521,997	13,700,567	(421,751)
Support services - instruction	11,205,445	11,509,392	10,923,217	10,983,313	526,079
School administration	8,193,183	8,275,402	8,452,142	8,452,862	(177,460)
School administration support services	5,991,625	5,780,142	5,666,342	5,662,888	117,254
District administration	2,461,250	2,462,296	2,396,461	2,467,037	(4,741)
District administration support services	9,916,346	10,087,311	9,751,130	9,641,324	445,987
Operations and maintenance of plant	26,576,669	27,191,120	25,455,301	25,967,917	1,223,203
Student activities	2,927,341	3,046,375	2,889,827	2,898,991	147,384
Total expenditures	<u>222,610,154</u>	<u>223,669,825</u>	<u>221,122,372</u>	<u>221,414,179</u>	<u>2,255,646</u>
Excess (deficiency) of revenues over expenditures	<u>(1,722,154)</u>	<u>(2,781,825)</u>	<u>658,635</u>	<u>366,828</u>	<u>3,148,653</u>
Other financing sources (uses):					
Proceeds from sale of capital assets			3,430	3,430	3,430
Transfers out	<u>(394,136)</u>	<u>(394,136)</u>	<u>(394,136)</u>	<u>(394,136)</u>	
Total other financing sources (uses)	<u>(394,136)</u>	<u>(394,136)</u>	<u>(390,706)</u>	<u>(390,706)</u>	<u>3,430</u>
Net change in fund balance	<u>\$ (2,116,290)</u>	<u>\$ (3,175,961)</u>	<u>267,929</u>	<u>\$ (23,878)</u>	<u>\$ 3,152,083</u>
Fund balance - beginning			<u>20,230,301</u>		
Fund balance - ending			<u>\$ 20,498,230</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, 2013

	Budgeted Amounts		Actual	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final			
Revenues:					
Local sources	\$	\$	\$ 19,703	\$ 19,703	\$ 19,703
Federal sources	<u>10,479,229</u>	<u>16,865,823</u>	<u>13,100,871</u>	<u>13,215,658</u>	<u>(3,650,165)</u>
Total revenues	<u>10,479,229</u>	<u>16,865,823</u>	<u>13,120,574</u>	<u>13,235,361</u>	<u>(3,630,462)</u>
Expenditures:					
Current:					
Instruction	4,564,371	5,350,682	4,518,395	4,557,550	793,132
Special education instruction	3,540,524	6,085,210	4,406,094	4,469,044	1,616,166
Support services - students	2,081,185	2,326,149	1,906,741	1,907,460	418,689
Support services - instruction	1,561,699	2,331,990	1,663,842	1,675,805	656,185
District administration support services	<u>490,319</u>	<u>771,792</u>	<u>625,191</u>	<u>625,191</u>	<u>146,601</u>
Total expenditures	<u>12,238,098</u>	<u>16,865,823</u>	<u>13,120,263</u>	<u>13,235,050</u>	<u>3,630,773</u>
Net change in fund balance	<u><u>\$ (1,758,869)</u></u>	<u><u>\$</u></u>	<u>311</u>	<u><u>\$ 311</u></u>	<u><u>\$ 311</u></u>
Fund balance - beginning					
Fund balance - ending			<u><u>\$ 311</u></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, 2013

	<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>\$ 11,861,850</u>	<u>\$ 11,836,496</u>	<u>\$ 11,806,755</u>	<u>\$ 11,915,566</u>	<u>\$ 79,070</u>
Expenditures:					
Current:					
Student transportation service	<u>12,280,660</u>	<u>12,255,306</u>	<u>11,377,599</u>	<u>11,486,410</u>	<u>768,896</u>
Net change in fund balance	<u>\$ (418,810)</u>	<u>\$ (418,810)</u>	<u>429,156</u>	<u>\$ 429,156</u>	<u>\$ 847,966</u>
Fund balance - beginning			<u>1,455,032</u>		
Fund balance - ending			<u>\$ 1,884,188</u>		

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to Budgetary Comparison Schedules June 30, 2013

A. Budgets, Budgetary Accounting, and Encumbrances

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 3.03.010 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, 2013, 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*, (2012 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 Budgetary Comparison Schedules (cont.) June 30, 2013

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 most special revenue funds since revenues are considered unearned until actual expenditures are incurred for State and Federal grants. 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
Revenues reported on the basis of budgeting	\$ 221,781,007	\$ 13,235,361	\$ 11,915,566
Basis difference		(114,787)	(108,811)
Revenues reported on the basis of GAAP	<u>\$ 221,781,007</u>	<u>\$ 13,120,574</u>	<u>\$ 11,806,755</u>
Expenditures reported on the basis of budgeting	\$ 221,414,179	\$ 13,235,050	\$ 11,486,410
Add expenditures on prior year encumbrances	1,951,953	34,827	26,115
Deduct current year encumbrances	(2,243,760)	(149,614)	(134,926)
Expenditures reported on the basis of GAAP	<u>\$ 221,122,372</u>	<u>\$ 13,120,263</u>	<u>\$ 11,377,599</u>

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2013, expenditures exceeded budget, in annually approved budgets, for the following major fund:

General Fund:

Instruction	\$ 912,218
Support services - students	421,751
School administration	177,460
District administration	4,741

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to Budgetary Comparison Schedules June 30, 2013

Expenditures exceeded budget for instruction, support services – students, school administration and district administration primarily in the employee benefits line item (\$1,247,976). The overages were due to 1) additional charges made from the risk management internal service fund at June 30th to partially offset the deficit in that fund (\$1,042,459) and 2) state retirement system contributions to the Public Employee Retirement System (PERS) and Teachers' Retirement System (TRS) made on the School District's behalf (\$221,090). In addition, those same functional areas experienced overages in the Certificated Salaries line item due to settlement of the Fairbanks Education Association (FEA) negotiated agreement, after the fiscal year 2013 budget was adopted (\$776,538). The FEA agreement included step increases and salary schedule increases for teachers as well as stipends for teachers not eligible for step or column movement.

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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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Major Governmental Fund
General Fund
Balance Sheet
June 30, 2013
(With comparative totals for 2012)

<u>ASSETS</u>	<u>Totals</u>	
	<u>2013</u>	<u>2012</u>
Equity in central treasury cash	\$ 17,781,953	\$ 18,794,181
Accounts receivable:		
Local	521,369	238,895
Federal	29,802	59,022
Due from other funds	4,770,751	4,712,086
Due from Fairbanks North Star Borough	7,521	7,601
Inventories	492,406	575,753
Prepayments	80,877	27,051
Total assets	<u>\$ 23,684,679</u>	<u>\$ 24,414,589</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 755,186	\$ 1,379,540
Accrued payroll and liabilities	1,631,263	2,032,143
Due to Fairbanks North Star Borough	800,000	772,605
Total liabilities	<u>3,186,449</u>	<u>4,184,288</u>
Fund balance:		
Nonspendable:		
Inventories	492,406	575,753
Prepayments	80,877	27,051
Assigned to:		
Encumbrances	2,243,760	4,415,125
Impact aid advance	13,681,769	13,024,724
Subsequent year's expenditures	2,626,570	2,116,290
Unassigned	1,372,848	71,358
Total fund balance	<u>20,498,230</u>	<u>20,230,301</u>
Total liabilities and fund balance	<u>\$ 23,684,679</u>	<u>\$ 24,414,589</u>

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, 2013

(With comparative totals for 2012)

	Totals	
	2013	2012
Revenues:		
Revenue from local sources:		
Borough direct appropriation	\$ 46,200,000	\$ 46,586,695
E-rate revenue	595,346	643,721
Other local revenue	396,900	536,602
Tuition from students	37,936	30,961
Total local sources	<u>47,230,182</u>	<u>47,797,979</u>
Revenue from state sources:		
Foundation program	119,814,989	113,227,755
QSI grant	431,321	421,134
Supplemental aid	2,711,634	2,162,030
TRS on-behalf	30,229,983	22,767,876
PERS on-behalf	5,041,243	4,003,866
On-base schools	1,450,000	1,450,000
Other state revenue	112,797	111,008
Total state sources	<u>159,791,967</u>	<u>144,143,669</u>
Revenue from federal sources:		
Direct - impact aid	<u>14,758,858</u>	<u>14,051,688</u>
Total federal sources	<u>14,758,858</u>	<u>14,051,688</u>
Total revenues	<u>221,781,007</u>	<u>205,993,336</u>
Expenditures - current:		
Instruction:		
Salaries and fringe benefits:		
Certificated salaries	52,549,453	50,845,205
Non-certificated salaries	4,339,918	4,574,747
Employee benefits	44,954,843	38,125,277
Total salaries and fringe benefits	<u>101,844,214</u>	<u>93,545,229</u>
Materials, supplies, services and other:		
Professional and technical services	757,282	266,708
Staff travel	22,672	36,318
Student travel	129,423	106,317
Utility services	12,864	10,997
Other purchased services	557,069	519,843
Supplies, materials and media	2,989,734	4,737,941
Other expenses	970	479
Total materials, supplies, services and other	<u>4,470,014</u>	<u>5,678,603</u>
Capital outlay:		
Equipment	158,010	88,656
Other capital outlay	8,345	
Total capital outlay	<u>166,355</u>	<u>88,656</u>
Total instruction	<u>106,480,583</u>	<u>99,312,488</u>

(continued)

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, 2013
(With comparative totals for 2012)

	Totals	
	2013	2012
Special education instruction:		
Salaries and fringe benefits:		
Certificated salaries	\$ 7,427,693	\$ 6,855,203
Non-certificated salaries	5,138,743	5,059,402
Employee benefits	9,803,049	8,178,457
Total salaries and fringe benefits	<u>22,369,485</u>	<u>20,093,062</u>
Materials, supplies, services and other:		
Professional and technical services	2,344,932	1,640,634
Staff travel	267	744
Student travel	825	969
Utility services	6,482	6,390
Other purchased services	212,385	68,734
Supplies, materials and media	534,456	273,285
Total materials, supplies, services and other	<u>3,099,347</u>	<u>1,990,756</u>
Capital outlay - other		(5,187)
Total special education instruction	<u>25,468,832</u>	<u>22,078,631</u>
Special education support services - students:		
Salaries and fringe benefits:		
Certificated salaries	3,594,235	3,103,491
Non-certificated salaries	1,594,653	762,798
Employee benefits	3,642,627	2,613,893
Total salaries and fringe benefits	<u>8,831,515</u>	<u>6,480,182</u>
Materials, supplies, services and other:		
Professional and technical services	1,006,220	979,681
Staff travel	118,887	67,812
Student travel	10,640	1,272
Utility services		39
Other purchased services	5,285	7,322
Supplies, materials and media	137,248	227,192
Other expenses	1,824	2,473
Total materials, supplies, services and other	<u>1,280,104</u>	<u>1,285,791</u>
Capital outlay - equipment	4,921	
Total special education support services - students	<u>10,116,540</u>	<u>7,765,973</u>

(continued)

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, 2013
(With comparative totals for 2012)

	Totals	
	2013	2012
Support services - students:		
Salaries and fringe benefits:		
Certificated salaries	\$ 3,562,037	\$ 3,445,993
Non-certificated salaries	3,700,860	3,506,215
Employee benefits	5,916,645	5,058,938
Total salaries and fringe benefits	13,179,542	12,011,146
 Materials, supplies, services and other:		
Professional and technical services	167,083	47,512
Staff travel	10,419	7,947
Student travel	2,964	1,247
Other purchased services	5,370	12,547
Supplies, materials and media	153,168	141,044
Other expenses	3,451	665
Total materials, supplies, services and other	342,455	210,962
Total support services - students	13,521,997	12,222,108
 Support services - instruction:		
Salaries and fringe benefits:		
Certificated salaries	1,954,744	2,202,667
Non-certificated salaries	3,081,586	2,916,671
Employee benefits	3,979,983	3,645,235
Total salaries and fringe benefits	9,016,313	8,764,573
 Materials, supplies, services and other:		
Professional and technical services	722,378	541,546
Staff travel	213,260	131,543
Student travel	65	108
Utility services	137,500	198,000
Other purchased services	44,511	20,467
Supplies, materials and media	735,179	1,085,357
Other expenses		135
Total materials, supplies, services and other	1,852,893	1,977,156
 Capital outlay:		
Equipment	54,011	166,083
Other capital outlay		5,000
Total capital outlay	54,011	171,083
Total support services - instruction	10,923,217	10,912,812

(continued)

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, 2013
(With comparative totals for 2012)

	Totals	
	2013	2012
School administration:		
Salaries and fringe benefits:		
Certificated salaries	\$ 4,608,461	\$ 4,412,358
Employee benefits	3,761,845	3,110,760
Total salaries and fringe benefits	<u>8,370,306</u>	<u>7,523,118</u>
Materials, supplies, services and other:		
Professional and technical services	4,268	1,444
Staff travel	47,060	48,436
Other purchased services		53
Supplies, materials and media	3,504	3,863
Other expenses	27,004	27,716
Total materials, supplies, services and other	<u>81,836</u>	<u>81,512</u>
Total school administration	<u>8,452,142</u>	<u>7,604,630</u>
School administration support services:		
Salaries and fringe benefits:		
Certificated salaries		1,500
Non-certificated salaries	2,874,830	2,872,972
Employee benefits	2,061,537	1,916,607
Total salaries and fringe benefits	<u>4,936,367</u>	<u>4,791,079</u>
Materials, supplies, services and other:		
Professional and technical services	4,459	3,168
Staff travel	3,932	1,903
Student travel	35	1,024
Utility services	572,868	791,949
Other purchased services	19,572	13,758
Supplies, materials and media	124,003	430,014
Other expenses	5,106	4,455
Total materials, supplies, services and other	<u>729,975</u>	<u>1,246,271</u>
Capital outlay - equipment		12,709
Total school administration support services	<u>5,666,342</u>	<u>6,050,059</u>
District administration:		
Salaries and fringe benefits:		
Certificated salaries	587,359	628,722
Non-certificated salaries	629,972	644,325
Employee benefits	915,665	869,246
Total salaries and fringe benefits	<u>2,132,996</u>	<u>2,142,293</u>

(continued)

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, 2013
(With comparative totals for 2012)

	Totals	
	2013	2012
District administration (continued):		
Materials, supplies, services and other:		
Professional and technical services	\$ 100,127	\$ 110,658
Staff travel	47,914	41,387
Other purchased services	32,242	40,652
Supplies, materials and media	57,098	72,249
Other expenses	26,084	26,355
Total materials, supplies, services and other	263,465	291,301
Total district administration	2,396,461	2,433,594
District administration support services:		
Salaries and fringe benefits:		
Certificated salaries	51,625	52,365
Non-certificated salaries	4,626,482	4,704,821
Employee benefits	3,369,572	3,247,553
Total salaries and fringe benefits	8,047,679	8,004,739
Materials, supplies, services and other:		
Professional and technical services	464,631	732,340
Staff travel	46,407	98,947
Utility services	307,209	485,883
Other purchased services	183,540	132,232
Insurance and bond premiums	959,644	921,883
Supplies, materials and media	248,596	212,831
Other expenses	59,055	28,669
Indirect costs	(630,027)	(727,541)
Total materials, supplies, services and other	1,639,055	1,885,244
Capital outlay:		
Equipment	63,896	12,809
Other capital outlay	500	21,000
Total capital outlay	64,396	33,809
Total district administration support services	9,751,130	9,923,792
Operations and maintenance of plant:		
Salaries and fringe benefits:		
Non-certificated salaries	8,752,428	9,147,774
Employee benefits	6,034,641	5,961,833
Total salaries and fringe benefits	14,787,069	15,109,607

(continued)

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, 2013
(With comparative totals for 2012)

	Totals	
	2013	2012
Operations and maintenance of plant (continued):		
Materials, supplies, services and other:		
Professional and technical services	\$ 140,354	\$ 142,346
Staff travel	6,651	11,913
Utility services	913,503	1,011,105
Energy	6,420,421	6,579,953
Other purchased services	1,179,979	1,162,082
Insurance and bond premiums	439,207	439,309
Supplies, materials and media	1,371,313	1,420,000
Other expenses	450	450
Total materials, supplies, services and other	10,471,878	10,767,158
Capital outlay - equipment	196,354	83,033
Total operations and maintenance of plant	25,455,301	25,959,798
Student activities:		
Salaries and fringe benefits:		
Certificated salaries	747,338	728,927
Non-certificated salaries	613,366	602,367
Employee benefits	633,103	533,399
Total salaries and fringe benefits	1,993,807	1,864,693
Materials, supplies, services and other:		
Professional and technical services	199,293	171,017
Staff travel	11,905	17,154
Student travel	412,076	361,594
Other purchased services	92,158	61,949
Supplies, materials and media	133,712	120,778
Other expenses	46,876	41,335
Total materials, supplies, services and other	896,020	773,827
Capital outlay - equipment		18,648
Total student activities	2,889,827	2,657,168
Total expenditures	221,122,372	206,921,053
Excess of revenues over expenditures	658,635	(927,717)

(continued)

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, 2013
(With comparative totals for 2012)

	Totals	
	2013	2012
Other financing sources (uses):		
Proceeds from sale of capital assets	\$ 3,430	\$ 3,315
Transfers out	(394,136)	(481,000)
Total other financing sources (uses)	(390,706)	(477,685)
Net change in fund balance	267,929	(1,405,402)
Fund balance - beginning	20,230,301	21,635,703
Fund balance - ending	<u>\$ 20,498,230</u>	<u>\$ 20,230,301</u>

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, 2013

	Budgeted Amounts		Actual	Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final			
Revenues:					
Revenue from local sources:					
Borough direct appropriation	\$ 47,000,000	\$ 47,000,000	\$ 46,200,000	\$ 46,200,000	\$ (800,000)
E-rate revenue	750,000	750,000	595,346	595,346	(154,654)
Other local revenue	329,800	307,800	396,900	396,900	89,100
		22,000	37,936	37,936	15,936
Total local sources	48,079,800	48,079,800	47,230,182	47,230,182	(849,618)
Revenue from state sources:					
Foundation program	118,372,970	118,372,970	119,814,989	119,814,989	1,442,019
QSI grant	423,940	423,940	431,321	431,321	7,381
Supplemental aid	2,694,190	2,694,190	2,711,634	2,711,634	17,444
TRS on-behalf	30,816,830	30,816,830	30,229,983	30,229,983	(586,847)
PERS on-behalf	4,981,990	4,981,990	5,041,243	5,041,243	59,253
On-base schools	1,450,000	1,450,000	1,450,000	1,450,000	
Other state revenue	112,000	112,000	112,797	112,797	797
Total state sources	158,851,920	158,851,920	159,791,967	159,791,967	940,047
Revenue from federal sources:					
Direct - impact aid	13,956,280	13,956,280	14,758,858	14,758,858	802,578
Total revenues	220,888,000	220,888,000	221,781,007	221,781,007	893,007
Expenditures - current:					
Instruction:					
Salaries and fringe benefits:					
Certificated salaries	52,668,377	52,045,200	52,549,453	52,549,453	(504,253)
Non-certificated salaries	3,693,693	4,299,134	4,339,918	4,339,918	(40,784)
Employee benefits	44,193,250	44,100,918	44,954,843	44,954,843	(853,925)
Total salaries and fringe benefits	100,555,320	100,445,252	101,844,214	101,844,214	(1,398,962)
Materials, supplies, services and other:					
Professional and technical services	358,507	313,219	757,282	281,232	31,987
Staff travel	31,750	27,450	22,672	22,672	4,778
Student travel	94,704	160,116	129,423	129,245	30,871
Utility services	18,175	18,175	12,864	12,864	5,311
Other purchased services	1,573,543	571,349	557,069	553,708	17,641
Supplies, materials and media	4,520,776	3,674,961	2,989,734	3,286,461	388,500
Other expenses	300	365	970	970	(605)
Total materials, supplies, services and other	6,597,755	4,765,635	4,470,014	4,287,152	478,483
Capital outlay:					
Equipment		178,970	158,010	170,709	8,261
Other capital outlay		8,345	8,345	8,345	
Total capital outlay		187,315	166,355	179,054	8,261
Total instruction	107,153,075	105,398,202	106,480,583	106,310,420	(912,218)

(continued)

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, 2013

	Budgeted Amounts			Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final	Actual		
Special education instruction:					
Salaries and fringe benefits:					
Certificated salaries	\$ 7,786,802	\$ 7,361,780	\$ 7,427,693	\$ 7,427,693	\$ (65,913)
Non-certificated salaries	5,613,383	5,454,387	5,138,743	5,138,743	315,644
Employee benefits	10,341,446	9,966,384	9,803,049	9,803,049	163,335
Total salaries and fringe benefits	23,741,631	22,782,551	22,369,485	22,369,485	413,066
Materials, supplies, services and other:					
Professional and technical services	1,645,953	2,222,336	2,344,932	2,213,358	8,978
Staff travel		700	267	267	433
Student travel		480	825	825	(345)
Utility services	6,825	6,825	6,482	6,482	343
Other purchased services	91,740	288,509	212,385	212,385	76,124
Supplies, materials and media	531,106	461,800	534,456	446,386	15,414
Total materials, supplies, services and other	2,275,624	2,980,650	3,099,347	2,879,703	100,947
Capital outlay - other	11,200				
Total special education instruction	26,028,455	25,763,201	25,468,832	25,249,188	514,013
Special education support services - students:					
Salaries and fringe benefits:					
Certificated salaries	4,041,882	3,507,186	3,594,235	3,594,235	(87,049)
Non-certificated salaries	830,777	1,830,309	1,594,653	1,594,653	235,656
Employee benefits	3,764,649	4,174,108	3,642,627	3,642,627	531,481
Total salaries and fringe benefits	8,637,308	9,511,603	8,831,515	8,831,515	680,088
Materials, supplies, services and other:					
Professional and technical services	784,913	1,111,417	1,006,220	991,170	120,247
Staff travel	45,000	118,000	118,887	117,870	130
Student travel	2,500	13,213	10,640	10,640	2,573
Other purchased services	12,000	5,346	5,285	4,825	521
Supplies, materials and media	109,500	110,567	137,248	116,907	(6,340)
Other expenses	2,500	2,500	1,824	1,824	676
Total materials, supplies, services and other	956,413	1,361,043	1,280,104	1,243,236	117,807
Capital outlay - equipment		4,922	4,921	4,921	1
Total special education support services - students	9,593,721	10,877,568	10,116,540	10,079,672	797,896
Support services - students:					
Salaries and fringe benefits:					
Certificated salaries	3,063,400	3,403,826	3,562,037	3,562,037	(158,211)
Non-certificated salaries	3,672,815	3,679,962	3,700,860	3,700,860	(20,898)
Employee benefits	5,504,606	5,629,452	5,916,645	5,916,645	(287,193)
Total salaries and fringe benefits	12,240,821	12,713,240	13,179,542	13,179,542	(466,302)

(continued)

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, 2013

	Budgeted Amounts			Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final	Actual		
Support services - students (continued):					
Materials, supplies, services and other:					
Professional and technical services	\$ 189,289	\$ 374,471	\$ 167,083	\$ 349,473	\$ 24,998
Staff travel	5,170	11,090	10,419	10,419	671
Student travel	1,500	2,722	2,964	2,964	(242)
Other purchased services	1,500	1,946	5,370	5,370	(3,424)
Supplies, materials and media	124,464	171,645	153,168	149,348	22,297
Other expenses	300	3,702	3,451	3,451	251
Total materials, supplies, services and other	322,223	565,576	342,455	521,025	44,551
Total support services - students	12,563,044	13,278,816	13,521,997	13,700,567	(421,751)
Support services - instruction:					
Salaries and fringe benefits:					
Certificated salaries	1,844,912	1,889,934	1,954,744	1,954,744	(64,810)
Non-certificated salaries	3,257,255	3,230,714	3,081,586	3,081,586	149,128
Employee benefits	4,328,953	4,387,589	3,979,983	3,979,983	407,606
Total salaries and fringe benefits	9,431,120	9,508,237	9,016,313	9,016,313	491,924
Materials, supplies, services and other:					
Professional and technical services	732,027	693,287	722,378	714,366	(21,079)
Staff travel	52,900	228,703	213,260	213,450	15,253
Student travel	7,500		65	65	(65)
Utility services	132,000	137,500	137,500	137,500	
Other purchased services	18,500	53,871	44,511	62,988	(9,117)
Supplies, materials and media	704,098	846,540	735,179	785,382	61,158
Other expenses	1,300				
Total materials, supplies, services and other	1,648,325	1,959,901	1,852,893	1,913,751	46,150
Capital outlay - equipment	126,000	41,254	54,011	53,249	(11,995)
Total support services - instruction	11,205,445	11,509,392	10,923,217	10,983,313	526,079
School administration:					
Salaries and fringe benefits:					
Certificated salaries	4,448,335	4,506,439	4,608,461	4,608,461	(102,022)
Employee benefits	3,634,733	3,658,907	3,761,845	3,761,845	(102,938)
Total salaries and fringe benefits	8,083,068	8,165,346	8,370,306	8,370,306	(204,960)
Materials, supplies, services and other:					
Professional and technical services	1,927	5,244	4,268	4,317	927
Staff travel	76,250	74,250	47,060	47,785	26,465
Other purchased services	5,000				
Supplies, materials and media		2,979	3,504	3,450	(471)
Other expenses	26,938	27,583	27,004	27,004	579
Total materials, supplies, services and other	110,115	110,056	81,836	82,556	27,500
Total school administration	8,193,183	8,275,402	8,452,142	8,452,862	(177,460)

(continued)

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, 2013

	<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>
				<u>Basis</u>	<u>Positive</u>
					<u>(Negative)</u>
School administration support services:					
Salaries and fringe benefits:					
Non-certificated salaries	\$ 2,997,567	\$ 2,877,510	\$ 2,874,830	\$ 2,874,830	\$ 2,680
Employee benefits	2,099,635	2,031,208	2,061,537	2,061,537	(30,329)
Total salaries and fringe benefits	5,097,202	4,908,718	4,936,367	4,936,367	(27,649)
Materials, supplies, services and other:					
Professional and technical services	37,600	15,600	4,459	4,609	10,991
Staff travel	400	3,648	3,932	3,932	(284)
Student travel	500	500	35	35	465
Utility services	670,308	670,308	572,868	572,868	97,440
Other purchased services	26,000	33,465	19,572	20,337	13,128
Supplies, materials and media	158,615	143,726	124,003	119,634	24,092
Other expenses	1,000	4,177	5,106	5,106	(929)
Total materials, supplies, services and other	894,423	871,424	729,975	726,521	144,903
Total school administration support services	5,991,625	5,780,142	5,666,342	5,662,888	117,254
District administration:					
Salaries and fringe benefits:					
Certificated salaries	575,307	575,307	587,359	587,359	(12,052)
Non-certificated salaries	630,038	628,638	629,972	629,972	(1,334)
Employee benefits	928,750	911,745	915,665	915,665	(3,920)
Total salaries and fringe benefits	2,134,095	2,115,690	2,132,996	2,132,996	(17,306)
Materials, supplies, services, and other:					
Professional and technical services	51,950	168,956	100,127	136,665	32,291
Staff travel	33,375	55,684	47,914	48,025	7,659
Other purchased services	29,000	31,778	32,242	32,372	(594)
Supplies, materials and media	38,130	63,987	57,098	90,895	(26,908)
Other expenses	174,700	26,201	26,084	26,084	117
Total materials, supplies, services, and other	327,155	346,606	263,465	334,041	12,565
Total district administration	2,461,250	2,462,296	2,396,461	2,467,037	(4,741)
District administration support services:					
Salaries and fringe benefits:					
Certificated salaries	36,040	42,640	51,625	51,625	(8,985)
Non-certificated salaries	4,593,512	4,632,952	4,626,482	4,626,482	6,470
Employee benefits	3,344,773	3,354,403	3,369,572	3,369,572	(15,169)
Total salaries and fringe benefits	7,974,325	8,029,995	8,047,679	8,047,679	(17,684)

(continued)

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, 2013

	Budgeted Amounts		Actual	Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final			
District administration support services (continued):					
Materials, supplies, services and other:					
Professional and technical services	\$ 675,720	\$ 605,916	\$ 464,631	\$ 418,285	\$ 187,631
Staff travel	39,600	38,550	46,407	46,407	(7,857)
Utility services	370,565	375,294	307,209	312,980	62,314
Other purchased services	226,166	372,537	183,540	194,686	177,851
Insurance and bond premiums	1,003,000	1,008,508	959,644	959,644	48,864
Supplies, materials and media	170,070	200,146	248,596	232,764	(32,618)
Other expenses	21,900	36,365	59,055	58,906	(22,541)
Indirect costs	(580,000)	(580,000)	(630,027)	(630,027)	50,027
Total materials, supplies, services and other	1,927,021	2,057,316	1,639,055	1,593,645	463,671
Capital outlay:					
Equipment	15,000		63,896		
Other capital outlay			500		
Total capital outlay	15,000		64,396		
Total district administration support services	9,916,346	10,087,311	9,751,130	9,641,324	445,987
Operations and maintenance of plant:					
Salaries and fringe benefits:					
Non-certificated salaries	8,907,513	8,956,423	8,752,428	8,752,428	203,995
Employee benefits	6,061,669	6,085,928	6,034,641	6,034,641	51,287
Total salaries and fringe benefits	14,969,182	15,042,351	14,787,069	14,787,069	255,282
Materials, supplies, services and other:					
Professional and technical services	127,500	209,265	140,354	146,845	62,420
Staff travel	11,500	6,486	6,651	6,651	(165)
Utility services	1,117,408	1,108,208	913,503	930,588	177,620
Energy	7,333,110	7,353,040	6,420,421	6,419,461	933,579
Other purchased services	1,043,014	1,453,354	1,179,979	1,640,372	(187,018)
Insurance and bond premiums	437,150	453,662	439,207	439,207	14,455
Supplies, materials and media	1,447,355	1,450,015	1,371,313	1,428,919	21,096
Other expenses	450	450	450	450	
Total materials, supplies, services and other	11,517,487	12,034,480	10,471,878	11,012,493	1,021,987
Capital outlay - equipment	90,000	114,289	196,354	168,355	(54,066)
Total operations and maintenance of plant	26,576,669	27,191,120	25,455,301	25,967,917	1,223,203
Student activities:					
Salaries and fringe benefits:					
Certificated salaries	1,253,360	801,194	747,338	747,338	53,856
Non-certificated salaries	137,460	615,609	613,366	613,366	2,243
Employee benefits	826,191	847,770	633,103	633,103	214,667
Total salaries and fringe benefits	2,217,011	2,264,573	1,993,807	1,993,807	270,766

(continued)

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, 2013

	Budgeted Amounts		Actual	Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final			
Student activities (continued):					
Materials, supplies, services and other:					
Professional and technical services	\$ 218,445	\$ 220,426	\$ 199,293	\$ 196,770	\$ 23,656
Staff travel	5,000	7,336	11,905	11,905	(4,569)
Student travel	323,732	323,647	412,076	414,736	(91,089)
Other purchased services	20,000	39,490	92,158	101,078	(61,588)
Supplies, materials and media	107,753	151,839	133,712	133,819	18,020
Other expenses	35,400	39,064	46,876	46,876	(7,812)
Total materials, supplies, services and other	710,330	781,802	896,020	905,184	(123,382)
Total student activities	2,927,341	3,046,375	2,889,827	2,898,991	147,384
Total expenditures	222,610,154	223,669,825	221,122,372	221,414,179	2,255,646
Excess (deficiency) of revenues over expenditures	(1,722,154)	(2,781,825)	658,635	366,828	3,148,653
Other financing sources (uses):					
Proceeds from sale of capital assets			3,430	3,430	3,430
Transfers out	(394,136)	(394,136)	(394,136)	(394,136)	
Total other financing sources (uses)	(394,136)	(394,136)	(390,706)	(390,706)	3,430
Net change in fund balance	\$ (2,116,290)	\$ (3,175,961)	267,929	\$ (23,878)	\$ 3,152,083
Fund balance - beginning			20,230,301		
Fund balance - ending			\$ 20,498,230		

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund
Federal Programs Special Revenue
Combining Balance Sheet
For the Year Ended June 30, 2013
(With comparative totals for 2012)

	<u>Alaska Native Education</u>	<u>Title IA Basic Program</u>	<u>Title ID Neglected & Delinquent</u>	<u>Title IC Migrant Education</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$	\$	\$	\$
Accounts receivable:				
Local				
State		879,055	4,199	66,549
Federal	187,897			
Total assets	<u>\$ 187,897</u>	<u>\$ 879,055</u>	<u>\$ 4,199</u>	<u>\$ 66,549</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 30	\$ 46,137	\$	\$ 1,936
Deferred revenue				
Due to other funds	187,867	832,918	4,199	64,613
Due to external groups and agencies				
Total liabilities	<u>187,897</u>	<u>879,055</u>	<u>4,199</u>	<u>66,549</u>
Fund balances:				
Restricted				
Total liabilities and fund balances	<u>\$ 187,897</u>	<u>\$ 879,055</u>	<u>\$ 4,199</u>	<u>\$ 66,549</u>

Carl Perkins Basic Grant	Title IIIA English Language Acquisition	Delinquent & At Risk Youth	Title IA 20% Choice & Supplemental	Air Force ROTC - North Pole HS	Air Force ROTC- Ben Eielson Jr/Sr
\$	\$	\$	\$	\$	\$
213,103	27,166	28,790	145,725	4,284	4,311
<u>\$ 213,103</u>	<u>\$ 27,166</u>	<u>\$ 28,790</u>	<u>\$ 145,725</u>	<u>\$ 4,284</u>	<u>\$ 4,311</u>
\$ 16,840	\$ 4,457	\$	\$ 43,957	\$	\$
196,263	22,709	28,790	101,768	4,284	4,311
<u>213,103</u>	<u>27,166</u>	<u>28,790</u>	<u>145,725</u>	<u>4,284</u>	<u>4,311</u>
<u>\$ 213,103</u>	<u>\$ 27,166</u>	<u>\$ 28,790</u>	<u>\$ 145,725</u>	<u>\$ 4,284</u>	<u>\$ 4,311</u>

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund
Federal Programs Special Revenue
Combining Balance Sheet
For the Year Ended June 30, 2013
(With comparative totals for 2012)

	Success/ Education & Cultural Connections	IDEA, Part B Title VI-B	IDEA, Part B Preschool Disabled	Options Childcare Grant
<u>ASSETS</u>				
Equity in central treasury cash	\$	\$	\$	\$ 311
Accounts receivable:				
Local	4,248			
State		1,951,096	94,155	
Federal				
Total assets	<u>\$ 4,248</u>	<u>\$ 1,951,096</u>	<u>\$ 94,155</u>	<u>\$ 311</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$	\$ 237,245	\$ 39,491	\$
Deferred revenue				
Due to other funds	4,248	1,713,851	54,664	
Due to external groups and agencies				
Total liabilities	<u>4,248</u>	<u>1,951,096</u>	<u>94,155</u>	
Fund balances:				
Restricted				311
Total liabilities and fund balances	<u>\$ 4,248</u>	<u>\$ 1,951,096</u>	<u>\$ 94,155</u>	<u>\$ 311</u>

Alaska Community Learning Centers	Title IA 1% Parent Involvement	DoDEA 2010 Invitation Grant Program	Migrant Education Book Program	Lathrop Smaller Learning Communities	McKinney Vento Homeless
\$	\$	\$	\$	\$	\$
1,370					
455,370	15,967		570		22,503
		63,981		53,528	
<u>\$ 456,740</u>	<u>\$ 15,967</u>	<u>\$ 63,981</u>	<u>\$ 570</u>	<u>\$ 53,528</u>	<u>\$ 22,503</u>
\$ 11,563	\$ 230	\$ 100	\$	\$	\$ 380
445,177	15,737	63,881	570	53,528	22,123
<u>456,740</u>	<u>15,967</u>	<u>63,981</u>	<u>570</u>	<u>53,528</u>	<u>22,503</u>
<u>\$ 456,740</u>	<u>\$ 15,967</u>	<u>\$ 63,981</u>	<u>\$ 570</u>	<u>\$ 53,528</u>	<u>\$ 22,503</u>

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund
Federal Programs Special Revenue
Combining Balance Sheet
For the Year Ended June 30, 2013
(With comparative totals for 2012)

	<u>Title IIA Teacher & Principal Training</u>	<u>Title IA 10% Professional Development</u>	<u>Title I School Improvement</u>	<u>Statewide Mentor Urban Growth Project</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$	\$	\$	\$
Accounts receivable:				
Local				14,224
State	390,623	143,450	55,769	
Federal				
Total assets	<u>\$ 390,623</u>	<u>\$ 143,450</u>	<u>\$ 55,769</u>	<u>\$ 14,224</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 16,039	\$ 2,628	\$ 1,479	\$
Deferred revenue				
Due to other funds	374,584	140,822	54,290	14,224
Due to external groups and agencies				
Total liabilities	<u>390,623</u>	<u>143,450</u>	<u>55,769</u>	<u>14,224</u>
Fund balances:				
Restricted				
Total liabilities and fund balances	<u>\$ 390,623</u>	<u>\$ 143,450</u>	<u>\$ 55,769</u>	<u>\$ 14,224</u>

Totals	
2013	2012
\$ 311	\$ 5,263
19,842	113
4,494,090	3,958,800
314,001	592,483
<u>\$ 4,828,244</u>	<u>\$ 4,556,659</u>

\$ 422,512	\$ 251,883
	575
4,405,421	4,298,825
	5,376
<u>4,827,933</u>	<u>4,556,659</u>

311	
<u>\$ 4,828,244</u>	<u>\$ 4,556,659</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

Federal Programs Special Revenue

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

For the Year Ended June 30, 2013

(With comparative totals for 2012)

	<u>Alaska Native Education</u>	<u>Title IA Basic Program</u>	<u>Title ID Neglected & Delinquent</u>	<u>Title IC Migrant Education</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct	728,379			
Through the State of Alaska		2,609,465	24,172	223,939
Other intermediate agencies				
Total federal sources	<u>728,379</u>	<u>2,609,465</u>	<u>24,172</u>	<u>223,939</u>
Total revenues	<u>728,379</u>	<u>2,609,465</u>	<u>24,172</u>	<u>223,939</u>
Expenditures - current:				
Instruction	692,507	2,480,886	22,982	212,910
Special education instruction				
Support services - students				
Support services - instruction				
District administration support services	<u>35,872</u>	<u>128,579</u>	<u>1,190</u>	<u>11,029</u>
Total expenditures	<u>728,379</u>	<u>2,609,465</u>	<u>24,172</u>	<u>223,939</u>
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Carl Perkins Basic Grant	Title IIIA English Language Acquisition	Delinquent & At Risk Youth	Title IA 20% Choice & Supplemental	Migrant Education Summer	Air Force ROTC - North Pole HS
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
					6,642
333,298	31,466	120,181	538,952	31,985	
<u>333,298</u>	<u>31,466</u>	<u>120,181</u>	<u>538,952</u>	<u>31,985</u>	<u>6,642</u>
<u>333,298</u>	<u>31,466</u>	<u>120,181</u>	<u>538,952</u>	<u>31,985</u>	<u>6,642</u>
317,427	30,849	114,262	512,409	30,410	6,642
15,871	617	5,919	26,543	1,575	
<u>333,298</u>	<u>31,466</u>	<u>120,181</u>	<u>538,952</u>	<u>31,985</u>	<u>6,642</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

Federal Programs Special Revenue

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

For the Year Ended June 30, 2013

(With comparative totals for 2012)

	Air Force ROTC- Ben Eielson Jr/Sr	Marines ROTC - West Valley HS	Education Jobs Grant	Success/ Education & Cultural Connections
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct	4,311	2,313		
Through the State of Alaska			83,675	
Other intermediate agencies				6,812
Total federal sources	4,311	2,313	83,675	6,812
Total revenues	4,311	2,313	83,675	6,812
Expenditures - current:				
Instruction	4,311	2,313	83,675	6,812
Special education instruction				
Support services - students				
Support services - instruction				
District administration support services				
Total expenditures	4,311	2,313	83,675	6,812
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

IDEA, Part B Title VI-B	IDEA, Part B Preschool Disabled	Options Child Care Grant	Alaska Community Learning Centers	Title IA 1% Parent Involvement	DoDEA 2010 Invitation Grant Program
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 19,703</u>	<u>\$</u>	<u>\$</u>
					221,923
4,469,181	163,472	1,078	1,459,036	35,448	
<u>4,469,181</u>	<u>163,472</u>	<u>1,078</u>	<u>1,459,036</u>	<u>35,448</u>	<u>221,923</u>
<u>4,469,181</u>	<u>163,472</u>	<u>1,078</u>	<u>1,478,739</u>	<u>35,448</u>	<u>221,923</u>
4,249,079	157,015				
		767	1,406,883	33,702	221,923
220,102	6,457		71,856	1,746	
<u>4,469,181</u>	<u>163,472</u>	<u>767</u>	<u>1,478,739</u>	<u>35,448</u>	<u>221,923</u>
		311			
<u>\$</u>	<u>\$</u>	<u>\$ 311</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

Federal Programs Special Revenue

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

For the Year Ended June 30, 2013

(With comparative totals for 2012)

	<u>Migrant Education Book Program</u>	<u>Lathrop Smaller Learning Communities</u>	<u>McKinney Vento Homeless</u>	<u>Title IIA Teacher & Principal Training</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct		207,022		
Through the State of Alaska	3,580		45,852	1,148,841
Other intermediate agencies				
Total federal sources	<u>3,580</u>	<u>207,022</u>	<u>45,852</u>	<u>1,148,841</u>
Total revenues	<u>3,580</u>	<u>207,022</u>	<u>45,852</u>	<u>1,148,841</u>
Expenditures - current:				
Instruction				
Special education instruction				
Support services - students	3,404	196,468	43,594	
Support services - instruction				1,092,257
District administration support services	<u>176</u>	<u>10,554</u>	<u>2,258</u>	<u>56,584</u>
Total expenditures	<u>3,580</u>	<u>207,022</u>	<u>45,852</u>	<u>1,148,841</u>
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Title IA 10% Professional Development	Title I School Improvement	Statewide Mentor Urban Growth Project	Totals	
			2013	2012
\$	\$	\$	\$ 19,703	\$ 112,795
			1,170,590	1,424,041
423,626	57,495		11,804,742	13,775,989
		118,727	125,539	
423,626	57,495	118,727	13,100,871	15,200,030
423,626	57,495	118,727	13,120,574	15,312,825
			4,518,395	6,602,841
			4,406,094	3,221,021
			1,906,741	2,239,466
402,761	54,663	114,161	1,663,842	2,027,504
20,865	2,832	4,566	625,191	1,224,947
423,626	57,495	118,727	13,120,263	15,315,779
			311	(2,954)
				2,954
\$	\$	\$	\$ 311	\$

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, 2013

(With comparative totals for 2012)

	Alaska Native Education	Title IA Basic Program	Title ID Neglected & Delinquent	Title IC Migrant Education
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct	728,379			
Through the State of Alaska		2,609,465	24,172	223,939
Other intermediate agencies				
Total federal sources	728,379	2,609,465	24,172	223,939
Total revenues	728,379	2,609,465	24,172	223,939
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries	71,936	640,107		4,593
Non-certificated salaries	357,449	747,367	11,708	117,101
Employee benefits	229,544	664,829	6,584	63,569
Total salaries and fringe benefits	658,929	2,052,303	18,292	185,263
Materials, supplies, services and other:				
Professional and technical services		162,790		8,488
Staff travel	10,983	118,729		5,128
Student travel	9,680	29,158		
Other purchased services	507	1,699		550
Supplies, materials and media	12,408	116,207	4,690	13,481
Other expenses				
Indirect costs	35,872	128,579	1,190	11,029
Total materials, supplies, services and other	69,450	557,162	5,880	38,676
Capital outlay:				
Equipment				
Other capital outlay				
Total capital outlay				
Total expenditures	728,379	2,609,465	24,172	223,939
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

Carl Perkins Basic Grant	Title IIIA English Language Acquisition	Delinquent & At Risk Youth	Title IA 20% Choice & Supplemental	Migrant Education Summer	Air Force ROTC - North Pole HS
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
					6,642
333,298	31,466	120,181	538,952	31,985	
<u>333,298</u>	<u>31,466</u>	<u>120,181</u>	<u>538,952</u>	<u>31,985</u>	<u>6,642</u>
<u>333,298</u>	<u>31,466</u>	<u>120,181</u>	<u>538,952</u>	<u>31,985</u>	<u>6,642</u>
15,420	9,171				
4,382	4,613	66,245		2,067	
1,913	2,891	37,267		296	
<u>21,715</u>	<u>16,675</u>	<u>103,512</u>		<u>2,363</u>	
64,177	5,440	6,735	371,313	7,235	
86,829	367	55			
13,674	1,290		141,096		3,014
1,725		1,833			
129,307	7,077	2,127		20,812	3,628
<u>15,871</u>	<u>617</u>	<u>5,919</u>	<u>26,543</u>	<u>1,575</u>	
<u>311,583</u>	<u>14,791</u>	<u>16,669</u>	<u>538,952</u>	<u>29,622</u>	<u>6,642</u>
<u>333,298</u>	<u>31,466</u>	<u>120,181</u>	<u>538,952</u>	<u>31,985</u>	<u>6,642</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

Federal Programs Special Revenue

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

For the Year Ended June 30, 2013

(With comparative totals for 2012)

	Air Force ROTC- Ben Eielson Jr/Sr	Marines ROTC - West Valley HS	Education Jobs Grant	Success/ Education & Cultural Connections
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct	4,311	2,313		
Through the State of Alaska			83,675	
Other intermediate agencies				6,812
Total federal sources	<u>4,311</u>	<u>2,313</u>	<u>83,675</u>	<u>6,812</u>
Total revenues	<u>4,311</u>	<u>2,313</u>	<u>83,675</u>	<u>6,812</u>
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries				
Non-certificated salaries				4,299
Employee benefits			83,675	2,472
Total salaries and fringe benefits			<u>83,675</u>	<u>6,771</u>
Materials, supplies, services and other:				
Professional and technical services				
Staff travel				
Student travel	3,752			
Other purchased services				
Supplies, materials and media	559	2,313		41
Other expenses				
Indirect costs				
Total materials, supplies, services and other	<u>4,311</u>	<u>2,313</u>		<u>41</u>
Capital outlay:				
Equipment				
Other capital outlay				
Total capital outlay				
Total expenditures	<u>4,311</u>	<u>2,313</u>	<u>83,675</u>	<u>6,812</u>
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

IDEA, Part B Title VI-B	IDEA, Part B Preschool Disabled	Options Child Care Grant	Alaska Community Learning Centers	Title IA 1% Parent Involvement	DoDEA 2010 Invitation Grant Program
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 19,703</u>	<u>\$</u>	<u>\$</u>
					221,923
4,469,181	163,472	1,078	1,459,036	35,448	
<u>4,469,181</u>	<u>163,472</u>	<u>1,078</u>	<u>1,459,036</u>	<u>35,448</u>	<u>221,923</u>
<u>4,469,181</u>	<u>163,472</u>	<u>1,078</u>	<u>1,478,739</u>	<u>35,448</u>	<u>221,923</u>
487,742			270,099	9,879	16,612
1,183,992	43,838		627,035	4,335	105,124
765,506	23,125		303,252	1,593	56,617
<u>2,437,240</u>	<u>66,963</u>		<u>1,200,386</u>	<u>15,807</u>	<u>178,353</u>
415,592	1,490	737	17,468		30,463
383,936	27,050		40,733		(819)
10,940			54,265		7,386
12,960			3,285		
975,120	29,148	30	90,746	17,895	6,540
13,291					
220,102	6,457		71,856	1,746	
<u>2,031,941</u>	<u>64,145</u>	<u>767</u>	<u>278,353</u>	<u>19,641</u>	<u>43,570</u>
	32,364				
	<u>32,364</u>				
<u>4,469,181</u>	<u>163,472</u>	<u>767</u>	<u>1,478,739</u>	<u>35,448</u>	<u>221,923</u>
		311			
<u>\$</u>	<u>\$</u>	<u>\$ 311</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Major Governmental Fund
Federal Programs Special Revenue
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - by Object
For the Year Ended June 30, 2013
(With comparative totals for 2012)

	Migrant Education Book Program	Lathrop Smaller Learning Communities	McKinney Vento Homeless	Title IIA Teacher & Principal Training
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct		207,022		
Through the State of Alaska	3,580		45,852	1,148,841
Other intermediate agencies				
Total federal sources	3,580	207,022	45,852	1,148,841
Total revenues	3,580	207,022	45,852	1,148,841
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries		40,275	400	559,796
Non-certificated salaries		77,065	13,831	118,846
Employee benefits		55,872	1,370	299,098
Total salaries and fringe benefits		173,212	15,601	977,740
Materials, supplies, services and other:				
Professional and technical services		3,575	600	22,820
Staff travel		19,673	4,744	84,710
Student travel			718	
Other purchased services				
Supplies, materials and media	3,404	8	21,931	4,944
Other expenses				2,043
Indirect costs	176	10,554	2,258	56,584
Total materials, supplies, services and other	3,580	33,810	30,251	171,101
Capital outlay:				
Equipment				
Other capital outlay				
Total capital outlay				
Total expenditures	3,580	207,022	45,852	1,148,841
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

Title IA 10% Professional Development	Title I School Improvement	Statewide Mentor Urban Growth Project	Totals	
			2013	2012
\$	\$	\$	\$ 19,703	\$ 112,795
			1,170,590	1,424,041
423,626	57,495		11,804,742	13,775,989
		118,727	125,539	
423,626	57,495	118,727	13,100,871	15,200,030
423,626	57,495	118,727	13,120,574	15,312,825
37,268	8,250	71,180	2,242,728	3,814,410
127,441	6,653	15,226	3,638,617	3,473,158
55,776	905	8,571	2,664,725	3,020,487
220,485	15,808	94,977	8,546,070	10,308,055
97,914	5,801		1,222,638	1,878,374
40,305	11,403	8,786	842,612	515,826
			274,973	241,128
2,358			24,917	18,848
41,699	21,651	10,398	1,536,164	1,417,157
			15,334	17,954
20,865	2,832	4,566	625,191	722,916
203,141	41,687	23,750	4,541,829	4,812,203
			32,364	144,833
				50,688
			32,364	195,521
423,626	57,495	118,727	13,120,263	15,315,779
			311	(2,954)
				2,954
\$	\$	\$	\$ 311	\$

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, 2013

	<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	\$	\$	\$ 19,703	\$ 19,703	\$ 19,703
Revenue from federal sources:					
Direct	1,365,496	1,363,459	1,170,590	1,165,999	(197,460)
Through the State of Alaska	8,904,521	15,119,520	11,804,742	11,924,120	(3,195,400)
Other intermediate agencies	209,212	382,844	125,539	125,539	(257,305)
	<u>10,479,229</u>	<u>16,865,823</u>	<u>13,100,871</u>	<u>13,215,658</u>	<u>(3,650,165)</u>
Total revenues	<u>10,479,229</u>	<u>16,865,823</u>	<u>13,120,574</u>	<u>13,235,361</u>	<u>(3,630,462)</u>
Expenditures - current:					
Salaries and fringe benefits:					
Certificated salaries	2,887,642	2,669,628	2,242,728	2,242,728	426,900
Non-certificated salaries	3,513,288	3,785,706	3,638,617	3,638,617	147,089
Employee benefits	2,886,273	2,778,721	2,664,725	2,664,725	113,996
Total salaries and fringe benefits	<u>9,287,203</u>	<u>9,234,055</u>	<u>8,546,070</u>	<u>8,546,070</u>	<u>687,985</u>
Materials, supplies, services and other:					
Professional and technical services	1,245,203	1,927,322	1,222,638	1,265,695	661,627
Staff travel	465,188	1,130,812	842,612	843,244	287,568
Student travel	323,577	499,307	274,973	275,632	223,675
Other purchased services	16,720	44,427	24,917	24,917	19,510
Supplies, materials and media	389,653	3,173,612	1,536,164	1,596,646	1,576,966
Other expenses	20,235	27,730	15,334	15,334	12,396
Indirect costs	490,319	771,792	625,191	625,191	146,601
Total materials, supplies, services and other	<u>2,950,895</u>	<u>7,575,002</u>	<u>4,541,829</u>	<u>4,646,659</u>	<u>2,928,343</u>
Capital outlay:					
Equipment		56,766	32,364	42,321	14,445
Total expenditures	<u>12,238,098</u>	<u>16,865,823</u>	<u>13,120,263</u>	<u>13,235,050</u>	<u>3,630,773</u>
Net change in fund balance	<u>\$ (1,758,869)</u>	<u>\$</u>	<u>311</u>	<u>\$ 311</u>	<u>\$ 311</u>
Fund balance - beginning					
Fund balance - ending			<u>\$ 311</u>		

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

Student Transportation Special Revenue

Balance Sheet

June 30, 2013

(With comparative totals for 2012)

	Totals	
	2013	2012
<u>ASSETS</u>		
Equity in central treasury cash	<u>\$ 1,895,476</u>	<u>\$ 1,544,667</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 11,288	\$ 89,635
Fund balance:		
Restricted	655,347	226,191
Assigned	<u>1,228,841</u>	<u>1,228,841</u>
Total fund balance	<u>1,884,188</u>	<u>1,455,032</u>
Total liabilities and fund balance	<u>\$ 1,895,476</u>	<u>\$ 1,544,667</u>

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, 2013
(With comparative totals for 2012)

	Totals	
	2013	2012
Revenues:		
Revenue from state sources	\$ 11,806,755	\$ 11,440,941
Expenditures - current:		
Salaries and fringe benefits:		
Non-certificated salaries	164,856	161,206
Employee benefits	94,592	89,449
Total salaries and fringe benefits	259,448	250,655
Materials, supplies, services and other:		
Professional and technical services	8,530	3,451
Staff travel	610	
Student travel	45	
Other purchased services	11,104,228	10,956,118
Supplies, materials and media	4,638	4,451
Other expenses	100	75
Total materials, supplies, services and other	11,118,151	10,964,095
Total expenditures	11,377,599	11,214,750
Net change in fund balance	429,156	226,191
Fund balance - beginning	1,455,032	1,228,841
Fund balance - ending	\$ 1,884,188	\$ 1,455,032

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, 2013

	<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	\$ 11,861,850	\$ 11,836,496	\$ 11,806,755	\$ 11,915,566	\$ 79,070
Expenditures - current:					
Salaries and fringe benefits:					
Non-certificated salaries	164,511	164,511	164,856	164,856	(345)
Employee benefits	94,594	94,594	94,592	94,592	2
Total salaries and fringe benefits	259,105	259,105	259,448	259,448	(343)
Materials, supplies, services and other:					
Professional and technical services	4,000	4,000	8,530	8,530	(4,530)
Staff travel	2,600	2,600	610	610	1,990
Student travel			45	45	(45)
Other purchased services	12,011,755	11,986,401	11,104,228	11,213,039	773,362
Supplies, materials and media	3,200	3,200	4,638	4,638	(1,438)
Other expenses			100	100	(100)
Total materials, supplies, services and other	12,021,555	11,996,201	11,118,151	11,226,962	769,239
Total expenditures	12,280,660	12,255,306	11,377,599	11,486,410	768,896
Net change in fund balance	\$ (418,810)	\$ (418,810)	429,156	\$ 429,156	\$ 847,966
Fund balance - beginning			1,455,032		
Fund balance - ending			\$ 1,884,188		

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NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS – BY FUND TYPE

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet - by Fund Type
June 30, 2013
(With comparative totals for 2012)

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals</u>	
			<u>2013</u>	<u>2012</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$ 1,882,102	\$ 414,797	\$ 2,296,899	\$ 2,400,958
Accounts receivable:				
Local	9,680		9,680	1,632
State	60,614		60,614	207,073
Due from Fairbanks North Star Borough	124,575	11,557	136,132	46,904
Inventories	443,788		443,788	432,994
Total assets	<u>\$ 2,520,759</u>	<u>\$ 426,354</u>	<u>\$ 2,947,113</u>	<u>\$ 3,089,561</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 94,246	\$ 11,557	\$ 105,803	\$ 87,529
Unearned revenue	33,650		33,650	
Due to other funds	224,912		224,912	245,498
Due to external groups and agencies				1,377
Total liabilities	<u>352,808</u>	<u>11,557</u>	<u>364,365</u>	<u>334,404</u>
Fund balances:				
Nonspendable - inventories	443,788		443,788	432,994
Restricted	7,115		7,115	151,623
Committed	1,794,550		1,794,550	1,796,551
Assigned		414,797	414,797	385,259
Unassigned	(77,502)		(77,502)	(11,270)
Total fund balances	<u>2,167,951</u>	<u>414,797</u>	<u>2,582,748</u>	<u>2,755,157</u>
Total liabilities and fund balances	<u>\$ 2,520,759</u>	<u>\$ 426,354</u>	<u>\$ 2,947,113</u>	<u>\$ 3,089,561</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Governmental Funds

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

For the Year Ended June 30, 2013

(With comparative totals for 2012)

	Special Revenue	Capital Projects	Total	
			2013	2012
Revenues:				
Revenue from local sources:				
Food service	\$ 1,598,281	\$	\$ 1,598,281	\$ 1,897,853
Other local revenue	<u>2,479,309</u>	<u>11,557</u>	<u>2,490,866</u>	<u>2,531,292</u>
Total local sources	4,077,590	11,557	4,089,147	4,429,145
Revenue from state sources	879,635		879,635	741,355
Revenue from federal sources:				
Through the State of Alaska	<u>3,252,455</u>	<u>57,862</u>	<u>3,310,317</u>	<u>3,561,976</u>
Total revenues	<u>8,209,680</u>	<u>69,419</u>	<u>8,279,099</u>	<u>8,732,476</u>
Expenditures:				
Current:				
Instruction	909,242		909,242	329,859
Support services - students	8,000		8,000	2,800
Support services - instruction	154,260		154,260	443,962
District administration support services	4,836		4,836	4,623
Student activities	2,295,594		2,295,594	2,335,128
Food services	<u>5,433,831</u>		<u>5,433,831</u>	<u>5,519,986</u>
Total current	<u>8,805,763</u>		<u>8,805,763</u>	<u>8,636,358</u>
Capital outlay		<u>39,881</u>	<u>39,881</u>	<u>80,028</u>
Total expenditures	<u>8,805,763</u>	<u>39,881</u>	<u>8,845,644</u>	<u>8,716,386</u>
Excess (deficiency) of revenues over expenditures	<u>(596,083)</u>	<u>29,538</u>	<u>(566,545)</u>	<u>16,090</u>
Other financing sources:				
Proceeds from sale of capital assets				99
Transfers in	<u>394,136</u>		<u>394,136</u>	<u>481,000</u>
Total other financing sources	<u>394,136</u>		<u>394,136</u>	<u>481,099</u>
Net change in fund balances	(201,947)	29,538	(172,409)	497,189
Fund balances - beginning	<u>2,369,898</u>	<u>385,259</u>	<u>2,755,157</u>	<u>2,257,968</u>
Fund balances - ending	<u>\$ 2,167,951</u>	<u>\$ 414,797</u>	<u>\$ 2,582,748</u>	<u>\$ 2,755,157</u>

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NONMAJOR SPECIAL REVENUE FUNDS

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

State Programs – accounts for transactions of programs funded by nonfederal state 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, 2013
(With comparative totals for 2012)

	<u>Local Programs</u>	<u>State Programs</u>	<u>Food Service</u>
<u>ASSETS</u>			
Equity in central treasury cash	\$ 182,649	\$ 34,684	\$ 267
Accounts receivable:			
Local	1,363	8,317	
State		60,614	
Due from Fairbanks North Star Borough		124,575	
Inventories			443,788
Total assets	<u>\$ 184,012</u>	<u>\$ 228,190</u>	<u>\$ 444,055</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 604	\$ 37,071	\$ 11,620
Unearned revenue		33,650	
Due to other funds	24,109	157,469	43,334
Due to external groups and agencies			
Total liabilities	<u>24,713</u>	<u>228,190</u>	<u>54,954</u>
Fund balances:			
Nonspendable - inventories			443,788
Restricted	7,115		
Committed	174,999		
Unassigned	<u>(22,815)</u>		<u>(54,687)</u>
Total fund balances	<u>159,299</u>		<u>389,101</u>
Total liabilities and fund balances	<u>\$ 184,012</u>	<u>\$ 228,190</u>	<u>\$ 444,055</u>

School Activities	Totals	
	2013	2012
\$ 1,664,502	\$ 1,882,102	\$ 2,015,699
	9,680	1,632
	60,614	207,073
	124,575	46,904
	443,788	432,994
<u>\$ 1,664,502</u>	<u>\$ 2,520,759</u>	<u>\$ 2,704,302</u>

\$ 44,951	\$ 94,246	\$ 87,529
	33,650	
	224,912	245,498
		1,377
<u>44,951</u>	<u>352,808</u>	<u>334,404</u>

	443,788	432,994
	7,115	151,623
1,619,551	1,794,550	1,796,551
	(77,502)	(11,270)
<u>1,619,551</u>	<u>2,167,951</u>	<u>2,369,898</u>
<u>\$ 1,664,502</u>	<u>\$ 2,520,759</u>	<u>\$ 2,704,302</u>

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, 2013
(With comparative totals for 2012)

	<u>Local Programs</u>	<u>State Programs</u>	<u>Food Service</u>
Revenues:			
Revenue from local sources:			
Food service	\$	\$	\$ 1,598,281
Other local revenue	<u>185,449</u>		
Total local sources	185,449		1,598,281
Revenue from state sources		879,635	
Revenue from federal sources:			
Through the State of Alaska	<u>7,528</u>		<u>3,244,927</u>
Total revenues	<u>192,977</u>	<u>879,635</u>	<u>4,843,208</u>
Expenditures:			
Current:			
Instruction	50,529	858,713	
Support services - students		8,000	
Support services - instruction	154,260		
District administration support services		4,836	
Student activities			
Food services		<u>8,086</u>	<u>5,425,745</u>
Total expenditures	<u>204,789</u>	<u>879,635</u>	<u>5,425,745</u>
Deficiency of revenues over expenditures	<u>(11,812)</u>		<u>(582,537)</u>
Other financing sources:			
Proceeds from sale of capital assets			
Transfers in			<u>394,136</u>
Total other financing sources			<u>394,136</u>
Net change in fund balances	(11,812)		(188,401)
Fund balances - beginning	<u>171,111</u>		<u>577,502</u>
Fund balances - ending	<u>\$ 159,299</u>	<u>\$</u>	<u>\$ 389,101</u>

School Activities	Totals	
	2013	2012
\$	\$	\$
2,293,860	1,598,281	1,897,853
	2,479,309	2,491,292
2,293,860	4,077,590	4,389,145
	879,635	741,355
	3,252,455	3,223,173
2,293,860	8,209,680	8,353,673
	909,242	329,859
	8,000	2,800
	154,260	443,962
	4,836	4,623
2,295,594	2,295,594	2,335,128
	5,433,831	5,519,986
2,295,594	8,805,763	8,636,358
(1,734)	(596,083)	(282,685)
		99
	394,136	481,000
	394,136	481,099
(1,734)	(201,947)	198,414
1,621,285	2,369,898	2,171,484
\$ 1,619,551	\$ 2,167,951	\$ 2,369,898

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Local Programs

Combining Balance Sheet

June 30, 2013

(With comparative totals for 2012)

	<u>Options Child Care</u>	<u>Alaskan Coastal Studies</u>	<u>Office Max Grant</u>	<u>Curriculum Staff Development</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$	\$ 960	\$ 1,155	\$ 105,197
Accounts receivable:				
Local				
Total assets	<u>\$</u>	<u>\$ 960</u>	<u>\$ 1,155</u>	<u>\$ 105,197</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 69	\$	\$	\$ 535
Due to other funds	<u>22,746</u>			
Total liabilities	<u>22,815</u>			<u>535</u>
Fund balances:				
Restricted		960	1155	
Committed				104,662
Unassigned	<u>(22,815)</u>			
Total fund balances	<u>(22,815)</u>	<u>960</u>	<u>1,155</u>	<u>104,662</u>
Total liabilities and fund balances	<u>\$</u>	<u>\$ 960</u>	<u>\$ 1,155</u>	<u>\$ 105,197</u>

Rose Urban Rural Exchange	Community Donations	Barnette Magnet After School Program	Burnley Scholarship	Totals	
				2013	2012
\$	\$ 65,412	\$ 4,925	\$ 5,000	\$ 182,649	\$ 182,381
1,363				1,363	1,199
<u>\$ 1,363</u>	<u>\$ 65,412</u>	<u>\$ 4,925</u>	<u>\$ 5,000</u>	<u>\$ 184,012</u>	<u>\$ 183,580</u>
\$	\$	\$	\$	\$ 604	\$ 143
1,363				24,109	12,326
<u>1,363</u>				<u>24,713</u>	<u>12,469</u>
	65,412	4,925	5,000	7,115	7,115
				174,999	175,266
				(22,815)	(11,270)
	<u>65,412</u>	<u>4,925</u>	<u>5,000</u>	<u>159,299</u>	<u>171,111</u>
<u>\$ 1,363</u>	<u>\$ 65,412</u>	<u>\$ 4,925</u>	<u>\$ 5,000</u>	<u>\$ 184,012</u>	<u>\$ 183,580</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, 2013

(With comparative totals for 2012)

	<u>Options Child Care</u>	<u>Alaskan Coastal Studies</u>	<u>Office Max Grant</u>	<u>Curriculum Staff Development</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$ 31,456	\$	\$	\$ 69,300
Revenue from federal sources:				
Through the State of Alaska	7,528			
Total revenues	<u>38,984</u>			<u>69,300</u>
Expenditures				
Current:				
Instruction	50,529			
Support services - students				
Support services - instruction				81,706
Total expenditures	<u>50,529</u>			<u>81,706</u>
Net change in fund balances	(11,545)			(12,406)
Fund balances - beginning	(11,270)	960	1,155	117,068
Fund balances - ending	<u>\$ (22,815)</u>	<u>\$ 960</u>	<u>\$ 1,155</u>	<u>\$ 104,662</u>

Rose Urban Rural Exchange	Community Donations	Barnette Magnet After School Program	Burnley Scholarship	Totals	
				2013	2012
\$ 1,363	\$ 7,214	\$ 76,116	\$	\$ 185,449	\$ 107,705
				7,528	9,242
1,363	7,214	76,116		192,977	116,947
				50,529	52,715
1,363		71,191		154,260	2,800
1,363		71,191		204,789	76,707
	7,214	4,925		(11,812)	132,222
	58,198		5,000	171,111	(15,275)
\$	\$ 65,412	\$ 4,925	\$ 5,000	\$ 159,299	186,386
				\$	\$ 171,111

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, 2013

(With comparative totals for 2012)

	<u>Options Child Care</u>	<u>Alaskan Coastal Studies</u>	<u>Office Max Grant</u>	<u>Curriculum Staff Development</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$ 31,456	\$	\$	\$ 69,300
Revenue from federal sources:				
Through the State of Alaska	7,528			
Total revenues	<u>38,984</u>			<u>69,300</u>
Expenditures:				
Current:				
Salaries and fringe benefits:				
Certificated salaries				19,791
Non-certificated salaries	22,205			
Employee benefits	12,515			548
Total salaries and fringe benefits	<u>34,720</u>			<u>20,339</u>
Materials, supplies, services and other:				
Professional and technical services	401			61,367
Student travel				
Supplies, materials and media	15,408			
Other expenses				
Total materials, supplies, services and other	<u>15,809</u>			<u>61,367</u>
Total expenditures	<u>50,529</u>			<u>81,706</u>
Net change in fund balances	(11,545)			(12,406)
Fund balances - beginning	(11,270)	960	1,155	117,068
Fund balances - ending	<u>\$ (22,815)</u>	<u>\$ 960</u>	<u>\$ 1,155</u>	<u>\$ 104,662</u>

Rose Urban Rural Exchange	Community Donations	Barnette Magnet After School Program	Burnley Scholarship	Totals	
				2013	2012
\$ 1,363	\$ 7,214	\$ 76,116	\$	\$ 185,449	\$ 107,705
				7,528	9,242
1,363	7,214	76,116		192,977	116,947
		9,136		28,927	10,990
1,245		39,736		63,186	24,564
118		18,639		31,820	14,155
1,363		67,511		123,933	49,709
		20		61,788	60,670
		3,660		19,068	3,582
					14,936
					3,325
		3,680		80,856	82,513
1,363		71,191		204,789	132,222
	7,214	4,925		(11,812)	(15,275)
	58,198		5,000	171,111	186,386
\$	\$ 65,412	\$ 4,925	\$ 5,000	\$ 159,299	\$ 171,111

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, 2013

	Budgeted Amounts		Actual	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final			
Revenues:					
Revenue from local sources:					
Other local revenue	\$ 328,409	\$ 329,547	\$ 185,449	\$ 203,432	\$ (126,115)
Revenue from federal sources:					
Through the State of Alaska			7,528	7,528	7,528
Total revenues	328,409	329,547	192,977	210,960	(118,587)
Expenditures:					
Current					
Salaries and fringe benefits:					
Certificated salaries	63,396	63,396	28,927	28,927	34,469
Non-certificated salaries	65,020	65,020	63,186	63,186	1,834
Employee benefits	37,281	37,281	31,820	31,820	5,461
Total salaries and fringe benefits	165,697	165,697	123,933	123,933	41,764
Materials, supplies, services and other:					
Professional and technical services	137,888	137,888	61,788	79,788	58,100
Staff travel	1,000	1,000			1,000
Student travel	300	1,455			1,455
Other purchased services	250	250			250
Supplies, materials and media	86,172	93,876	19,068	19,051	74,825
Other expenses	300	300			300
Total materials, supplies, services and other	225,910	234,769	80,856	98,839	135,930
Total expenditures	391,607	400,466	204,789	222,772	177,694
Net change in fund balance	\$ (63,198)	\$ (70,919)	(11,812)	\$ (11,812)	\$ 59,107
Fund balance - beginning			171,111		
Fund balance - ending			<u>\$ 159,299</u>		

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FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

State Programs

Combining Balance Sheet

June 30, 2013

(With comparative totals for 2012)

	Staff Development Mini-grants	Youth First	Alaska Construction Academy	Legislative Small Grants 11-12
<u>ASSETS</u>				
Equity in central treasury cash	\$	\$	\$	\$
Accounts receivable:				
Local				
State	1,130	1,337	58,147	
Due from Fairbanks North Star Borough				17,535
Total assets	<u>\$ 1,130</u>	<u>\$ 1,337</u>	<u>\$ 58,147</u>	<u>\$ 17,535</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$	\$	\$ 259	\$
Unearned revenue				
Due to other funds	1,130	1,337	57,888	17,535
Due to external groups and agencies				
Total liabilities	<u>1,130</u>	<u>1,337</u>	<u>58,147</u>	<u>17,535</u>
Fund balances				
Total liabilities and fund balances	<u>\$ 1,130</u>	<u>\$ 1,337</u>	<u>\$ 58,147</u>	<u>\$ 17,535</u>

<u>Hunter Technology Upgrades</u>	<u>Classroom Technology Upgrades</u>	<u>Legislative Small Grants FY13</u>	<u>Salcha Classroom Equipment</u>	<u>We the People</u>	<u>Barnette Furniture & Equipment</u>
\$ 132	\$ 1,034	\$ 33,518	\$	\$	\$
	850			6,617	850
	550		12,180	5,864	88,446
<u>\$ 132</u>	<u>\$ 2,434</u>	<u>\$ 33,518</u>	<u>\$ 12,180</u>	<u>\$ 12,481</u>	<u>\$ 89,296</u>
\$ 132	\$ 2,434	\$ 33,518	\$ 2,927	\$	\$ 31,451
			9,253	12,481	57,845
<u>132</u>	<u>2,434</u>	<u>33,518</u>	<u>12,180</u>	<u>12,481</u>	<u>89,296</u>
<u>\$ 132</u>	<u>\$ 2,434</u>	<u>\$ 33,518</u>	<u>\$ 12,180</u>	<u>\$ 12,481</u>	<u>\$ 89,296</u>

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

State Programs

Combining Balance Sheet

June 30, 2013

(With comparative totals for 2012)

	Totals	
	2013	2012
<u>ASSETS</u>		
Equity in central treasury cash	\$ 34,684	\$
Accounts receivable:		
Local	8,317	
State	60,614	207,073
Due from Fairbanks North Star Borough	124,575	46,904
Total assets	<u>\$ 228,190</u>	<u>\$ 253,977</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 37,071	\$ 19,428
Unearned revenue	33,650	
Due to other funds	157,469	233,172
Due to external groups and agencies		1,377
Total liabilities	<u>228,190</u>	<u>253,977</u>
Fund balances		
Total liabilities and fund balances	<u>\$ 228,190</u>	<u>\$ 253,977</u>

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FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

State Programs

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

For the Year Ended June 30, 2013

(With comparative totals for 2012)

	Staff Development Mini-grants	Youth First	Alaska Construction Academy	Legislative Small Grants 11-12
Revenues:				
Revenue from state sources	<u>\$ 30,593</u>	<u>\$ 98,192</u>	<u>\$ 152,361</u>	<u>\$ 69,745</u>
Expenditures - current:				
Instruction	30,593	93,356	152,361	69,745
Support services - students				
Support services - instruction				
District administration support services		4,836		
Food service				
Total expenditures	<u>30,593</u>	<u>98,192</u>	<u>152,361</u>	<u>69,745</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>

<u>Hunter Technology Upgrades</u>	<u>Classroom Technology Upgrades</u>	<u>Legislative Small Grants FY13</u>	<u>Salcha Classroom Equipment</u>	<u>We the People</u>	<u>Barnette Furniture & Equipment</u>
<u>\$ 29,868</u>	<u>\$ 238,781</u>	<u>\$ 116,482</u>	<u>\$ 13,351</u>	<u>\$ 24,880</u>	<u>\$ 89,296</u>
29,868	238,781	116,482	13,351	24,880	89,296
<u>29,868</u>	<u>238,781</u>	<u>116,482</u>	<u>13,351</u>	<u>24,880</u>	<u>89,296</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

State Programs

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

For the Year Ended June 30, 2013

(With comparative totals for 2012)

	Youth Risk Behavior Study	Nutritional Alaska Foods for Schools	Totals	
			2013	2012
Revenues:				
Revenue from state sources	\$ 8,000	\$ 8,086	\$ 879,635	\$ 741,355
Expenditures - current:				
Instruction			858,713	277,144
Support services - students	8,000		8,000	
Support services - instruction				367,255
District administration support services			4,836	4,623
Food service		8,086	8,086	92,333
Total expenditures	8,000	8,086	879,635	741,355
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

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FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

State Programs

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

For the Year Ended June 30, 2013

(With comparative totals for 2012)

	Staff Development Mini-grants	Youth First	Alaska Construction Academy	Legislative Small Grants 11-12
Revenues:				
Revenue from state sources	\$ 30,593	\$ 98,192	\$ 152,361	\$ 69,745
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries			76,348	
Non-certificated salaries	3,180	58,570		
Employee benefits	294	33,306	12,062	
Total salaries and fringe benefits	3,474	91,876	88,410	
Materials, supplies, services and other:				
Professional and technical services			34,057	
Staff travel	27,119	592	67	
Student travel		470	1,648	
Other purchased services				2,139
Supplies, materials and media		418	28,179	45,646
Indirect costs		4,836		
Total materials, supplies, services and other	27,119	6,316	63,951	47,785
Capital outlay - equipment				21,960
Total expenditures	30,593	98,192	152,361	69,745
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

<u>Hunter Technology Upgrades</u>	<u>Classroom Technology Upgrades</u>	<u>Legislative Small Grants FY13</u>	<u>Salcha Classroom Equipment</u>	<u>We the People</u>	<u>Barnette Furniture & Equipment</u>
<u>\$ 29,868</u>	<u>\$ 238,781</u>	<u>\$ 116,482</u>	<u>\$ 13,351</u>	<u>\$ 24,880</u>	<u>\$ 89,296</u>
				500	
				225	
				38	
				<u>763</u>	
				18,129	
				2,892	
				1,494	
29,868	238,781	116,482	13,351	1,602	80,019
<u>29,868</u>	<u>238,781</u>	<u>116,482</u>	<u>13,351</u>	<u>24,117</u>	<u>80,019</u>
					9,277
<u>29,868</u>	<u>238,781</u>	<u>116,482</u>	<u>13,351</u>	<u>24,880</u>	<u>89,296</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

State Programs

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

For the Year Ended June 30, 2013

(With comparative totals for 2012)

	Youth Risk Behavior Study	Nutritional Alaska Foods for Schools	Totals	
			2013	2012
Revenues:				
Revenue from state sources	\$ 8,000	\$ 8,086	\$ 879,635	\$ 741,355
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries	1,500		78,348	194,029
Non-certificated salaries	1,663		63,638	50,546
Employee benefits	959		46,659	95,467
Total salaries and fringe benefits	4,122		188,645	340,042
Materials, supplies, services and other:				
Professional and technical services			52,186	31,133
Staff travel			30,670	46,751
Student travel			3,612	1,096
Other purchased services			2,139	481
Supplies, materials and media	3,878	8,086	566,310	221,228
Indirect costs			4,836	4,623
Total materials, supplies, services and other	3,878	8,086	659,753	305,312
Capital outlay - equipment			31,237	96,001
Total expenditures	8,000	8,086	879,635	741,355
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Nonmajor Special Revenue Fund
State Programs
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual - by Object
For the Year Ended June 30, 2013

	<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>\$ 1,298,681</u>	<u>\$ 1,335,466</u>	<u>\$ 879,635</u>	<u>\$ 960,758</u>	<u>\$ (374,708)</u>
Expenditures-current:					
Salaries and fringe benefits:					
Certificated salaries	37,287	84,767	78,348	78,348	6,419
Non-certificated salaries	64,775	64,710	63,638	63,638	1,072
Employee benefits	<u>40,466</u>	<u>47,968</u>	<u>46,659</u>	<u>46,659</u>	<u>1,309</u>
Total salaries and fringe benefits	<u>142,528</u>	<u>197,445</u>	<u>188,645</u>	<u>188,645</u>	<u>8,800</u>
Materials, supplies, services and other:					
Professional and technical services	39,677	52,286	52,186	52,186	100
Staff travel	10,400	40,118	30,670	30,670	9,448
Student travel	11,406	3,142	3,612	3,612	(470)
Other purchased services	2,139		2,139		
Supplies, materials and media	862,062	812,525	566,310	635,272	177,253
Indirect cost	<u>23,509</u>	<u>22,990</u>	<u>4,836</u>	<u>4,836</u>	<u>18,154</u>
Total materials, supplies, services and other	<u>949,193</u>	<u>931,061</u>	<u>659,753</u>	<u>726,576</u>	<u>204,485</u>
Capital outlay - equipment	<u>206,960</u>	<u>206,960</u>	<u>31,237</u>	<u>45,537</u>	<u>161,423</u>
Total expenditures	<u>1,298,681</u>	<u>1,335,466</u>	<u>879,635</u>	<u>960,758</u>	<u>374,708</u>
Net change in fund balance	<u>\$</u>	<u>\$</u>		<u>\$</u>	<u>\$</u>
Fund balance - beginning					
Fund balance - ending			<u>\$</u>		

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Food Service

Balance Sheet

June 30, 2013

(With comparative totals for 2012)

	Totals	
	2013	2012
<u>ASSETS</u>		
Equity in central treasury cash	\$ 267	\$ 159,426
Inventories	443,788	432,994
Total assets	<u>\$ 444,055</u>	<u>\$ 592,420</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 11,620	\$ 14,918
Due to other funds	43,334	
Total liabilities	<u>54,954</u>	<u>14,918</u>
Fund balance:		
Nonspendable - inventories	443,788	432,994
Restricted		144,508
Unassigned	(54,687)	
Total fund balance	<u>389,101</u>	<u>577,502</u>
Total liabilities and fund balance	<u>\$ 444,055</u>	<u>\$ 592,420</u>

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, 2013****(With comparative totals for 2012)**

	Totals	
	2013	2012
Revenues:		
Revenue from local sources:		
Food service	\$ 1,598,281	\$ 1,897,853
Other local revenue		1,166
Total local sources	<u>1,598,281</u>	<u>1,899,019</u>
Revenue from federal sources:		
Through the State of Alaska	<u>3,244,927</u>	<u>3,213,931</u>
Total revenues	<u>4,843,208</u>	<u>5,112,950</u>
Expenditures - current:		
Food services	<u>5,425,745</u>	<u>5,427,653</u>
Deficiency of revenues over expenditures	<u>(582,537)</u>	<u>(314,703)</u>
Other financing sources:		
Proceeds from sale of capital assets		99
Transfers in	<u>394,136</u>	<u>481,000</u>
Total other financing sources	<u>394,136</u>	<u>481,099</u>
Net change in fund balance	<u>(188,401)</u>	<u>166,396</u>
Fund balance - beginning	<u>577,502</u>	<u>411,106</u>
Fund balance - ending	<u>\$ 389,101</u>	<u>\$ 577,502</u>

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, 2013
(With comparative totals for 2012)

	Totals	
	2013	2012
Revenues:		
Revenue from local sources:		
Food service	\$ 1,598,281	\$ 1,897,853
Other local revenue		1,166
Total local sources	<u>1,598,281</u>	<u>1,899,019</u>
Revenue from federal sources:		
Through the State of Alaska	<u>3,244,927</u>	<u>3,213,931</u>
Total revenues	<u>4,843,208</u>	<u>5,112,950</u>
Expenditures - current:		
Salaries and fringe benefits:		
Non-certificated salaries	1,951,418	1,940,230
Employee benefits	<u>1,021,710</u>	<u>984,375</u>
Total salaries and fringe benefits	<u>2,973,128</u>	<u>2,924,605</u>
Materials, supplies, services and other:		
Professional and technical services	23,653	25,301
Staff travel	4,890	6,681
Utility services	11,702	11,210
Energy	229,587	230,682
Other purchased services	3,830	921
Supplies, materials and media	2,128,850	2,228,012
Other expenses	<u>249</u>	<u>241</u>
Total materials, supplies, services and other	<u>2,402,761</u>	<u>2,503,048</u>
Capital outlay - equipment	<u>49,856</u>	
Total expenditures	<u>5,425,745</u>	<u>5,427,653</u>
Deficiency of revenues over expenditures	<u>(582,537)</u>	<u>(314,703)</u>
Other financing sources:		
Proceeds from sale of capital assets		99
Transfers in	<u>394,136</u>	<u>481,000</u>
Total other financing sources	<u>394,136</u>	<u>481,099</u>
Net change in fund balance	(188,401)	166,396
Fund balance - beginning	<u>577,502</u>	<u>411,106</u>
Fund balance - ending	<u>\$ 389,101</u>	<u>\$ 577,502</u>

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, 2013

	<u>Budgeted Amounts</u>			<u>Actual on</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Budgetary</u>	<u>Variance with</u>
				<u>Basis</u>	<u>Final Budget</u>
Revenues:					
Revenue from local sources:					
Food Service	\$ 2,289,323	\$ 2,289,323	\$ 1,598,281	\$ 1,598,281	\$ (691,042)
Revenue from federal sources:					
Through the State of Alaska	3,342,061	3,341,240	3,244,927	3,221,221	(120,019)
Total revenues	5,631,384	5,630,563	4,843,208	4,819,502	(811,061)
Expenditures - current:					
Salaries and fringe benefits:					
Non-certificated salaries	2,070,820	2,070,820	1,951,418	1,951,418	119,402
Employee benefits	1,062,255	1,062,254	1,021,710	1,021,710	40,544
Total salaries and fringe benefits	3,133,075	3,133,074	2,973,128	2,973,128	159,946
Materials, supplies, services and other:					
Professional and technical services	25,000	25,000	23,653	23,653	1,347
Staff travel	12,000	12,000	4,890	4,890	7,110
Utility services	13,000	13,000	11,702	12,002	998
Energy	206,000	205,440	229,587	228,887	(23,447)
Other purchased services	7,700	7,700	3,830	2,794	4,906
Supplies, materials and media	2,603,345	2,603,085	2,128,850	2,138,032	465,053
Other expenses	400	400	249	249	151
Total materials, supplies, services and other	2,867,445	2,866,625	2,402,761	2,410,507	456,118
Capital outlay - equipment	25,000	25,000	49,856	18,404	6,596
Total expenditures	6,025,520	6,024,699	5,425,745	5,402,039	622,660
Deficiency of revenues over expenditures	(394,136)	(394,136)	(582,537)	(582,537)	(188,401)
Other financing sources:					
Transfers in	394,136	394,136	394,136	394,136	
Net change in fund balance	\$	\$	(188,401)	\$ (188,401)	\$ (188,401)
Fund deficit - beginning			577,502		
Fund balance - ending			\$ 389,101		

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

School Activities

Balance Sheet

June 30, 2013

(With comparative totals for 2012)

	Totals	
	2013	2012
<u>ASSETS</u>		
Equity in central treasury cash	\$ 1,664,502	\$ 1,673,892
Accounts receivable:		
Local		433
Total assets	<u>\$ 1,664,502</u>	<u>\$ 1,674,325</u>
<u>LIABILITIES & FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 44,951	\$ 53,040
Fund balance:		
Committed	<u>1,619,551</u>	<u>1,621,285</u>
Total liabilities and fund balance	<u>\$ 1,664,502</u>	<u>\$ 1,674,325</u>

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, 2013
(With comparative totals for 2012)

	Totals	
	2013	2012
Revenues:		
Revenue from local sources:		
Other local revenue	<u>\$ 2,293,860</u>	<u>\$ 2,382,421</u>
Expenditures - current:		
Student activities	<u>2,295,594</u>	<u>2,335,128</u>
Net change in fund balance	<u>(1,734)</u>	<u>47,293</u>
Fund balance - beginning	<u>1,621,285</u>	<u>1,573,992</u>
Fund balance - ending	<u><u>\$ 1,619,551</u></u>	<u><u>\$ 1,621,285</u></u>

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, 2013
(With comparative totals for 2012)

	Totals	
	2013	2012
Revenues:		
Revenue from local sources:		
Other local revenue	\$ 2,293,860	\$ 2,382,421
Expenditures - current:		
Salaries and fringe benefits:		
Certificated salaries	16,913	11,111
Non-certificated salaries	19,348	25,642
Employee benefits	5,925	4,794
Total salaries and fringe benefits	42,186	41,547
Materials, supplies, services and other:		
Professional and technical services	72,578	75,927
Staff travel	3,775	843
Student travel	925,732	962,095
Other purchased services	41,281	25,587
Supplies, materials and media	1,181,276	1,223,266
Other expenses	23,671	5,863
Total materials, supplies, services and other	2,248,313	2,293,581
Capital outlay - equipment	5,095	
Total expenditures	2,295,594	2,335,128
Net change in fund balance	(1,734)	47,293
Fund balance - beginning	1,621,285	1,573,992
Fund balance - ending	\$ 1,619,551	\$ 1,621,285

NONMAJOR CAPITAL PROJECTS FUNDS

**Title VIII Construction
Districtwide School Projects
Other Capital Projects
Woodriver Gym Upgrades**

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
 Nonmajor Capital Projects Funds
 Combining Balance Sheet
 June 30, 2013
 (With comparative totals for 2012)

	<u>Title VIII Construction</u>	<u>Districtwide School Projects</u>	<u>Other Capital Projects</u>	<u>Woodriver Gym Upgrades</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$ 384,841	\$ 4,847	\$ 25,109	\$
Due from Fairbanks North Star Borough				11,557
Total assets	<u>\$ 384,841</u>	<u>\$ 4,847</u>	<u>\$ 25,109</u>	<u>\$ 11,557</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$	\$	\$	\$ 11,557
Fund balances:				
Assigned	<u>384,841</u>	<u>4,847</u>	<u>25,109</u>	
Total liabilities and fund balances	<u>\$ 384,841</u>	<u>\$ 4,847</u>	<u>\$ 25,109</u>	<u>\$ 11,557</u>

Totals	
2013	2012
\$ 414,797	\$ 385,259
11,557	
<u>\$ 426,354</u>	<u>\$ 385,259</u>

\$ 11,557 \$

414,797	385,259
<u>\$ 426,354</u>	<u>\$ 385,259</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, 2013
(With comparative totals for 2012)

	<u>Title VIII Construction</u>	<u>Districtwide School Projects</u>	<u>Other Capital Projects</u>	<u>Woodriver Gym Upgrades</u>
Revenues:				
Revenue from local sources:				
Other local revenue	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 11,557</u>
Revenue from federal sources:				
Through the State of Alaska	<u>57,862</u>			
Total revenues	<u>57,862</u>			<u>11,557</u>
Expenditures:				
Capital outlay:				
Professional and technical services				
Other purchased services		16,500		
Supplies, materials and media	11,824			11,557
Equipment				
Total expenditures	<u>11,824</u>	<u>16,500</u>		<u>11,557</u>
Net change in fund balances	<u>46,038</u>	<u>(16,500)</u>		
Fund balances - beginning	<u>338,803</u>	<u>21,347</u>	<u>25,109</u>	
Fund balances - ending	<u>\$ 384,841</u>	<u>\$ 4,847</u>	<u>\$ 25,109</u>	<u>\$</u>

Totals	
2013	2012
<u>\$ 11,557</u>	<u>\$ 40,000</u>
<u>57,862</u>	<u>338,803</u>
<u>69,419</u>	<u>378,803</u>
	17,640
16,500	16,500
23,381	5,888
	<u>40,000</u>
<u>39,881</u>	<u>80,028</u>
29,538	298,775
<u>385,259</u>	<u>86,484</u>
<u>\$ 414,797</u>	<u>\$ 385,259</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**Nonmajor Capital Projects Funds****Project Length Schedule of Revenues and Expenditures****Beginning of Projects to June 30, 2013**

	Title VIII Construction	Districtwide School Projects	Other Capital Projects	Art Barnette Magnet School
Project Authorizations:	<u>\$ 389,380</u>	<u>\$ 809,023</u>	<u>\$ 431,820</u>	<u>\$ 25,000</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Through the State of Alaska	396,665			
Transfers from other funds		809,023	413,702	
Total revenues	<u>396,665</u>	<u>809,023</u>	<u>413,702</u>	
Expenditures:				
Capital outlay:				
Professional and technical services		82,705	27,198	
Other purchased services		46,521	20,651	
Supplies, materials and media	11,824	379,495	37,873	
Equipment		243,362	2,887	
Buildings and improvements purchased			318,102	
Other capital outlay		52,093		
Total expenditures	<u>11,824</u>	<u>804,176</u>	<u>406,711</u>	
Excess of revenues over expenditures	<u>\$ 384,841</u>	<u>\$ 4,847</u>	<u>\$ 6,991</u>	<u>\$</u>

Woodriver Gym Upgrades	Project To Date Totals
<u>\$ 25,000</u>	<u>\$ 1,680,223</u>
\$ 11,557	\$ 11,557
	396,665
	<u>1,222,725</u>
<u>11,557</u>	<u>1,630,947</u>
	109,903
	67,172
11,557	440,749
	246,249
	318,102
	<u>52,093</u>
<u>11,557</u>	<u>1,234,268</u>
<u>\$</u>	<u>\$ 396,679</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, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$ 53,035	\$ 60,018	\$ 58,876	\$ 54,177
Accounts receivable - local		300		300
Total assets	<u>\$ 53,035</u>	<u>\$ 60,318</u>	<u>\$ 58,876</u>	<u>\$ 54,477</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 241	\$ 60,889	\$ 58,876	\$ 2,254
Due to external groups	52,794	60,318	60,889	52,223
Total liabilities	<u>\$ 53,035</u>	<u>\$ 121,207</u>	<u>\$ 119,765</u>	<u>\$ 54,477</u>

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STATISTICAL SECTION

STATISTICAL SECTION

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

Financial Trends – pages 152-163

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 164-174

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 175

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 176-177

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 178-193

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			
	2003-04	2004-05	2005-06	2006-07
Governmental activities:				
Net investment in capital assets	\$ 3,613,084	\$ 3,918,778	\$ 4,235,371	\$ 4,080,319
Net pension asset restricted for future contributions	960,355			
Unrestricted	<u>19,756,987</u>	<u>22,426,155</u>	<u>16,687,930</u>	<u>18,453,760</u>
Total net position	<u>\$ 24,330,426</u>	<u>\$ 26,344,933</u>	<u>\$ 20,923,301</u>	<u>\$ 22,534,079</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.

Fiscal Year					
2007-08	2008-09 ^a	2009-10	2010-11	2011-12	2012-13
\$ 3,967,368	\$ 2,941,680	\$ 4,180,344	\$ 4,449,676	\$ 4,391,797	\$ 4,169,278
18,535,860	20,059,660	20,954,280	20,747,031	17,380,499	19,123,971
<u>\$ 22,503,228</u>	<u>\$ 23,001,340</u>	<u>\$ 25,134,624</u>	<u>\$ 25,196,707</u>	<u>\$ 21,772,296</u>	<u>\$ 23,293,249</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year			
	2003-04	2004-05	2005-06	2006-07
Expenses				
Governmental activities:				
Instruction	\$ 67,660,701	\$ 68,023,960	\$ 74,278,540	\$ 77,265,162
Special education instruction	13,877,212	16,865,673	18,431,818	17,856,399
Special education support services - students	2,582,804	2,063,501	2,299,016	2,516,909
Support services - students	7,312,011	9,350,844	10,346,229	10,458,934
Support Services - instruction	6,974,143	9,209,619	10,253,369	9,349,009
School administration	4,774,139	5,154,874	5,357,561	5,915,223
School administration support services	3,276,869	3,818,035	3,950,664	3,989,781
District administration	1,416,391	1,528,370	1,714,097	1,757,915
District administration support services	5,871,070	6,316,689	7,330,027	7,834,722
Operations and maintenance of plant	15,231,101	17,873,136	19,346,287	20,266,837
Student activities	1,335,887	1,554,640	2,227,743	4,665,546
Student transportation service	8,923,006	8,745,633	9,160,416	8,841,162
Adult and continuing education instruction	84,038	53,217	17,333	567
Food services	3,945,655	4,284,462	4,598,738	4,522,847
Interest expense	42,359	18,658		
Total expenses	143,307,386	154,861,311	169,311,838	175,241,013
Program Revenues				
Governmental activities:				
Charges for Services:				
Instruction	51,971	32,787	22,835	28,827
Support services - students	4,679	2,145	39,610	55,650
Support services - instruction				86,644
Student transportation service				
Adult and continuing education instruction	46,577	12,141		
Food services	1,835,140	1,839,814	1,832,119	1,863,410
Operating grants and contributions	22,496,034	27,208,171	27,354,672	27,084,712
Capital grants and contributions	2,708,367	1,640,256	1,544,726	676,148
Total program revenues	27,142,768	30,735,314	30,793,962	29,795,391
Net expense - governmental activities	(116,164,618)	(124,125,997)	(138,517,876)	(145,445,622)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Grants and contributions not restricted to specific programs:				
Borough direct appropriation	34,545,700	36,545,700	38,022,700	40,022,700
Foundation program	65,676,616	73,052,157	80,045,140	88,513,723
Other state revenue				2,965,437
Federal impact aid	11,943,538	14,267,731	12,257,249	11,405,933
Other	2,045,539	1,805,004	1,831,103	634,592
Miscellaneous	461,594	469,912	940,052	1,734,768
Total general revenue	114,672,987	126,140,504	133,096,244	145,277,153
Change in net position	\$ (1,491,631)	\$ 2,014,507	\$ (5,421,632)	\$ (168,469)

Fiscal Year					
2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
\$ 96,385,094	\$ 92,008,786	\$ 96,924,540	\$ 100,600,464	\$ 107,518,432	\$ 111,205,333
20,936,726	21,632,095	25,847,781	24,870,238	25,693,963	29,783,855
3,053,826	3,882,736	4,787,664	7,376,804	7,840,679	10,087,672
12,056,303	12,016,292	13,485,882	13,959,359	14,645,274	15,353,243
10,205,791	10,973,700	12,292,803	15,414,500	13,656,552	12,899,352
7,354,532	7,066,719	7,283,846	7,164,900	7,683,508	8,384,189
4,164,728	4,084,016	4,774,903	4,908,392	6,109,394	5,645,704
2,055,996	2,150,747	2,326,390	2,205,571	2,460,180	2,415,563
8,989,152	9,013,588	10,161,958	10,700,442	11,302,391	10,394,306
21,913,361	24,692,687	22,831,870	24,374,735	26,259,233	25,334,946
4,889,861	4,869,918	4,969,303	4,959,591	5,004,579	5,182,117
9,113,672	9,475,472	9,856,507	10,010,640	11,222,482	11,382,622
	5,118	321			
4,979,963	4,823,175	5,386,119	5,399,896	5,510,680	5,400,980
	40,458	46,119	33,227		
206,099,005	206,735,507	220,976,006	231,978,759	244,907,347	253,469,882
39,225	42,227	61,343	43,895	51,492	69,392
62,002	73,749	66,813	116,542	112,795	19,703
69,246	69,971	77,079	41,850	65,844	145,416
18,450	17,300				
1,973,615	2,162,348	2,010,908	1,926,416	1,897,853	1,598,281
55,175,797	50,760,894	52,835,590	54,664,159	59,782,158	66,613,379
511,057	2,515,129	369,871	69,000	378,803	69,419
57,849,392	55,641,618	55,421,604	56,861,862	62,288,945	68,515,590
(148,249,613)	(151,093,889)	(165,554,402)	(175,116,897)	(182,618,402)	(184,954,292)
42,222,700	44,222,700	43,339,901	45,299,502	46,586,695	46,200,000
85,688,097	96,001,077	109,730,232	112,387,761	113,227,755	119,814,989
7,919,269	1,821,871	1,856,765	1,974,562	4,144,172	4,705,752
11,118,081	9,596,676	12,005,572	14,428,645	14,051,688	14,758,858
709,756	295,993	386,120	739,636	643,721	595,346
560,859	384,270	369,096	348,874	539,960	400,300
148,218,762	152,322,587	167,687,686	175,178,980	179,193,991	186,475,245
\$ (30,851)	\$ 1,228,698	\$ 2,133,284	\$ 62,083	\$ (3,424,411)	\$ 1,520,953

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year			
	2003-04	2004-05	2005-06	2006-07
General fund				
Nonspendable				
Assigned				
Unassigned				
Total general fund				
All other governmental funds				
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Total all other governmental funds				
General fund				
Reserved	\$ 12,537,659	\$ 13,011,879	\$ 13,728,824	\$ 12,545,992
Unreserved	<u>7,066,592</u>	<u>10,825,614</u>	<u>11,029,488</u>	<u>9,375,513</u>
Total general fund	<u>19,604,251</u>	<u>23,837,493</u>	<u>24,758,312</u>	<u>21,921,505</u>
All other governmental funds				
Reserved	921,493	738,533	482,925	524,990
Unreserved, reported in:				
Special revenue funds	926,818	592,387	561,167	2,317,062
Capital projects funds	<u>466,960</u>	<u>907,233</u>	<u>1,256,796</u>	<u>1,758,240</u>
Total all other governmental funds	<u>\$ 2,315,271</u>	<u>\$ 2,238,153</u>	<u>\$ 2,300,888</u>	<u>\$ 4,600,292</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					
2007-08	2008-09	2009-10 ^a	2010-11 ^a	2011-12	2012-13
		\$ 966,466	\$ 555,592	\$ 602,804	\$ 573,283
		20,712,010	21,080,111	19,556,139	18,552,099
		743,899		71,358	1,372,848
		<u>22,422,375</u>	<u>21,635,703</u>	<u>20,230,301</u>	<u>20,498,230</u>
		676,166	499,732	432,994	443,788
		25,736	2,954	377,814	662,773
		2,430,074	1,760,378	1,796,551	1,794,550
		700,444	1,315,325	1,614,100	1,643,638
		<u>(764,901)</u>	<u>(88,626)</u>	<u>(11,270)</u>	<u>(77,502)</u>
		<u>\$ 3,067,519</u>	<u>\$ 3,489,763</u>	<u>\$ 4,210,189</u>	<u>\$ 4,467,247</u>
\$ 11,939,473	\$ 10,824,456				
<u>11,954,019</u>	<u>10,674,176</u>				
<u>23,893,492</u>	<u>21,498,632</u>				
617,788	669,418				
2,320,976	2,894,987				
<u>2,044,803</u>	<u>510,269</u>				
<u>\$ 4,983,567</u>	<u>\$ 4,074,674</u>				

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year			
	2003-04	2004-05	2005-06	2006-07
Revenues from local sources:				
Borough direct appropriation	\$ 34,545,700	\$ 36,545,700	\$ 38,022,700	\$ 40,022,700
E-rate revenue	251,090	255,646	250,778	263,343
Food services	1,835,140	1,837,593	1,829,036	1,863,410
Earnings on investments	61	23	11	16
Other local revenue	518,316	1,428,281	1,720,043	3,840,887
Tuition from students	41,093	12,141		
Total revenue from local sources	<u>37,191,400</u>	<u>40,079,384</u>	<u>41,822,568</u>	<u>45,990,356</u>
Revenue from state sources:				
Foundation program	65,329,167	72,703,693	80,045,140	88,513,723
QSI grant	347,449	348,464	347,525	345,636
Supplemental aid				1,169,801
Tuition	97,864			
TRS on-behalf				
PERS on-behalf				
On-base schools	1,450,000	1,450,000	1,450,000	1,450,000
Other state revenue	9,487,159	9,514,268	9,724,556	9,522,084
Total revenue from state sources	<u>76,711,639</u>	<u>84,016,425</u>	<u>91,567,221</u>	<u>101,001,244</u>
Revenue from federal sources:				
Direct	16,249,574	17,200,286	14,901,229	12,822,378
Through the State of Alaska and other intermediate agencies	11,345,823	15,194,658	15,352,315	14,018,936
Total revenue from federal sources	<u>27,595,397</u>	<u>32,394,944</u>	<u>30,253,544</u>	<u>26,841,314</u>
Other sources	<u>86,732</u>	<u>114,196</u>		
Total revenues	<u>\$ 141,585,168</u>	<u>\$ 156,604,949</u>	<u>\$ 163,643,333</u>	<u>\$ 173,832,914</u>

Fiscal Year					
2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
\$ 42,222,700	\$ 44,222,700	\$ 43,339,901	\$ 45,299,502	\$ 46,586,695	\$ 46,200,000
297,666	295,993	369,002	725,861	643,721	595,346
1,973,615	2,162,348	2,010,908	1,926,416	1,897,853	1,598,281
3,266,067	3,137,102	3,102,069	3,020,007	3,180,689	2,907,469
				30,961	37,936
47,760,048	49,818,143	48,821,880	50,971,786	52,339,919	51,339,032
85,688,097	96,001,077	109,730,232	112,387,761	113,227,755	119,814,989
342,123	371,871	406,765	412,969	421,134	431,321
6,127,146				2,162,030	2,711,634
26,641,081	19,640,125	16,615,652	18,728,033	22,767,876	30,229,983
2,181,753	3,753,051	1,750,178	2,772,197	4,003,866	5,041,243
1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000
9,641,697	10,169,267	10,576,761	10,964,714	12,293,304	12,799,187
132,071,897	131,385,391	140,529,588	146,715,674	156,325,965	172,478,357
12,208,857	13,141,295	13,105,128	15,710,159	15,475,729	15,929,448
13,818,299	13,494,924	20,647,414	18,640,095	17,337,965	15,240,598
26,027,156	26,636,219	33,752,542	34,350,254	32,813,694	31,170,046
\$ 205,859,101	\$ 207,839,753	\$ 223,104,010	\$ 232,037,714	\$ 241,479,578	\$ 254,987,435

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year			
	2003-04	2004-05	2005-06	2006-07
Instruction	\$ 64,574,677	\$ 66,766,094	\$ 70,789,698	\$ 78,785,644
Special education instruction	13,891,957	16,562,850	17,600,175	18,108,218
Special education support services - students	2,593,004	2,026,832	2,189,892	2,537,779
Support services - students	7,346,447	9,006,169	9,781,117	10,559,783
Support services - instruction	6,963,972	9,079,305	9,955,245	9,490,060
School administration	4,795,942	5,184,832	5,162,345	6,066,905
School administration support services	3,271,186	3,567,137	3,662,612	3,973,048
District administration	1,365,456	1,483,126	1,626,251	1,783,260
District administration support services	5,933,888	5,757,343	6,678,883	7,789,156
Operations and maintenance of plant	15,108,739	16,896,566	18,309,436	20,043,520
Student activities	1,333,434	1,544,539	2,148,068	4,691,257
Student transportation service	8,925,429	8,730,549	9,135,639	8,837,951
Adult and continuing education instruction	99,620	49,539	15,469	472
Food services	3,683,433	3,910,627	4,266,661	4,280,890
Debt service:				
Interest	42,359	18,658		
Principal	165,627	189,327		
Capital outlay	3,131,446	1,682,134	1,362,695	259,075
Total expenditures	<u>\$ 143,226,616</u>	<u>\$ 152,455,627</u>	<u>\$ 162,684,186</u>	<u>\$ 177,207,018</u>
Capital expenditures ^a	<u>\$ 838,934</u>	<u>\$ 881,112</u>	<u>\$ 1,092,234</u>	<u>\$ 531,325</u>
Noncapital expenditures	<u>\$ 142,387,682</u>	<u>\$ 151,574,515</u>	<u>\$ 161,591,952</u>	<u>\$ 176,675,693</u>
Debt service as a percentage of noncapital expenditures	0.15%	0.14%	0.00%	0.00%

Notes:

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

Fiscal Year					
2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
\$ 95,429,216	\$ 92,319,548	\$ 97,534,169	\$ 100,456,233	\$ 106,245,188	\$ 111,908,220
20,768,748	22,307,877	26,434,567	24,813,218	25,299,652	29,874,926
3,054,051	3,956,716	4,784,941	7,351,847	7,765,973	10,116,540
11,988,071	12,669,547	13,523,654	13,917,100	14,464,374	15,436,738
10,131,281	11,452,623	12,580,996	14,986,928	13,384,278	12,741,319
7,285,455	7,071,644	7,327,490	7,127,341	7,604,630	8,452,142
4,155,048	4,487,658	4,754,818	4,897,659	6,050,059	5,666,342
2,101,406	2,223,108	2,302,737	2,209,647	2,433,594	2,396,461
8,838,960	9,470,375	10,516,123	10,828,683	11,153,362	10,381,157
21,775,769	22,049,314	22,678,492	24,153,731	25,959,798	25,455,301
4,891,073	4,921,666	4,981,827	4,977,656	4,992,296	5,185,421
9,106,723	9,488,016	9,873,929	10,009,855	11,214,750	11,377,599
	5,118	321			
4,719,021	4,829,664	5,252,103	5,361,214	5,519,986	5,433,831
	40,458	46,119	33,227		
318,968	419,967	414,306	568,656		
165,733	3,969,640	186,110	713,647	80,028	39,881
<u>\$ 204,729,523</u>	<u>\$ 211,682,939</u>	<u>\$ 223,192,702</u>	<u>\$ 232,406,642</u>	<u>\$ 242,167,968</u>	<u>\$ 254,465,878</u>
<u>\$ 629,531</u>	<u>\$ 736,938</u>	<u>\$ 1,779,080</u>	<u>\$ 984,085</u>	<u>\$ 734,274</u>	<u>\$ 607,782</u>
<u>\$ 204,099,992</u>	<u>\$ 210,946,001</u>	<u>\$ 221,413,622</u>	<u>\$ 231,422,557</u>	<u>\$ 241,433,694</u>	<u>\$ 253,858,096</u>
0.16%	0.22%	0.21%	0.26%	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			
	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Excess (deficiency) of revenues over expenditures	\$ (1,641,448)	\$ 4,149,322	\$ 959,147	\$ (3,374,104)
Other financing sources (uses):				
Proceeds from sale of capital assets	15,647	6,802	24,407	8,373
Proceeds from insurance recovery				1,049,081
Issuance of capital leases				
Transfers in	1,784,852	828,950	618,073	614,025
Transfers out	<u>(1,784,852)</u>	<u>(828,950)</u>	<u>(618,073)</u>	<u>(614,025)</u>
Total other financing sources (uses)	<u>15,647</u>	<u>6,802</u>	<u>24,407</u>	<u>1,057,454</u>
Net change in fund balances	<u><u>\$ (1,625,801)</u></u>	<u><u>\$ 4,156,124</u></u>	<u><u>\$ 983,554</u></u>	<u><u>\$ (2,316,650)</u></u>

Fiscal Year					
2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
\$ 1,129,578	\$ (3,843,186)	\$ (88,692)	\$ (368,928)	\$ (688,390)	\$ 521,557
31,960	11,260	5,280	4,500	3,414	3,430
1,193,724	528,173				
3,691,292	1,877,959	718,076	1,880,057	481,000	394,136
(3,691,292)	(1,877,959)	(718,076)	(1,880,057)	(481,000)	(394,136)
1,225,684	539,433	5,280	4,500	3,414	3,430
<u>\$ 2,355,262</u>	<u>\$ (3,303,753)</u>	<u>\$ (83,412)</u>	<u>\$ (364,428)</u>	<u>\$ (684,976)</u>	<u>\$ 524,987</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

As Reported by the Fairbanks North Star Borough

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

Calendar Year of Assessed Value	Residential Property	Commercial Property	Industrial Property	Pipeline and Personal Property	Vacant Land
2002	\$ 2,751,675,089	\$ 617,545,662	\$ 658,750,150	\$ 263,366,140	\$ 277,175,320
2003	2,963,148,571	653,082,170	685,991,689	270,805,700	281,742,922
2004	3,265,296,769	686,178,389	703,988,463	271,188,340	312,728,247
2005	3,690,431,430	757,571,240	699,161,448	275,302,600	317,147,285
2006 ^(b)	4,118,775,754	875,014,529	733,298,427	377,817,080	312,650,776
2007 ^(c)	4,595,949,320	943,261,759	767,721,675	369,500,480	367,089,029
2008 ^(c)	4,863,123,964	1,033,947,976	812,797,405	508,804,970	377,730,452
2009 ^(c)	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	744,241,210	374,354,328
2011	5,092,908,211	1,219,689,461	1,220,419,599	705,617,790	377,340,540

Note: Property taxes are assessed on a calendar year basis. Estimated actual values are derived using the state-confirmed sales ratio plus state-assessed pipeline. Assessed values are per certified assessment rolls of the Fairbanks North Star Borough. All values are for real property only.

^(a) Includes tax-exempt property

^(b) Fiscal year 2006-07 has not been adjusted for the Superior Court's October 26, 2010 decision increasing the Trans Alaska Pipeline System's assessed value. The decision is being appealed to the Supreme Court.

^(c) Fiscal years 2007-08, 2008-09, and 2009-10 have not been adjusted for the Superior Court's December 30, 2011 decision increasing the Trans Alaska Pipeline System's assessed value.

Source: Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2012. 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	Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value (a)
\$ 375,715,896	\$ 4,192,796,465	13.693	\$ 4,317,501,674	97.112%
402,570,639	4,452,200,413	13.693	4,588,376,599	97.032%
438,116,409	4,801,263,799	13.606	5,020,392,059	95.635%
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	7,538,726,228	11.432	7,976,571,504	94.511%
847,484,868	7,768,490,733	11.294	8,245,058,799	94.220%

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
This Borough:										
Areawide	13.693	13.693	13.606	13.219	12.923	12.209	11.287	11.186	11.432	11.294
Non-Areawide	0.525	0.523	0.435	0.425	0.418	0.409	0.040	0.393	0.400	0.511
Solid Waste Collection District	1.187	1.187	1.183	1.167	1.150	1.126	1.103	1.121	1.141	1.194
Airway S.A.	1.251	1.214	1.210	1.173	1.120	1.089	1.089	1.207	1.256	1.287
Arctic Fox S.A.	2.325	2.167	2.272	2.089	1.944	1.864	1.804	1.861	1.787	1.708
Aztec S.A.	1.580	1.555	1.576	1.531	1.431	1.339	1.257	1.259	1.319	1.342
Ballaine Lake S.A.	11.744	11.543	11.758	13.268	13.775	12.828	12.413	12.671	13.162	14.920
Becker Ridge S.A.	1.527	1.490	1.500	1.412	1.359	1.346	1.376	1.450	1.486	1.496
Birch Hill S.A.	2.083	2.025	1.986	1.910	1.861	1.832	1.814	1.939	1.995	2.023
Bluebird Road S.A.	2.326	2.329	2.408	2.228	2.187	2.004	2.054	2.333	2.447	2.792
Borda Road S.A.	1.195	1.166	1.152	1.159	1.131	1.067	1.079	1.119	1.171	1.157
Brookside S.A.	0.487	0.495	0.482	0.465	0.457	0.435	0.437	0.479	0.498	0.503
Chena Goldstream Fire S.A.	1.639	1.627	1.615	1.544	1.483	1.434	1.473	1.547	1.603	1.644
Chena Hills Road S.A.	1.051	1.067	1.068	1.032	1.001	0.987	0.985	1.047	1.060	1.076
Chena Hot Springs II S.A.				2.991	0.681	0.888	0.698	0.713	0.732	0.746
Chena Marina S.A.	0.493	0.471	0.893	0.880	0.825	0.792	0.756	0.796	0.830	0.857
Chena Point Road S.A.	1.708	1.710	1.705	2.957	3.176	3.154	2.958	3.064	3.065	3.128
Chena Spur S.A.	0.893	0.893	0.897	1.729	2.354	2.407	2.329	2.606	2.671	2.679
Cleary Summit S.A.				0.365		0.189	0.183	0.190	0.191	0.158
College S.A.	1.480	1.418	1.391	1.342	1.292	1.249	1.257	1.391	1.437	1.427
College Hills S.A.	0.927	0.923	0.922	0.881	0.789	0.754	0.785	0.835	0.871	0.912
Cooper Estates S.A.	3.149	2.927	3.045	3.040	2.709	2.717	2.614	2.821	2.899	2.915
Cordes Drive S.A.	1.338	1.403	1.337	1.232	1.150	1.060	1.074	1.112	1.201	1.232
Cripple Creek S.A.	1.868	1.835	1.754	1.691	1.679	1.477	1.520	1.601	1.636	1.668
Deep Forest S.A. (a)	0.865	0.944	6.229	6.017	0.759	0.714	0.707	0.724	0.743	0.758
Diane Subdivision S.A.	0.359	0.362	0.351	0.336	0.322	0.303	0.310	0.333	0.348	0.345
Drake Estates S.A. (b)		1.931	2.120	1.885	1.783	0.688	0.719	0.762	0.760	0.753
Edanella Heights Road S.A.	0.984	0.945	0.977	1.292	1.281	1.273	1.249	1.388	1.425	1.457
Ester Lump Road S.A.	2.000	2.053	2.021	1.922	1.881	1.710	1.741	1.773	3.093	3.160
Ester Volunteer Fire S.A.	2.634	2.657	2.590	2.492	2.501	2.270	2.384	2.444	2.568	2.619
Fairfields S.A.	0.861	0.824	0.812	0.762	0.707	0.683	0.675	0.713	0.752	0.750
Fairhill S.A.	1.332	1.295	1.211	1.173	1.170	1.163	1.093	1.188	2.255	2.294
Fairwest S.A.	2.024	1.999	1.971	1.393	1.878	1.850	1.789	1.896	1.948	1.903
Garden S.A.	1.205	1.116	1.158	1.136	1.103	1.074	1.035	1.089	1.126	1.099
Golden Valley Road S.A.	3.224	2.728	2.618	2.565	2.695	2.665	4.285	4.483	4.555	4.704
Goldstream Alaska S.A.	1.536	1.498	1.512	1.430	2.294	2.109	2.171	2.246	2.333	2.422
Goldstream Moose Creek S.A. (c)	2.064	1.988	1.873	1.763	1.723	1.586	1.635	1.598	1.682	1.694
Gordon S.A.	1.289	1.281	1.245	1.199	1.167	1.112	1.028	1.096	1.143	1.135
Granola Estates S.A.	1.253	1.216	1.210	1.298	1.323	1.117	1.089	1.239	1.281	1.321
Grieme Road S.A.	3.542	3.137	3.144	3.466	3.486	3.418	3.466	3.780	3.833	3.852
Haystack S.A.	3.175	3.309	3.285	3.219	3.106	2.875	2.901	3.231	3.324	3.615
Herning Hills S.A.	1.469	1.511	1.482	1.376	1.382	1.318	1.258	1.368	1.394	1.441
Hopeless S.A.					0.869	0.833	0.838	0.889	0.941	0.940
Horseshoe Downs S.A.	1.577	2.633	2.591	2.522	2.384	2.278	2.297	2.447	3.376	3.315
Jennifer Drive S.A.	0.575	0.571	0.500	1.745	1.695	1.533	1.554	1.654	1.742	1.816
Jones Road S.A.	1.820	1.762	1.697	1.641	1.570	1.447	1.470	1.522	1.630	1.689
Joy Road S.A.	1.508	1.424	1.401	1.355	1.274	1.186	1.189	1.265	1.271	1.271
Keeney Road S.A.	0.706	0.670	0.646	0.676	0.549	0.552	0.545	0.561	0.616	0.657
Kendall S.A.	0.993	0.941	0.958	0.958	0.939	0.874	0.854	0.903	0.957	1.021
Keystone S.A.	3.373	3.166	2.976	3.203	3.125	3.065	3.002	3.088	3.184	3.328
Kris Kringle S.A.	3.719	3.942	2.077	2.053	1.938	1.871	1.911	2.023	2.091	2.139

Tax Levies (In 000's)									
2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
\$60,682	\$64,568	\$69,324	\$74,094	\$79,537	\$82,628	\$82,551	\$86,102	\$92,077	\$93,726
1,496	1,588	1,424	1,543	1,672	1,812	1,921	1,991	2,126	2,773
3,683	3,916	4,194	4,536	4,912	5,319	5,636	6,038	6,422	6,870
9	9	10	10	11	12	12	14	14	15
4	4	5	5	5	5	5	5	6	5
13	14	16	17	19	18	20	21	23	26
18	18	19	22	25	26	26	28	29	34
59	64	70	82	90	98	105	113	116	122
59	63	68	75	87	100	104	111	116	122
5	5	6	6	6	6	7	7	8	9
16	19	21	23	25	27	28	29	30	30
6	7	7	7	8	8	9	9	10	10
521	572	637	710	779	853	933	1,007	1,057	1,111
39	45	54	63	71	80	88	95	100	103
			1	1	1	1	1	1	1
7	7	15	17	19	20	21	22	24	25
15	18	24	48	60	86	90	95	99	112
9	10	10	23	35	38	39	43	45	47
				1	1	1	7	1	1
356	370	390	419	447	474	493	530	544	561
20	21	22	21	22	23	25	27	28	29
12	13	16	18	20	23	24	26	28	29
13	15	17	18	20	21	24	26	27	28
29	32	37	41	46	52	55	62	66	70
11	15	46	46	17	18	19	20	21	21
3	3	3	3	3	3	3	4	4	4
	10	12	13	15	7	7	8	8	8
16	16	17	26	27	29	31	34	34	36
13	14	14	15	15	17	18	20	35	38
195	207	228	255	277	318	344	379	401	427
13	14	14	14	14	15	15	16	17	17
10	10	10	11	11	12	12	13	25	25
17	17	18	19	21	23	24	26	26	26
10	10	12	20	26	32	36	39	4	43
4	4	5	6	7	7	12	13	15	16
9	9	11	11	22	23	24	26	27	29
12	30	33	36	40	42	45	49	52	54
25	26	29	35	39	47	50	54	57	60
3	3	4	4	4	5	5	6	6	6
6	7	9	11	13	15	16	19	20	22
15	16	18	19	21	27	34	37	38	41
17	19	20	21	23	25	26	28	28	30
				19	20	22	23	24	25
5	9	10	10	11	11	12	13	19	20
1	1	1	4	4	5	5	5	6	6
36	37	37	44	49	53	57	61	64	67
5	5	5	6	6	6	7	8	8	9
2	2	2	2	2	2	2	2	2	3
7	7	9	10	10	10	12	12	13	14
8	8	8	10	11	11	11	12	15	16
16	17	10	11	11	12	12	13	14	15

(continued)

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Lakloey Hill S.A.	1.173	1.172	1.130	1.074	1.030	0.992	0.933	1.003	1.036	1.059
Lee Lane S.A.	1.701	1.650	1.649	1.684	1.598	1.615	1.561	1.623	1.673	1.641
Loose Moose S.A.	0.981	0.926	0.918	0.901	0.875	0.786	0.808	0.905	1.002	0.982
Martin S.A.	6.094	6.267	5.934	5.857	7.714	8.034	8.555	8.190	8.588	8.833
McCloud S.A.	9.164	8.620	8.237	14.807	14.746	14.787	15.075	15.055	9.972	10.458
McGrath Estates S.A.	1.322	1.440	1.431	1.231	1.207	1.176	1.212	1.302	1.342	1.381
McKinley View S.A.	2.510	2.191	2.055	1.910	1.808	1.644	1.692	1.590	2.831	2.847
Mellow Woods Road S.A.	1.275	1.360	1.330	1.303	1.253	1.161	1.194	1.242	1.329	1.271
Miller Hill Extension S.A.	2.493	2.516	5.597	4.829	4.607	4.354	4.400	4.481	4.808	4.945
Moose Creek S.A.	0.394	0.559	0.572	0.475	0.421	0.434	0.373	0.350	0.344	0.380
Moose Meadows S.A.			0.886	0.856	0.818	0.784	0.774	0.829	0.869	0.877
Mt. View S.A.	1.278	1.262	1.247	1.137	1.143	1.083	1.119	1.191	1.297	1.358
Murphy S.A.	1.761	1.647	1.593	1.622	1.571	1.456	1.506	1.564	1.618	1.642
Musk Ox S.A.	1.369	1.344	1.320	1.239	1.174	1.133	1.163	1.290	1.337	1.354
Newby Park S.A.	0.459	0.495	0.477	0.435	0.722	0.656	0.676	0.710	0.758	0.797
North Ridge S.A.	4.446	3.858	3.921	4.552	4.534	4.500	4.009	4.298	4.423	4.507
North Star Fire S.A.	1.374	1.488	1.462	1.316	1.257	1.205	1.153	1.198	1.241	1.258
O'Connor Creek S.A.	15.176	15.693	16.029	16.419	12.475	13.939	9.770	7.831	7.389	8.875
Old Wood Road S.A.	1.813	2.045	1.988	1.666	1.672	1.619	1.733	1.771	1.786	1.790
Our S.A.	0.970	1.015	0.986	0.887	0.929	0.860	0.838	0.828	1.092	1.087
Parkside S.A.	1.600	1.600	1.584	1.538	1.558	1.428	1.446	1.552	1.576	1.602
Peede Country Estates S.A.	1.554	1.499	1.475	1.488	1.402	1.345	1.287	1.409	1.482	1.326
Pine Stream S.A.	1.028	0.989	0.975	0.955	0.902	0.911	0.928	0.981	1.022	1.001
Pleasureland S.A.	1.090	1.047	0.998	0.989	0.976	0.916	0.881	0.962	0.995	0.970
Polar Heights S.A.	1.081	1.172	1.166	1.110	1.027	1.014	0.926	0.926	0.952	1.016
Potlatch S.A. (d)	2.496	2.430	3.514	3.260	2.374	2.277	2.436	4.553	2.705	2.665
Prospect Park S.A.	0.891	0.961	0.891	0.737	1.142	1.083	1.095	1.121	1.140	1.258
Reed Acres Road S.A.	1.371	1.380	1.359	1.302	1.259	1.145	1.146	1.206	1.260	1.355
Ridgecrest S.A.	0.938	0.928	0.887	0.907	0.899	0.890	0.840	0.975	1.078	1.099
Salchaket Heights S.A.	4.543	4.668	4.292	4.444	4.590	4.806	4.966	5.162	3.863	3.972
Scenic Heights S.A.	1.573	1.584	1.527	1.395	1.377	1.370	1.415	1.497	1.589	1.600
Seavy S.A.	0.446	0.444	0.418	0.366	0.349	0.335	0.294	0.299	0.303	0.311
Secluded Acres S.A.	1.585	1.431	1.442	1.428	1.451	1.416	1.310	1.365	1.396	1.452
Serendipity Hill S.A.	3.377	3.287	3.153	3.077	3.029	2.716	2.998	3.069	3.154	2.901
Six-Mile Village Road S.A..	1.378	1.408	1.354	1.280	1.226	1.223	1.167	1.234	1.255	1.232
Smallwood Trail Road S.A.	0.680	0.787	0.743	0.625	0.613	0.600	0.596	0.673	0.742	0.751
Smith Ranch S.A.							1.299	1.372	1.417	1.343
Spring Glade S.A.	1.041	1.008	0.893	0.827	0.826	0.779	0.813	0.850	0.877	0.898
Spruce Acres S.A.	1.665	1.647	1.698	1.633	1.568	1.515	1.470	1.614	1.692	1.610
Steamboat Landing S.A.	1.260	1.251	1.317	1.237	1.171	1.176	1.192	1.307	1.386	1.339
Steese Volunteer Fire S.A	1.937	1.861	1.809	1.733	1.693	1.628	1.600	1.690	1.739	1.789
Straight Creek S.A.	3.373	3.444	3.315	3.155	3.393	2.963	3.926	3.776	3.867	4.096
Summerwood S.A.	2.716	2.658	2.506	2.357	2.340	2.185	2.258	2.395	2.470	2.560
Summit Drive S.A.	1.085	1.060	1.037	1.483	1.450	1.375	1.381	1.447	1.496	1.542
Sunny Hills Terrace S.A.	2.378	2.377	2.432	2.380	2.355	2.249	2.367	2.498	2.702	2.772
Sunrise S.A.	2.467	2.357	2.349	2.069	2.078	1.865	1.926	2.031	2.136	2.171
Tan Terra S.A.	0.970	0.977	0.926	0.859	1.624	1.559	1.559	1.478	1.553	1.592
Thomas S.A.	1.284	1.297	1.209	2.538	2.442	2.485	2.460	2.759	2.842	2.791
Timberlane Road S.A.	1.556	1.470	1.485	1.420	1.347	1.251	1.274	1.371	1.485	1.464
Tungsten S.A.	2.752	2.778	2.737	2.681	2.687	2.682	2.648	2.814	2.875	2.921
Twenty Three Mile Slough S.A.	2.455	2.445	2.489	3.718	3.887	3.698	3.986	3.977	4.587	3.424
Ullrhaven S.A.	1.926	1.916	1.835	1.758	1.910	1.787	1.658	1.827	1.714	1.706

Tax Levies (In 000's)										
2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
\$ 23	\$ 25	\$ 26	\$ 28	\$ 31	\$ 33	\$ 36	\$ 39	\$ 39	\$ 41	
4	4	4	5	5	5	5	6	6	7	
5	5	5	5	6	6	7	7	8	8	
7	7	9	11	16	21	22	23	29	34	
9	9	11	23	24	25	29	31	20	21	
46	53	58	55	58	61	65	69	72	74	
4	4	4	5	5	5	5	5	8	8	
12	14	15	15	16	16	18	18	19	19	
16	16	37	41	44	49	51	57	61	64	
10	13	14	13	13	14	15	15	16	17	
		48	53	59	65	69	74	77	81	
21	22	23	24	26	27	28	30	32	34	
5	6	7	9	10	11	12	12	14	15	
19	20	21	22	23	24	25	41	42	43	
7	8	9	9	15	16	17	17	18	19	
4	4	5	8	8	10	10	11	11	13	
867	1,019	1,110	1,135	1,269	1,387	1,484	1,596	1,739	1,831	
83	85	87	90	95	106	107	112	118	130	
7	9	9	8	8	10	11	12	13	14	
2	2	2	3	3	3	4	4	4	4	
5	5	5	7	8	9	10	11	12	13	
4	4	4	4	5	5	5	5	6	6	
14	14	15	18	19	21	22	23	24	25	
5	5	6	6	7	7	7	8	8	8	
13	14	15	16	17	17	18	19	20	21	
9	9	7	11	9	10	15	16	12	12	
4	5	5	4	7	8	8	8	8	9	
5	6	6	6	7	8	8	8	9	10	
1	2	2	2	2	2	2	2	3	3	
2	2	2	2	2	2	2	2	4	5	
14	15	16	16	17	18	18	19	20	21	
7	8	9	8	9	9	9	10	10	10	
5	6	6	7	7	7	8	8	8	8	
5	6	6	6	6	6	7	7	7	8	
4	5	5	8	8	8	9	9	10	10	
3	4	5	5	5	5	5	6	7	7	
						36	40	45	47	
18	20	20	22	24	26	27	29	31	32	
4	5	5	5	6	6	6	7	7	7	
8	9	10	12	13	15	17	18	19	20	
736	800	862	935	1,018	1,097	1,172	1,279	1,380	1,452	
8	8	9	9	10	13	18	19	18	19	
21	23	26	28	30	32	34	38	39	42	
42	45	48	79	89	99	108	115	121	129	
20	21	23	25	27	28	30	33	35	36	
8	9	9	10	11	11	12	12	13	13	
8	8	9	9	19	19	20	27	29	31	
4	4	4	10	10	11	11	12	13	13	
6	6	7	7	7	7	8	8	9	9	
13	17	22	25	26	29	32	42	43	46	
9	10	12	19	23	24	29	41	52	43	
3	3	3	3	3	4	4	4	4	4	

(continued)

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
University Fire S.A.	2.326	2.300	2.285	2.215	2.163	2.108	2.138	2.301	2.370	2.464
University Heights S.A.	1.697	1.652	1.600	1.550	1.533	1.475	1.520	1.617	1.725	1.742
University West Street Lights S.A.	0.528	0.500	0.485	0.468	0.443	0.418	0.419	0.447	0.467	0.472
Vienna Woods S.A.	1.148	0.960	0.904	0.878	0.856	0.815	0.772	0.794	0.815	0.836
Viewpointe S.A.	1.076	1.069	1.021	0.972	0.971	0.956	0.982	1.019	1.056	1.104
Violet Drive S.A.	2.203	2.191	2.118	2.780	2.711	2.667	2.572	2.798	2.912	2.990
Vista Gold Road S.A.	2.959	2.883	2.733	2.580	2.459	2.298	2.390	2.377	2.462	2.549
Vue Crest, S.A.	1.510	1.467	1.463	1.418	1.389	1.310	1.303	1.429	1.479	1.497
Whitman S.A.	1.625	1.616	1.623	1.553	1.485	1.424	1.369	1.442	1.428	1.385
Wildview S.A.	3.021	3.078	2.896	2.776	2.790	2.579	2.651	2.898	2.999	2.975
Woodland S.A.	1.222	1.204	1.189	1.089	0.999	0.980	0.964	1.036	1.073	1.068
Yak Road S.A.	0.956	0.965	0.934	0.900	0.888	0.889	0.900	0.976	0.984	1.009
City of Fairbanks	6.511	6.516	7.171	6.804	6.700	5.594	5.991	5.927	5.803	5.843
City of North Pole	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000

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 FNSB 3.08.141.

Air Park S.A. and Bear's Den Road S.A. do not levy taxes.

- (a) Deep Forest S.A., starting in 2004, includes a two-year road project under a differential tax zone.
- (b) Drake Estates S.A. was established October 10, 2002, with tax mill rate beginning in 2003.
- (c) Spinach Creek S.A. changed its name to Goldstream Moose Creek S.A. in 2004.
- (d) Potlatch S.A., starting in 2008, includes a two-year road project under a differential tax zone.

Source: Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2012. Historically, information for the most recent fiscal year is not available until after the publication date of the School District's CAFR.

Tax Levies (In 000's)									
2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
\$ 1,432	\$ 1,519	\$ 1,609	\$ 1,727	\$ 1,866	\$ 2,020	\$ 2,135	\$ 2,337	\$ 2,434	\$ 2,590
40	42	44	46	49	52	55	58	62	63
44	46	49	52	57	60	62	66	68	70
11	12	14	16	19	20	21	23	25	25
14	14	15	15	16	17	18	18	19	20
26	27	29	44	48	53	57	61	64	69
23	26	28	29	31	33	35	38	40	42
20	21	22	23	25	27	30	32	33	34
2	3	3	3	3	3	4	4	4	4
97	109	120	131	145	158	171	184	193	202
2	2	2	2	2	2	2	2	2	2
43	48	56	62	66	70	73	78	81	84
8,648	9,227	11,113	11,688	12,619	13,477	13,210	13,701	14,876	14,960
759	789	813	770	815	883	924	959	938	982

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	2011			2002		
		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation ^a	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation ^b
Alyeska and related activities	oil transportation	\$ 652,120,640	1	7.57%	\$ 263,366,140	1	5.76%
Fairbanks Gold Mining, Inc. ^c	gold mining	390,932,856	2	4.54%	230,374,288	2	5.04%
Doyon Utilities, LLC	utilities	220,152,076	3	2.56%			
Flint Hills Resources, LLC ^d	oil refining	147,119,124	4	1.71%	163,621,858	3	3.58%
Alaska Communications Systems	communications	48,782,852	5	0.57%	36,981,849	5	0.81%
GCI Cable Fairbanks, Inc.	utilities	41,886,744	6	0.49%			
Wal-Mart	shopping center	33,578,595	7	0.39%			
Westmark Hotel	hotel	33,251,338	8	0.39%			
Alaska Hotel Properties, Inc. ^e	hotel	27,753,848	9	0.32%	26,144,998	6	0.57%
Fred Meyer Stores, Inc. (west)	shopping center	26,648,312	10	0.31%	20,684,455	8	0.45%
HEBL Housing (Eielson AFB)	military housing				45,959,881	4	1.01%
North Star Alaska Housing Corp.	military housing				25,754,651	7	0.56%
Bentley Mall/Barsa Association	shopping center				15,146,780	9	0.33%
Home Depot	shopping center				14,287,494	10	0.31%
		<u>\$ 1,622,226,385</u>		<u>18.85%</u>	<u>\$ 842,322,394</u>		<u>18.42%</u>

Notes:

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

^a \$8,615,975,601

^b \$4,568,512,361

^c Fort Knox

^d MAPCO Alaska Petroleum, Inc. in 2002

^e Fairbanks Princess Riverside Lodge

Source: Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2012. 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	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
2002-03	\$ 60,682,005	\$ 57,377,304	\$ 56,643,449	98.72%	\$ 652,653	\$ 57,296,102	99.86%
2003-04	64,568,352	60,900,931	60,228,158	98.90%	587,143	60,815,301	99.86%
2004-05	69,324,447	65,291,295	64,576,590	98.91%	615,615	65,192,205	99.85%
2005-06	74,094,284	69,496,812	68,689,017	98.84%	733,564	69,422,581	99.89%
2006-07 ^c	79,536,709	74,858,658	73,722,859	98.48%	723,936	74,446,795	99.45%
2007-08 ^d	82,627,871	77,824,971	76,656,864	98.50%	1,144,085	77,800,949	99.97%
2008-09 ^d	82,550,860	77,549,577	76,854,056	98.75%	958,764	77,542,820	99.99%
2009-10 ^d	86,102,429	80,813,908	79,548,208	98.43%	145,779	79,693,987	98.61%
2010-11	92,077,064	86,709,188	85,555,956	98.67%	956,997	86,512,953	99.77%
2011-12	93,725,808	87,756,597	86,666,871	98.76%		86,666,871	98.76%

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 Fiscal year 2007 has not been adjusted for the Superior Court's October 23, 2010 decision increasing the Trans Alaska Pipeline System's assessed value. The decision is being appealed to the Supreme Court.

^d Fiscal years 2008-10 have not been adjusted for the Superior Court's March 6, 2012 decision increasing the Trans-Alaska Pipeline System's assessed value. The decision is being appealed to the Supreme Court.

Source: Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2012. 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 ^a		Percentage of Students Eligible for Free or Reduced-Price Meals
		Breakfast	Lunch	
2003-04	\$ 1,835,140	\$	\$	30%
2004-05	1,839,814			33%
2005-06	1,832,119	1.25	2.35	32%
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%

Note:

^a The cost of full-price meals prior to fiscal year 2005-06 is not available.

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>
2003-04	\$ 223,419	0.01%	\$ 2.62
2004-05			
2005-06			
2006-07			
2007-08	874,756	0.02%	8.93
2008-09	982,962	0.03%	10.03
2009-10	568,656	0.01%	5.80
2010-11			
2011-12			
2012-13			

Note:

^a See page 176, 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)
2001	84,814	\$ 2,427,508	\$ 28,622	5.8%
2002	86,095	2,558,537	29,718	6.4%
2003	86,885	2,646,374	30,458	6.9%
2004	89,043	2,795,293	31,393	6.4%
2005	90,431	3,049,235	33,719	5.8%
2006	90,545	3,306,539	36,518	5.6%
2007	93,545	3,561,463	38,072	6.1%
2008	94,552	3,931,091	41,576	6.4%
2009	95,238	3,855,493	40,483	7.7%
2010	98,279	3,980,726	40,504	8.0%

(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 April 2012 by the U.S. Department of Commerce's Bureau of Economic Analysis. Personal income and per capita personal income have been restated back to 2001.

Data for calendar year 2011 is not available until April 2013.

Source:

Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2012. 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	2011			2002 ^a		
	Rank	Annual Average Monthly Employment ^b	Percentage of Total Borough Employment	Rank	Annual Average Monthly Employment ^b	Percentage of Total Borough Employment
Government ^c	1	11,951	30.64%	1	11,275	31.94%
Trade, transportation, utilities	2	7,808	20.02%	2	7,250	20.54%
Eudcational and health services	3	4,983	12.78%	4	3,642	10.32%
Leisure and hospitality	4	4,183	10.73%	3	3,813	10.80%
Construction	5	2,600	6.67%	6	2,204	6.24%
Professional and business services	6	2,475	6.35%	7	1,871	5.30%
Information, other services	7	1,650	4.23%	5	2,504	7.09%
Financial activities	8	1,475	3.78%	8	1,283	3.63%
Mining and logging ^d	9	1,200	3.08%	9	913	2.59%
Manufacturing	10	675	1.73%	10	542	1.54%
		<u>39,000</u>	<u>100.00%</u>		<u>35,297</u>	<u>100.00%</u>

Notes:

^a Prior to 2003, data for Fairbanks was produced for state purposes only. Beginning in 2003, the region is classified as a Metropolitan Statistical Area by the federal government and data are produced in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

^b for the 12 months ended September 30

^c federal government 3,467

state government 5,467

local government 3,017

^d Natural resources and mining in 2002

Source: Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30. 2012. 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					
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Personnel by Department						
Board / Superintendent	7.50	7.50	7.50	8.50	8.50	8.50
Research & Accountability ^a	3.00	3.00	3.00	3.50	4.50	4.50
Administrative Services	37.00	38.04	39.04	39.04	39.04	39.50
Human Resources	9.00	10.50	18.00	16.50	16.50	16.50
Facilities Management	185.00	189.60	189.60	189.60	189.60	189.60
Instruction and Supervision	62.85	41.25	43.20	46.20	27.60	33.30
Student Support Services					15.20	15.20
Instructional Technology Services					5.00	12.00
Curriculum	3.50	3.00	4.50	4.50	5.50	5.50
Special Education	261.20	254.20	251.20	247.39	249.82	259.32
Technology and Information Systems	29.00	23.80	29.80	31.00	31.00	35.00
Non-Departmental ^b						
Elementary Schools	478.50	465.74	469.64	509.64	503.14	488.14
Middle Schools	154.00	144.80	142.30	133.00	136.00	142.00
Junior/Senior High School	49.00	48.50	50.50	48.50	49.60	47.10
Senior High Schools	268.50	271.00	275.00	277.50	276.40	274.40
Charter Schools ^c		25.50	48.58	45.70	46.70	47.00
Total Personnel	1,548.05	1,526.43	1,571.86	1,600.57	1,604.10	1,617.56
Personnel by Employee Type						
Districtwide Administration	4.00	4.00	4.00	4.00	4.00	5.00
Professional Staff	49.75	49.59	61.04	65.54	67.54	68.00
Principals / Assistant Principals	44.00	43.00	43.00	43.00	43.00	43.00
Certified Staff	913.20	880.70	897.20	894.69	902.12	903.42
Support Staff	537.10	549.14	567.62	593.34	587.44	598.14
Total Personnel	1,548.05	1,526.43	1,572.86	1,600.57	1,604.10	1,617.56

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 2008-09 Research & Accountability was known as Program, Planning & Evaluation.

^b Non-Departmental consists of 6 FTE reserve teaching positions, 0.5 FTE for the NEA President and 0.5 FTE for the ESSA President. Prior to fiscal year 2010-11 these positions were budgeted in the Human Resources Department.

^c 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 2003-04 through 2013-14.

2009-10	2010-11	2011-12	2012-13	Budgeted Positions 2013-14
9.50	8.50	8.50	8.50	8.00
3.50	3.50	3.50	3.50	3.00
38.50	38.50	38.50	35.50	32.50
15.50	9.00	10.00	10.00	9.50
187.60	187.60	187.60	172.60	168.60
38.80	37.85	36.85	36.85	35.85
13.65	14.40	19.40	18.80	19.80
5.00	15.25	16.50	14.00	15.00
270.50	343.73	343.73	366.50	381.90
39.50	33.00	32.00	32.00	29.00
	7.00	7.00	6.00	3.00
494.14	535.14	519.14	526.14	519.64
152.00	157.00	158.00	149.20	144.00
47.00	47.00	45.50	45.50	39.50
273.00	270.00	259.80	267.10	245.00
55.00	56.25	55.00	59.02	60.77
<u>1,643.19</u>	<u>1,763.72</u>	<u>1,741.02</u>	<u>1,751.21</u>	<u>1,715.06</u>
5.00	5.00	5.00	5.00	5.00
69.65	70.65	66.65	66.85	63.05
43.00	43.00	43.00	43.00	44.00
920.95	951.03	931.83	950.93	915.40
604.59	694.04	694.54	685.43	687.61
<u>1,643.19</u>	<u>1,763.72</u>	<u>1,741.02</u>	<u>1,751.21</u>	<u>1,715.06</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures^a	Cost Per Pupil	Percentage Change	Employer's Contribution to PERS / TRS	State of Alaska's Contribution to PERS/TRS on Behalf of the School District
2003-04	14,593	\$ 143,226,616	\$ 9,815	5.29%	\$ 8,321,154	\$
2004-05	14,576	152,455,627	10,459	6.57%	12,043,050	
2005-06	14,516	162,684,186	11,207	7.15%	16,935,386	
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

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 2012-13 Approved Budget
Enrollment: 2012-13 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	
\$	570	5.27%	22.8	22.4	23.7	30%
	826	44.90%	23.4	22.9	23.7	33%
	1,167	41.20%	23.4	21.8	23.5	32%
	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%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Teacher Salary Information
Last Ten School Years

School Year	Entry Level Salary ^a	Maximum Teacher Salary ^b	Average Teacher Salary ^c	Percent of Teachers at Maximum on Column(s) ^d
2003-04	\$ 34,906	\$ 67,719	\$ 55,619	40%
2004-05	35,605	69,073	56,616	43%
2005-06	36,317	72,270	58,726	37%
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%

Notes:

- ^a Entry level salary represents a teacher with a bachelor degree and no experience.
- ^b Maximum 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
 2. Bachelor plus 18 credits
 3. Masters or Bachelor plus 36 credits
 4. Masters plus 18 credits
 5. Masters plus 36 credits.
 6. Masters plus license

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+License 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	Fairbanks	Alaska	Nation	Fairbanks	Alaska	Global
2002-03	22.1	21.1	20.8	1,062	1,036	1,026	3.06	2.93	2.96
2003-04	22.4	21.3	20.9	1,055	1,032	1,026	2.95	3.02	2.96
2004-05	21.8	21.3	20.9	1,049	1,042	1,028	3.13	2.98	2.90
2005-06	21.9	21.1	21.1	1,553	1,527	1,518	3.05	2.92	2.90
2006-07	21.8	21.2	21.2	1,542	1,527	1,511	3.08	3.05	2.89
2007-08	21.8	21.2	21.1	1,524	1,533	1,511	2.94	2.97	2.85
2008-09	22.3	21.0	21.1	1,548	1,528	1,509	3.03	3.01	2.89
2009-10	21.9	21.1	21.0	1,541	1,524	1,509	2.97	3.06	2.84
2010-11	21.9	21.2	21.1	1,507	1,513	1,500	3.02	3.05	2.86
2011-12	22.3	21.2	21.1	1,556	1,504	1,498	3.14	3.02	2.91

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 Research and Accountability Department.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Miscellaneous Statistical Data June 30, 2013

Number of Personnel ^a

Districtwide administration	5.00
Professional staff	66.85
Principals and assistant principals	43.00
Certified staff	950.93
Support staff	687.61
Number of schools	35

Enrollment ^b

Elementary Schools - District	
Anne Wien	401
Badger Road	505
Barnette	412
Chinook Charter School	153
Denali	397
Hunter	353
Joy	443
Ladd	497
Nordale	359
North Pole Elementary	453
Pearl Creek	470
Salcha	84
Ticasuk Brown	545
Two Rivers	88
University Park	528
Watershed Charter School	196
Weller	485
Woodriver	444
Secondary Schools - District	
Effie Kokrine Charter School	151
Hutchison High	372
Lathrop Senior High	1,101
North Pole Middle	679
North Pole Senior High	729
Randy Smith Middle	326
Ryan Middle	394
Star of the North Charter	196
Tanana Middle	513
West Valley Senior High	1,019
Alternative Learning System	136
Elementary Schools - On-Base	
Anderson	269
Arctic Light	569
Crawford	301
Secondary Schools - On-Base	
Ben Eielson Junior/Senior High	403
B.E.S.T. (Correspondence)	268
Fairbanks Youth Facility	17
Total	14,256

Sources:

^a Fairbanks North Star Borough School District Approved Budget for fiscal year 2012-13.

^b 2012-13 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																				
98-99	119	1,118	1,314	1,350	1,310	1,292	1,226	1,237	8,966	1,269	1,287	2,556	1,704	1,158	909	861	4,632	16,154	(277)	-1.7%
99-00	61	1,139	1,167	1,283	1,306	1,282	1,256	1,170	8,664	1,240	1,291	2,531	1,694	1,163	916	836	4,609	15,804	(350)	-2.2%
00-01	50	1,060	1,193	1,141	1,245	1,292	1,262	1,248	8,491	1,236	1,187	2,423	1,657	1,228	925	829	4,639	15,553	(251)	-1.6%
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%
2013-14 Projected Enrollment																				
13-14	133	1,143	1,188	1,151	1,141	1,110	1,161	1,028	8,055	1,127	1,084	2,211	1,028	979	1,144	843	3,994	14,260	4	0.0%

Source:

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

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Capital Assets by Type and Function
Last Ten Fiscal Years

	Fiscal Year			
	2003-04	2004-05	2005-06	2006-07
Capital Assets by Type				
Building improvements	\$	\$	\$	\$ 318,102
Machinery and equipment	10,516,707	11,135,339	11,212,351	11,558,422
Intangible assets (software)	205,056	205,056	205,056	205,056
Total by type	<u>\$ 10,721,763</u>	<u>\$ 11,340,395</u>	<u>\$ 11,417,407</u>	<u>\$ 12,081,580</u>
Capital Assets by Function				
Instruction	\$ 3,686,892	\$ 3,988,655	\$ 3,351,793	\$ 3,322,276
Special education instruction	72,197	76,100	117,075	107,066
Special education support services-students	29,322	29,322	29,322	29,322
Support services-students	53,464	53,464	58,730	61,717
Support services-instruction	1,031,521	1,126,093	1,356,760	1,521,488
School administration	86,741	79,568	76,915	76,915
School administration support services	66,707	66,707	66,707	77,226
District administration	95,531	83,284	83,284	86,037
District administration support services	2,052,866	2,032,780	1,954,587	2,435,480
Operations and maintenance of plant	2,749,159	2,938,062	3,399,281	3,473,084
Student activities	21,299	42,062	49,850	49,850
Student transportation service	4,801	8,868	8,868	4,067
Adult and continuing education	2,749	2,749	2,749	2,749
Community services	2,855	2,855	2,855	2,855
Food services	765,659	809,826	858,631	831,448
Total by function	<u>\$ 10,721,763</u>	<u>\$ 11,340,395</u>	<u>\$ 11,417,407</u>	<u>\$ 12,081,580</u>

Source:

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

Fiscal Year					
2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
\$ 318,102	\$	\$	\$	\$	\$
11,670,579	8,756,504	9,256,859	8,947,432	9,415,625	9,455,391
205,056	190,993	1,121,733	1,236,923	1,313,593	1,322,438
<u>\$ 12,193,737</u>	<u>\$ 8,947,497</u>	<u>\$ 10,378,592</u>	<u>\$ 10,184,355</u>	<u>\$ 10,729,218</u>	<u>\$ 10,777,829</u>
\$ 3,429,971	\$ 1,830,758	\$ 1,915,692	\$ 1,901,665	\$ 1,969,249	\$ 1,822,714
85,634	53,922	585,295	584,895	579,708	612,072
38,257	25,795	25,795	25,795	25,795	11,316
65,440	30,802	12,721	12,721	12,722	12,722
1,659,872	1,325,365	1,810,679	1,579,500	1,783,764	1,811,941
43,915	16,268	5,615			
69,306	56,625	56,625	56,625	69,334	12,709
99,496	43,200	40,229	28,130	28,130	22,000
2,223,433	1,600,649	1,969,133	2,041,017	2,211,557	2,229,457
3,545,608	3,332,217	3,361,248	3,334,777	3,377,305	3,516,293
78,149	22,006	22,006	45,676	64,324	69,419
4,067					
2,749					
2,855					
844,985	609,890	573,554	573,554	607,330	657,186
<u>\$ 12,193,737</u>	<u>\$ 8,947,497</u>	<u>\$ 10,378,592</u>	<u>\$ 10,184,355</u>	<u>\$ 10,729,218</u>	<u>\$ 10,777,829</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

School Building Information
Last Ten Fiscal Years

	Fiscal Year				
	2003-04	2004-05	2005-06	2006-07	2007-08
School	^a				
Elementary					
Anderson Elementary					
Square Feet	43,996	43,996	43,996	43,996	43,996
Capacity	372	372	372	372	372
Enrollment	409	404	361	348	294
Anne Wien Elementary					
Square Feet	63,532	63,532	63,532	63,532	63,532
Capacity	553	553	553	553	553
Enrollment	402	388	447	467	470
Arctic Light Elementary					
Square Feet	68,272	68,272	68,272	68,272	68,272
Capacity	596	596	596	596	596
Enrollment	504	499	416	508	533
Badger Road Elementary					
Square Feet	61,686	61,686	61,686	61,686	61,686
Capacity	537	537	537	537	537
Enrollment	456	509	559	577	591
Barnette Elementary ^b					
Square Feet	52,625	52,625	52,625	52,625	52,625
Capacity	454	396	396	396	417
Enrollment	314	295	330	370	379
Crawford Elementary					
Square Feet	63,532	63,532	63,532	63,532	63,532
Capacity	553	553	553	553	553
Enrollment	497	447	409	378	309
Denali Elementary ^c					
Square Feet	48,421	49,210	49,210	49,210	49,210
Capacity	414	422	422	422	422
Enrollment	386	376	390	398	379
Hunter Elementary					
Square Feet	57,047	57,047	57,047	57,047	57,047
Capacity	494	494	494	494	494
Enrollment	341	341	339	317	313
Joy Elementary					
Square Feet	60,642	60,642	60,642	60,642	60,642
Capacity	527	527	527	527	527
Enrollment	357	328	369	372	355
Ladd Elementary					
Square Feet	63,455	63,455	63,455	63,455	63,455
Capacity	553	553	553	553	553
Enrollment	468	455	371	333	305
Nordale Elementary ^c					
Square Feet	51,071	49,210	49,210	49,210	49,210
Capacity	439	422	422	422	422
Enrollment	359	326	382	378	365
North Pole Elementary					
Square Feet	57,154	57,154	57,154	57,154	57,154
Capacity	495	495	495	495	495
Enrollment	505	465	458	516	531

Fiscal Year				
2008-09	2009-10	2010-11	2011-12	2012-13
43,996	43,996	43,996	43,996	43,996
372	372	372	372	372
310	328	328	283	269
63,532	63,532	63,532	63,532	63,532
553	553	553	553	553
431	398	372	385	401
68,272	68,272	68,272	68,272	68,272
596	596	596	596	596
531	524	475	570	569
61,686	61,686	61,686	61,686	61,686
537	537	537	537	537
565	550	593	514	505
54,895	54,895	54,895	54,895	54,895
417	417	417	417	417
392	403	408	404	412
63,532	63,532	63,532	63,532	63,532
553	553	553	553	553
280	306	292	297	301
49,210	49,210	49,210	49,210	49,210
422	422	422	422	422
395	370	375	365	397
57,047	57,047	57,047	57,047	57,047
494	494	494	494	494
321	350	387	392	353
60,642	60,642	60,642	60,642	60,642
527	527	527	527	527
368	384	379	423	443
63,455	63,455	63,455	63,455	63,455
553	553	553	553	553
381	542	499	496	497
49,210	49,210	49,210	49,210	49,210
422	422	422	422	422
396	333	342	344	359
57,154	57,154	57,154	57,154	57,154
495	495	495	495	495
533	532	482	413	453

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

School Building Information
Last Ten Fiscal Years

	Fiscal Year				
	2003-04 ^a	2004-05	2005-06	2006-07	2007-08
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	453	477	448	420	410
Salcha Elementary					
Square Feet	13,608	13,608	13,608	13,608	13,608
Capacity	76	76	76	76	76
Enrollment	85	98	89	100	87
Ticasuk Brown Elementary					
Square Feet	63,761	63,761	63,761	63,761	63,761
Capacity	556	556	556	556	556
Enrollment	495	516	545	525	501
Two Rivers Elementary ^b					
Square Feet	22,200	22,200	22,200	22,200	22,200
Capacity	99	98	98	98	98
Enrollment	96	122	113	91	109
University Park Elementary					
Square Feet	64,699	64,699	64,699	64,699	64,699
Capacity	564	564	564	564	564
Enrollment	515	532	543	533	515
Weller Elementary					
Square Feet	65,259	65,259	65,259	65,259	65,259
Capacity	569	569	569	569	569
Enrollment	497	479	510	474	489
Woodriver Elementary					
Square Feet	64,408	64,408	64,408	64,408	64,408
Capacity	561	561	561	561	561
Enrollment	420	447	465	470	443
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	607	580	572	597	547
Howard Luke ^d					
Square Feet	30,856	30,856	30,856	30,856	30,856
Capacity	102	102	-	-	-
Enrollment	109	111	-	-	-
Hutchison High ^e					
Square Feet	-	87,190	87,190	87,190	87,190
Capacity	-	510	510	510	510
Enrollment	-	275	317	348	349
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	1,338	1,249	1,304	1,278	1,146

Fiscal Year				
2008-09	2009-10	2010-11	2011-12	2012-13
62,982	62,982	62,982	62,982	62,982
548	548	548	548	548
406	443	479	484	470
13,608	13,608	13,608	13,608	13,608
76	76	76	76	76
97	101	88	83	84
63,761	63,761	63,761	63,761	63,761
556	556	556	556	556
516	554	548	510	545
22,200	22,200	22,200	22,200	22,200
98	98	98	98	98
99	93	93	88	88
64,699	64,699	64,699	64,699	64,699
564	564	564	564	564
489	460	474	525	528
65,259	65,259	65,259	65,259	65,259
569	569	569	569	569
502	520	542	540	485
64,408	64,408	64,408	64,408	64,408
561	561	561	561	561
440	414	446	436	444
103,200	103,200	103,200	103,200	103,200
616	616	616	616	616
512	474	472	436	403
30,856	30,856	30,856	30,856	30,856
-	-	-	-	-
-	-	-	-	-
87,190	87,190	87,190	87,190	87,190
510	510	510	510	510
362	358	363	363	372
234,412	234,412	234,412	234,412	234,412
1,421	1,421	1,421	1,421	1,421
1,186	1,199	1,125	1,184	1,101

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

School Building Information Last Ten Fiscal Years

	Fiscal Year				
	2003-04	2004-05	2005-06	2006-07	2007-08
School					
Secondary (cont.)					
North Pole Middle					
Square Feet	113,306	113,306	113,306	113,306	113,306
Capacity	717	680	680	680	680
Enrollment	566	530	511	442	509
North Pole High					
Square Feet	156,362	156,362	156,362	156,362	156,362
Capacity	946	946	946	946	946
Enrollment	891	892	883	885	834
Randy Smith Middle					
Square Feet	74,589	74,589	74,589	74,589	74,589
Capacity	422	422	422	422	422
Enrollment	478	455	410	392	408
Ryan Middle					
Square Feet	99,880	99,880	99,880	99,880	99,880
Capacity	594	594	594	594	594
Enrollment	505	462	342	374	391
Tanana Middle					
Square Feet	101,069	101,069	101,069	101,069	101,069
Capacity	602	602	602	602	602
Enrollment	563	601	558	505	467
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	1,356	1,253	1,219	1,221	1,190

Notes:

- ^a Alaska Department of Education and Early Development regulation change reduced capacity by 4.7% (778) in 2003.
- ^b 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.
- ^c Denali and Nordale Elementary Schools were entirely replaced with new buildings, opening in August, 2004.
- ^d 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.
- ^e Hutchison High was closed for renovation during fiscal year 2002-03 through 2003-04. 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				
2008-09	2009-10	2010-11	2011-12	2012-13
113,306	113,306	113,306	113,306	113,306
680	680	680	680	680
599	633	585	652	679
156,362	156,362	156,362	156,362	156,362
946	946	946	946	946
823	814	781	721	729
74,589	74,589	74,589	74,589	74,589
422	422	422	422	422
366	335	293	313	326
99,880	99,880	99,880	99,880	99,880
594	594	594	594	594
361	375	390	396	394
101,069	101,069	101,069	101,069	101,069
602	602	602	602	602
503	523	514	501	513
216,884	216,884	216,884	216,884	216,884
1,314	1,314	1,314	1,314	1,314
1,095	1,080	1,070	1,035	1,019

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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 Cost

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November 11, 2013

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 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, 2013, 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 each of the School District's aggregate nonmajor governmental funds, the internal service fund type, and fiduciary fund type of the School District as of and for the year ended June 30, 2013, as displayed in the School District's basic financial statements. In addition, we also have audited the financial statements and schedules of each 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, 2013, and have issued our report thereon dated November 11, 2013.

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 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.

Coole + Haugeberg LLC

Fairbanks, Alaska
November 11, 2013

November 11, 2013

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE

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 Circular A-133 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, 2013. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 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, 2013.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Cook & Haugeberg LLC

Fairbanks, Alaska
November 11, 2013

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Agency/ CFDA Title/ Pass-through Grantor/ Award Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U. S. Department of Agriculture</u>			
<i>National School Lunch Program</i>			
Passed through the State of Alaska Department of Education and Early Development: Food Service	10.555	MA1301601	\$ 3,244,927
<i>Child and Adult Care Food Program</i>			
Passed through the State of Alaska Department of Education and Early Development: Child Nutrition Services	10.558	MA1333401	7,528
Total U.S. Department of Agriculture			<u>3,252,455</u>
<u>U. S. Department of Defense</u>			
<i>Invitational Grants for Military-Connected Schools</i>			
Direct Program: DoDEA Invitational Grant Program	12.557	HE12540910017	221,923
Total U. S. Department of Defense			<u>221,923</u>
<u>U. S. Department of Education</u>			
<i>Title I Grants to Local Educational Agencies</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Title I-A, Delinquent and At-Risk Youth	84.010	CD1301601	120,181
Title I, School Improvement (1003)a	84.010	CA1301601	57,495
Title IA, 20% Choice/Supplemental Education Services	84.010 I-A	IP1301601	538,952
Title IA, 10% Professional Development	84.010 I-A	IP1201601	159
Title IA, 10% Professional Development	84.010 I-A	IP1301601	423,467
Title IA Parent Involvement 1%	84.010 I-A	IP1301601	35,448
Title IA, Basic	84.010 I-A	IP1201601	7,142
Title IA, Basic	84.010 I-A	IP1301601	2,602,323
Subtotal 84.010			<u>3,785,167</u>
<i>Migrant Education State Grant Program</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Migrant Ed Book Program	84.011 A	MB1301601	3,580
Migrant Summer	84.011 A	MS1301601	31,985
Title IC, Migrant Education	84.011 I-C	IP1211601	69
Title IC, Migrant Education	84.011 I-C	IP1301601	223,870
Subtotal 84.011			<u>259,504</u>
<i>Title I Program for Neglected and Delinquent Children</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Title I, Part D	84.013 A	CO1301601	24,172
<u>Special Education Cluster (IDEA)</u>			
<i>Special Education Grants to States</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Title VI-B (P.L. 94-142)	84.027 A	SE1301601	4,469,181

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Agency/ CFDA Title/ Pass-through Grantor/ Award Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>Special Education Cluster (IDEA) (cont.)</u>			
<u>Special Education_Preschool Grants</u>			
Passed through the State of Alaska Department of Education and Early Development:			
Preschool Disabled	84.173 A	SE1301601	\$ 163,472
<u>Education for Homeless Children and Youth</u>			
Passed through the State of Alaska Department of Education and Early Development			
McKinney-Vento Homeless Assistance	84.196 A	FR1301601	45,852
Total Special Education Cluster (IDEA)			<u>4,678,505</u>
<u>Impact Aid</u>			
Passed through the State of Alaska Department of Education and Early Development			
Title VIII Impact Aid	84.041	N/A	14,101,813
Title VIII Impact Aid for Construction	84.041	N/A	11,824
Subtotal 84.041			<u>14,113,637</u>
<u>Vocational Education_Basic Grants to States</u>			
Passed through the State of Alaska Department of Education and Early Development:			
Carl Perkins Basic Grant	84.048 A	EK1201601	735
Carl Perkins Basic Grant	84.048 A	EK1301601	332,563
Subtotal 84.048			<u>333,298</u>
<u>Indian Education_Grants to Local Educational Agencies</u>			
Direct Program:			
Indian Education	84.060 A	S060A11496	728,379
<u>Fund for the Improvement of Education</u>			
Direct Program:			
LTHS Smaller Learning Communities Project	84.215 L	S215L100008	207,022
<u>Twenty-First Century Community Learning Centers</u>			
Passed through the State of Alaska Department of Education and Early Development:			
AK Community Learning Centers Program	84.287 C	AC1301601	1,459,036
<u>Alaska Native Educational Programs</u>			
Passed through the Big Brothers and Big Sisters of Alaska			
Success through Educational and Cultural Connections (SI	84.356		6,812
<u>English Language Acquisition Grants</u>			
Passed through the State of Alaska Department of Education and Early Development:			
Title III-A, English Language Acquisition	84.365 III-A	IP1301601	31,466
<u>Improving Teacher Quality State Grants</u>			
Passed through the State of Alaska Department of Education and Early Development:			
Title IIA, Teacher & Principal Training & Recruitment	84.367 II-A	IP1201601	567
Title IIA, Teacher & Principal Training & Recruitment	84.367 II-A	IP1301601	1,148,274
Subtotal 84.367			<u>1,148,841</u>

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Agency/ CFDA Title/ Pass-through Grantor/ Award Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<i>Education Jobs Fund</i>			
Passed through the State of Alaska Department of Education and Early Development Education Jobs Fund	84.410 A	EJ1301601	\$ 83,675
<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	118,727
Total U. S. Department of Education			<u>26,978,241</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	767
Total U. S. Department of Health and Human Services			<u>767</u>
Grand Total - Expenditures of Federal Awards			<u>\$ 30,453,386</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards June 30, 2013

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Fairbanks North Star Borough School District under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3: U.S. DEPARTMENT OF AGRICULTURE (USDA) DONATED FOOD PROGRAM

The USDA makes food commodities available to State agencies, at a nominal cost, for donation to schools for the school lunch program. Because governmental funds are uniquely concerned with flows of *financial* resources, food commodities are recorded at cost rather than fair market value in governmental funds. Food commodities are considered expended when consumed in the school lunch program. The fair market value of food commodities received in fiscal year 2013 was \$243,929.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

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 programs:

Material weakness(es) identified?

Yes ☐ ☒ No

Significant deficiency(ies) identified?

Yes ☐ ☒ None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in
accordance with Section 510 (a) of OMB Circular A-133?

Yes ☐ ☒ No

Identification of major programs:

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

84.010	Title I Grants to Local Educational Agencies
84.041	Impact Aid
84.411	Investing in Innovation (i3) Fund

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

\$ 913,602

Auditee qualified as low-risk auditee?

Yes ☒ ☐ No

SECTION II - FINANCIAL STATEMENT FINDINGS

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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November 11, 2013

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

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, 2013, 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 proprietary fund type and fiduciary fund type of the School District, as of and for the year ended June 30, 2013, as displayed in the School District's basic financial statements. In addition we also have audited the financial statements and schedules of each of the School District's nonmajor governmental funds in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, and have issued our report thereon dated November 11, 2013.

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 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 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 entity'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

November 11, 2013

Fairbanks, Alaska

November 11, 2013

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

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

Report on Compliance for Each Major State Program

We have audited the compliance of the Fairbanks North Star Borough School District (School District) 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, 2013. 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 *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, 2013.

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

November 11, 2013
Fairbanks, Alaska

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Schedule of State Financial Assistance
For the Year Ended June 30, 2013

State Agency/ 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	\$ 119,814,989
Supplemental Aid *	N/A	2,711,634
On-Base Schools *	N/A	1,450,000
Quality Schools *	N/A	431,321
Pupil Transportation *	N/A	11,806,755
Youth in Detention	EY1301601	112,797
Youth Risk Behavior Survey	YR 13.016.01	8,000
Total State of Alaska Department of Education and Early Development		136,335,496
<u>State of Alaska Department of Administration</u>		
Direct Program:		
Alaska Teachers' Retirement System (TRS) On-Behalf Funding *	N/A	30,229,983
Alaska Public Employees' Retirement System (PERS) On-Behalf Funding *	N/A	5,041,243
Total State of Alaska Department of Administration		35,271,226
<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:		
After School Program	11-DC-213	2,365
Hutchison HS Distance Learning	11-DC-217	13,582
North Pole ES Classroom Furniture Replacement	11-DC-218	6,601
North Pole HS Physical Ed/Athletic Equipment Replacement	11-DC-219	9,639
North Pole MS Classroom Tech/Equip Upgrade	11-DC-221	2,594
Two Rivers ES Classroom Improvements	11-DC-226	872
Weller ES Classroom Improvements	11-DC-228	15,553
West Valley HS Distance Learning Systems	11-DC-229	18,539
Hunter ES Classroom Technology Upgrade	12-DM-104	29,868
School District Technology Upgrade	12-DC-352	238,781
Barnette Magnet School Furniture & Equipment	12-DC-623	89,296
We The People	13-DM-089	24,880
Salcha Elementary School Classroom Equipment	13-DM-060	13,351
		465,921
<u>Division of Community and Regional Affairs</u>		
Direct Program:		
Designated Legislative Grants:		
North Pole Elementary School Classroom Technology Upgrades	13-DM-108	20,539
North Pole High School Classroom Technology Upgrades	13-DM-109	24,710
North Pole Middle School Classroom Equipment	13-DM-110	25,000
Star of the North Charter School Classroom Technology Upgrades	13-DM-111	24,560
Ticasuk Brown Elementary School Classroom & Facility Upgrades	13-DM-112	21,673
Nutritional Alaskan Foods in Schools	13-NAF-016	8,086
		124,568
Total State of Alaska Department of Commerce, Community, and Economic Development		590,489

* State Major Program-FY13

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Schedule of State Financial Assistance
For the Year Ended June 30, 2013

State Agency/ Pass-through Grantor/ Award Title	Grant ID Number	State Expenditures
<u>State of Alaska Department of Labor & Workforce Development</u>		
<u>Division of Business Partnerships</u>		
Direct Program:		
Youth First Initiative Program	13-204	\$ 98,192
Passed through the Construction Education Foundation, Inc.		
Alaska Construction Academy FY13	N/A	<u>152,361</u>
Total State of Alaska Department of Labor & Workforce Development		<u><u>250,553</u></u>
Grand Total - State Financial Assistance		<u><u>\$ 172,447,764</u></u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to Schedule of State Financial Assistance
June 30, 2013

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, 2013. 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*. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. 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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes ☐ ☒ No

Significant deficiency(ies) identified?

Yes ☐ ☒ None reported

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:

Material weakness(es) identified?

Yes ☐ ☒ No

Significant deficiency(ies) identified?

Yes ☐ ☒ None reported

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.

SUPPLEMENTAL REPORTS

SUPPLEMENTAL REPORTS

Statements of Compliance

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November 11, 2013

**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, 2013, 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 each of the School District's aggregate 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, 2013, as displayed in the School District's basic financial statements. In addition we also have audited the financial statements 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, 2013. 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, 2013

Total General Fund Balance (All Classifications): **\$ 20,498,230**

Items Deducted in 4 AAC 09.160:

Encumbrances	\$ 2,243,760	
Inventory	492,406	
Prepaid items	80,877	
Impact Aid	<u>13,681,769</u>	
		16,498,812

Remaining General Fund Balance Subject to 10% Limit: **\$ 3,999,418**
(AS 14.17.505 - "unreserved")

General fund balance as a percentage of current year expenditures:

General fund balance subject to 10%	=	\$ 3,999,418	=	1.81%
Current year general fund expenditures		<u>\$ 221,122,372</u>		

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November 11, 2013

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, 2013, 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 each of the School District's aggregate 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, 2013, as displayed in the School District's basic financial statements. In addition we also have audited the financial statements 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, 2013 and have issued our report thereon dated November 11, 2013. 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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Senior Consultants: James F. Dieringer, Jr., CPA and Michael T. Cook, CPA
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FAX 907-452-6184

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SUPPLEMENTAL REPORTS

Other Reports

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November 11, 2013

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, 2013. 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, 2013.

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, 2013**
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	4,528,000	3,245,621	592,652	3,838,273

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	381,716	77,526	459,242

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	123,935	25,171	149,106
05-03-102 to 104	2004 G	US Bank NA	640,000	183,438	823,438
05-03-102 to 104; DR-05-101	2005 H	Wells Fargo Bank NA	605,000	206,630	811,630
DR-05-101	2006 I	US Bank NA	220,000	172,300	392,300
DR-07-103 to 105	2007 J	US Bank NA	485,000	422,381	907,381
DR-07-103 to 105	2008 L	US Bank NA	430,000	377,731	807,731
DR-10-103 to 106	2010 M	US Bank NA	470,000	500,930	970,930
05-96-102 to 110,114	N Refunding	US Bank NA	2,006,241	516,330	2,522,571
05-96-102 to 110,114	O Refunding	Bank of New York Mellon Trust	1,339,168	439,613	1,778,781
05-96-141 to 144, 146, 147, 150	P Refunding	Bank of New York Mellon Trust	505,000	126,950	631,950
05-96-102 to 110,114	Q Refunding	Bank of New York Mellon Trust	1,625,000	915,700	2,540,700
DR-12-102 to 106	2012 R	US Bank NA	485,000	299,512	784,512
05-03-102 to 104; DR-05-101	S Refunding	US Bank NA	0	207,379	207,379

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November 11, 2013

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, 2013. 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 (2013-2014 fiscal year). However, in our opinion, except for the average daily membership described in the preceding sentence and the resulting tuition rate (2013-2014 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
2013-14 Fiscal Year

Fairbanks North Star Borough School District

Local revenues for support of schools:	
Borough contribution to school district general fund	\$ 46,200,000
Expenditures by borough for school purposes:	
From: <i>Summary Report of Reimbursable Expenditures</i>	
Capital outlay	592,652
Bond redemption	13,787,651
Less: State aid for school construction	<u>(9,979,176)</u>
Total expenditures from local sources	<u>50,601,127</u>
Plus:	
Title VIII Impact Aid	14,758,858
On-base tuition	<u>1,450,000</u>
	<u>16,208,858</u>
Total local cost for tuition purposes	<u><u>\$ 66,809,985</u></u>
 Average daily membership as approved by the DEED for foundation support in FY 2012-13 (Form No. 05-00-033)	 14,273.49
 Tuition Rate	 <u><u>\$ 4,680.70</u></u>

Auditor's Certification
See Accountant's Report

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